



NEW HAMPSHIRE  
HOUSING

**FY 2022**

**PROGRAM PLAN**

JUNE 2021



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## **FY 2022 PROGRAM PLAN**

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The approach taken in the development and adoption of the Program Plan for FY 2021 reflected the extraordinary circumstances of the COVID-19 pandemic crisis and its impact on our society, our economy, the housing market, and the programs and operations of the Authority. Because of ongoing regulatory and program changes, such as Ginnie Mae’s approach to loans in forbearance under the federal CARES Act, the Authority found it necessary and prudent to take a conservative approach with the FY 2021 Program Plan, identifying planned allocations for only those programs and initiatives that were non-discretionary or that were of a high priority. Other allocations were also included in the Program Plan but were separately identified as “deferred.” From that category of deferred allocations, certain items were brought back to the Board for discussion and approval later in the program year when the availability of funds was clearer.

Based on program and market performance, current indications are that FY 2022 will pose less risk and provide greater certainty of performance for the Authority’s programs than anticipated at the outset of FY 2021. While some risk remains, calling for maintenance of appropriate reserves to cover possible unanticipated expenses, the Authority has greater flexibility to fund its discretionary programs in the forthcoming fiscal year. As a result, the FY 2022 Program Plan contains no proposals for “deferred” program allocations.

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***FY 2021***  
***YEAR IN REVIEW***

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### **AHF (Affordable Housing Fund)**

This fund was created by the State Legislature in 1988 with an initial appropriation of \$4 million, and through 2019 it received occasional capital or operating appropriations from the State, totaling \$22.6 million. Starting in FY 2020, the Legislature established a dedicated funding source for the AHF: \$5 million annually from Real Estate Transfer Tax revenues. In addition to State appropriations, loan receipts from mortgages made using AHF funds are repaid to the fund, and fees charged on Authority bond issues are also deposited into the AHF. All AHF resources must be used to support housing in which at least 50% of the units are targeted to residents who are at or below 80% of the area median income.

### **Bond Proceeds**

Proceeds from the issuance of single-family and multi-family mortgage revenue bonds for the financing of affordable housing and associated mortgage reserves. A certain amount of bond allocation has been exchanged for Mortgage Credit Certificates (MCC) as part of the Homebuyer Tax Credit Program.

### **FAF (Financing Adjustment Factor) Funds**

The Authority's 50% share of the additional spread between mortgage loan and bond interest rates created through the 1991 refunding of certain multi-family bonds. FAF resources must be used to benefit individuals with incomes at or below 50% of the area median income.

### **GNMA/FNMA (Ginnie Mae/Fannie Mae)**

Funds made available from the sale of loans and/or mortgage-backed securities.

### **HOME**

The Authority receives an annual allocation through the HUD-sponsored HOME Investment Partnerships Program based on state demographics, including homelessness. The funds can be used for the acquisition or rehabilitation of housing for low- and very-low-income individuals.

### **HLT (Housing Loan Trust)**

This fund was created with an initial appropriation of \$1 million from the State of New Hampshire for the purpose of supporting affordable homeownership programs. The resources are used primarily for down payment assistance and closing costs, and the beneficiaries must be at or below 100% of statewide median income.

### **HTF (Housing Trust Fund)**

The HTF was established as part of the Housing and Economic Recovery Act of 2008 (HERA). Capitalized by Fannie Mae and Freddie Mac, the Fund primarily provides rental housing for extremely low-income people (<30% AMI). The proceeds are distributed to states and are administered much like HOME, but with deeper targeting and a longer term of affordability (30 years).

### **Operating Fund**

Unrestricted Authority financial resources available to support both the administrative operations and housing program initiatives of the Authority. Operating Fund resources are derived primarily from bond issue residuals, Federal program administrative fees, loan servicing fees, other single and multi-family program activity and income and principal receipts from prior investments in loans and securities.

### **Other**

This category includes resources provided by other entities that may be provided on a short-term basis or for a specific program, for example: line-of-credit advances.

### **Section 8 Funding**

Federal funds to support rental assistance programs. The principal programs are the Housing Choice Voucher (HCV) Program (tenant-based assistance), and project-based assistance through the Performance Based Contract Administration (PBCA) Program.

## ***MULTI-FAMILY NEW PRODUCTION, RECAPITALIZATION, AND PRESERVATION PROGRAMS***

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This section includes all of the Authority's multi-family development programs and funding sources. Within this section, resource allocation projections and program goals are broken down into three categories: new production, preservation and recapitalization of existing affordable housing, and supportive housing. The projections of loan activity, investment of subsidies, and bond utilization are based on two primary constraints: the availability of those resources and the pipeline of projects that are financially feasible and sufficiently ready for a commitment of Authority financing. Some reallocation of resources during the year is normal and does not require Board action, though significant departures from the allocation of resources described herein would be discussed with the Multi-Family Housing Committee. Reallocation of resources among the programs seemed more likely in FY 2021 due to ongoing uncertainty caused by the COVID-19 pandemic and associated control measures, which have impacted development activity.

Most of the units produced through the new production programs are the result of new construction, but some units are created through adaptive reuse (where a building that did not previously contain housing is turned into apartments) or the conversion of existing market-rate housing to income- and rent-restricted housing.

The recapitalization and preservation category within this section includes financing programs that the Authority uses to preserve existing affordable housing. Program tools that are used for this purpose include tax-exempt bond financing, 4% Low-Income Housing Tax Credits (LIHTC), and a small percentage of the state's annual allocation of 9% LIHTCs.

*Note: See table on next page for funding and measures plan.*

### **FY 2021 Program Narrative**

Development activity in FY 2021 was stronger than expected, and generally consistent with activity levels in the recent past when measured by loan volume and project outcomes. This is remarkable considering the obstacles faced by developers of affordable housing over the last year. Those obstacles have included familiar issues such as lengthy municipal approval processes and stiff competition for qualified contractors, and new challenges such as pandemic-related labor shortages and supply chain interruptions leading to delays and price spikes for construction materials.

Resource allocations in FY 2021 followed a pattern established in recent years with the highest priority for scarce capital subsidy being assigned to workforce housing projects funded with tax-exempt bonds and 4% LIHTCs. Other programs including the 9% LIHTC program and Supportive Housing programs continue to be supported with substantial resource allocations as well. All three of these financing methods for production and preservation of affordable housing saw growth in the past year, and Authority staff recommendations for FY 2022 allocations are consistent with these priorities.

## Multi-Family New Production and Preservation Program

| FY 2021                                      |                  |          |                      |          |                    |         |           |          |
|--|------------------|----------|----------------------|----------|--------------------|---------|-----------|----------|
| RESOURCES (\$ in Thousands)                  | Tax Exempt Bonds |          | 9% LIHTC Competitive |          | Supportive Housing |         | Totals    |          |
|  | Plan             | Actual   | Plan                 | Actual   | Plan               | Actual  | Plan      | Actual   |
| <i>Long-Term Debt</i>                        |                  |          |                      |          |                    |         |           |          |
| Private Activity Bonds                       | \$68,500         | \$59,250 | \$0                  | \$0      | \$0                | \$0     | \$68,500  | \$59,250 |
| Operating Fund                               | \$0              | \$0      | \$750*               | \$0      | \$0                | \$0     | \$750     | \$0      |
| Loan Participations                          | \$0              | \$4,174  | \$6,000              | \$5,508  | \$0                | \$0     | \$6,000   | \$9,754  |
| <i>Low Income Housing Tax Credit (LIHTC)</i> |                  |          |                      |          |                    |         |           |          |
| 4% Equity Raised                             | \$5,667          | \$39,046 | \$0                  | \$0      | \$0                | \$0     | \$5,667   | \$39,046 |
| 9% Equity Raised                             | \$0              | \$0      | \$36,860             | \$51,084 | \$0                | \$0     | \$36,860  | \$51,084 |
| <i>Capital Subsidies</i>                     |                  |          |                      |          |                    |         |           |          |
| HOME   | \$3,780          | \$3,075  | \$2,520              | \$1,940  | \$0                | \$0     | \$6,300   | \$5,015  |
| Operating Fund                               | \$1,000          | \$0      | \$0                  | \$0      | \$0                | \$0     | \$1,000   | \$0      |
| Affordable Housing Fund                      | \$5,100          | \$3,300  | \$520                | \$500    | \$1,270            | \$1,021 | \$6,890** | \$4,821  |
| Housing Trust Fund                           | \$0              | \$0      | \$700                | \$350    | \$2,080            | \$3,099 | \$2,780   | \$3,449  |
| FAF  | \$0              | \$0      | \$0                  | \$0      | \$0                | \$0     | \$0       | \$0      |
| <b>PROGRAM MEASURES</b>                      |                  |          |                      |          |                    |         |           |          |
| <i>Targeting</i>                             |                  |          |                      |          |                    |         |           |          |
| New Production Units                         | 150              | 224      | 200                  | 228      | 30                 | 64      | 390       | 516      |
| Preservation Units                           | 150              | 391      | 50                   | 174      | 0                  | 0       | 200       | 586      |
| Projects                                     | 6                | 7        | 8                    | 9        | 5                  | 4       | 17        | 20       |
| Units at or below <60% AMI                   | 70%              | 97%      | 70%                  | 88%      | 70%                | 100%    | 70%       | 94%      |
| General Occupancy Units                      | 70%              | 83%      | 70%                  | 100%     | 70%                | 100%    | 70%       | 90%      |
| <i>Occupancy</i>                             |                  |          |                      |          |                    |         |           |          |
| % of Projects >95% Occupied                  | 95%              | 98%      | 95%                  | 98%      | 95%                | 98%     | 95%       | 98%      |
| <i>Performance</i>                           |                  |          |                      |          |                    |         |           |          |
| % of Projects on Watch List                  | <10%             | 5%       | <10%                 | 5%       | <10%               | 5%      | <10%      | 5%       |
| % of Projects on Critical Watch List         | <2%              | <1%      | <2%                  | <1%      | <2%                | <1%     | <2%       | <1%      |

\* Allocated by the Board in February 2021.

\*\* Includes a new FY 2021 state appropriation of \$5,000,000.



## **CONSTRUCTION/BRIDGE LENDING PROGRAM**

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This program provides construction financing for Authority-financed multi-family projects. In addition, funds may be used for equity bridge loans to encourage and maximize the impact of investment in Low-Income Housing Tax Credit projects.

### **Construction/Bridge Lending Program**

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|   |                 | <b>FY 2021</b>  |                 |
|---|-----------------|-----------------|-----------------|
|   |                 | <b>Plan</b>     | <b>Actual</b>   |
| <b><u>RESOURCES (\$ In Thousands)</u></b> |                 |                 |                 |
| <b><i>Total</i></b>                       |                 | <b>\$20,000</b> | <b>\$18,000</b> |
|   | Operating Funds | \$5,000         | \$0             |
|   | Line of Credit  | \$15,000        | \$18,000        |
| <b><u>PROGRAM MEASURES</u></b>            |                 |                 |                 |
|   | Units Financed  | 200             | 210             |

### **FY 2021 Program Narrative**

Construction and bridge loans continue to be among the Authority’s most popular tools for the creation of new affordable housing. Below-market interest rates made possible by the Federal Home Loan Bank of Boston’s Helping to House New England (HHNE) program help developers pay construction costs prior to the receipt of LIHTC investor equity, forming an essential piece of the affordable housing finance puzzle.

## **LEAD HAZARD ABATEMENT PROGRAM**

On a statewide basis, this program provides lead hazard abatement funds and Healthy Homes intervention funds to single-family and multi-family owners through the Management and Development Division. Priority is given to units with a documented case of a child having elevated blood lead levels.

### **Lead Hazard Abatement Program**

|   |                                | <b>FY 2021</b> |               |
|---|--------------------------------|----------------|---------------|
|   |                                | <b>Plan</b>    | <b>Actual</b> |
| <b><u>RESOURCES (\$ In Thousands)</u></b> |                                |                |               |
|   | Operating Fund                 | \$291          | \$430         |
|   | State Lead Funds               | \$1,000        | \$860         |
|   | Federal Funds                  | \$1,186        | \$540         |
| <b><u>PROGRAM MEASURES</u></b>            |                                |                |               |
|   | Inspections / Risk Assessments | 100            | 46            |
|   | Units Completed                | 85             | 73            |
|   | Community Outreach Events      | 15             | 3             |
|   | Skills Training                | 60             | 63            |

### **FY 2021 Program Narrative**

The fifth grant cycle began in FY 2018 and was completed in December of 2020 on schedule. The program successfully completed and exceeded all of HUD's required benchmarks. Over the 3-year grant period, and despite the COVID-19 pandemic, 260 units were inspected and 207 units were cleared of lead hazards. In December 2020 the Authority was awarded its sixth program grant. This new grant is for \$4,983,542, of which \$700,000 is to be used for healthy homes interventions. This allows for the uninterrupted continuation of this successful program for another 42 months. The remaining \$1.7M in state lead remediation funds are available to supplement the federal grant funds. Staff used these state funds to extend and broaden the program's reach. Staff increased program goals in terms of inspections and units completed because of the additional state funds. Goals for community outreach were lowered because of limitations on public gatherings, but staff is working on other methods for increasing awareness of the program.

# **PERFORMANCE BASED CONTRACT ADMINISTRATION (PBCA)**

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As the HUD-designated Contract Administrator for New Hampshire, the Authority is directly responsible to HUD for all PBCA program functions and reporting requirements, providing general program oversight and administration, and performing a quality assurance function for all assigned tasks. Day-to-day functions involved in this program include conducting management and occupancy reviews, adjusting contract rents, processing monthly Housing Assistance Payment (HAP) vouchers for project owners, processing HAP contract renewals, terminations and/or opt-outs, and responding to health and safety issues. There are currently 143 projects under the PBCA contract with a total of 5,431 units.

## **Performance Based Contract Administration (PBCA)**

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|  | <b>FY 2021</b> |               |
|--|----------------|---------------|
|  | <b>Plan</b>    | <b>Actual</b> |
| <b>RESOURCES (\$ In Thousands)</b>                   |                |               |
| Federal Funds – Rent Assistance                      | \$53,500       | \$59,750      |
| <b>PROGRAM MEASURES</b>                              |                |               |
| Complete Management Occupancy Review                 | 95%            | 95%           |
| Review and Pay Monthly Vouchers                      | 95%            | 100%          |
| HAP Contract Renewals, Terminations, and Expirations | 95%            | 100%          |

### **FY 2021 Program Narrative**

The Authority continues to serve as the Contract Administrator for HUD under the PBCA program in New Hampshire. Staff conducted Management and Occupancy Reviews throughout the year, using digital technologies to enable remote file reviews under temporary waivers granted by HUD.

Onsite inspections resumed during FY 2021 with health precautions in place, and staff were able to complete all but a few annual project reviews. HUD conducted their Annual Compliance Review with zero findings, indicating full compliance with this complex and important program.

HUD continues to signal its intention to re-procure PBCA services across the country, as it has for nearly a decade. Authority staff will continue to watch for any indication that HUD is moving forward with these plans.

## **SECTION 811 PROJECT RENTAL ASSISTANCE (PRA)**

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The Section 811 Supportive Housing for Persons with Disabilities Project Rental Assistance (PRA) program is a partnership between the Authority and the New Hampshire Department of Health and Human Services (DHHS). The program provides project-based rental assistance to property owners and developers that supply rental opportunities for persons with a disability who are transitioning from institutional settings into housing with community-based services.

### **Section 811 Project Rental Assistance (PRA)**

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|                                      | <b>FY 2021</b> |               |
|--------------------------------------|----------------|---------------|
|                                      | <b>Plan</b>    | <b>Actual</b> |
| <b>RESOURCES (\$ In Thousands)</b>   |                |               |
| Federal Funds – Rent Assistance      | \$720          | \$900         |
| <b>PROGRAM MEASURES</b>              |                |               |
| Complete Management Occupancy Review | 10             | 9             |
| Number of New Units Assisted         | 60             | 47            |

### **FY 2021 Program Narrative**

The 811 PRA program is permanent rental assistance that is placed in units that are committed to the program by the Authority’s developer partners. This program is administered through a partnership between the Authority and DHHS to provide persons with severe mental illness with affordable, supportive housing. The Authority works with developers and property owners to commit units to the program and administers the voucher payments on leased units. DHHS refers eligible applicants to vacant units throughout the state. To date, 160 units are under contract for the program, and 16 more units are committed in new projects for a total of 176 committed units, just 15 units short of the overall goal of 191. Our placement of individuals continues to happen despite slowed activity during the COVID-19 pandemic and associated control measures. Recognizing that referrals were slower for some months, the program has placed into units 121 individuals/families over the life of the grant. It is important to note that many units under contract are occupied and we can only access these units at turnover.

## **HOME FLEX (GINNIE MAE MBS) & HOME PREFERRED (FANNIE MAE) PROGRAMS**

Mortgages are purchased from participating lenders and originators (collectively “lenders”) and processed through one of two loan programs:

1. **Ginnie Mae (“Home Flex”)**: Government-backed mortgages that are pooled into taxable Ginnie Mae Mortgage-Backed Securities (MBS), which the Authority sells to MBS investors.
2. **Fannie Mae (“Home Preferred”)**: Conventional loans with mortgage insurance that are sold loan-by-loan to Fannie Mae.

Both programs include a cash assistance option and both programs generate funds in the secondary market that in turn fund loans and cash assistance. Due to its HFA status, the Authority is able to offer unique loan programs in both *Home Flex* and *Home Preferred*.

### **Home Flex GNMA MBS Program**

| <b>FY 2021</b>                                   |             |               |
|--|-------------|---------------|
|  | <b>Plan</b> | <b>Actual</b> |
| <b><u>RESOURCES (\$ In Thousands)</u></b>        |             |               |
| Mortgage Purchases                               | \$185,000   | \$199,000     |
| <b><u>PROGRAM MEASURES (\$ In Thousands)</u></b> |             |               |
| Loan Purchases                                   | 820         | 840           |
| Average Beneficiary Income                       | 80% SMI     | 74% SMI       |
| Average Loan Amount                              | \$225       | \$237         |

### **Home Preferred FNMA Program**

| <b>FY 2021</b>                                   |             |               |
|--|-------------|---------------|
|  | <b>Plan</b> | <b>Actual</b> |
| <b><u>RESOURCES (\$ In Thousands)</u></b>        |             |               |
| Mortgage Purchases                               | \$36,000    | \$84,000      |
| <b><u>PROGRAM MEASURES (\$ In Thousands)</u></b> |             |               |
| Loan Purchases                                   | 180         | 390           |
| Average Beneficiary Income                       | 80% SMI     | 62% SMI       |
| Average Loan Amount                              | \$203       | \$215         |

## **FY 2021 Program Narrative**

Overall FY 2021 was a strong year financially for the loan programs even as the Authority offered borrowers low rates and cash assistance. While there was some initial instability in the secondary market due to COVID-19, the Federal Reserve acted, and the market settled. Working with Caine Mitter, staff was able to offer historically low rates while producing very strong revenue. Actual revenues were more than double the budgeted amount.

In terms of mortgage rates, the average Home Flex (no Cash Assistance) rate was 2.5%, the average Home *Flex Plus* (with cash assistance) rate was 3.5%, and the average Home *Preferred* (Fannie Mae) rate was 2.7%. These rates were often below market rates.

In terms of cash assistance, in FY 2021 the Authority launched a 4% Cash Assistance loan option, providing more cash to borrowers in this price-escalating market. Approximately \$5.4 million in cash assistance was provided in FY 2021, which was a \$1 million increase over the prior fiscal year.

## **Participating Originator Channel**

The Authority has two channels for obtaining loans: 1) the Participating Lender Channel (lender does the work and sells to the Authority a closed loan); and 2) the Participating Originator Channel (lender brings in the borrower, and then the Authority underwrites the loan and closes the loan in the Authority's name).

In FY 2021, the Participating Originator Channel continued to achieve strong growth:

- Volume was up over 70% compared to FY 2020.
- Participating Originator volume is now about 20% of the Authority's total volume compared to 14% in the prior fiscal year.
- The Participating Originator Channel is now the Authority's number two top lender in terms of volume.

## **Process Improvement**

The Homeownership Division is committed to constant improvement. FY 2021 was a strong year for process improvement. Given COVID restrictions, staff was able to get the work done remotely, in part thanks to prior systems improvements, including converting to electronic files in prior years. The most significant improvement has been on document management where additional staff was hired, jobs were reconfigured, and systems were upgraded along with better reporting and increased focus on lender accountability. Finally, the Division improved training and communications with lenders on loan status (created new reporting systems that provide lenders with clarity about missing documents) and created a better internal process for reporting on compliance matters.

### **Home *Flex* (aka “Ginnie Mae”)**

Overall, there has been solid performance in loan volume, slightly exceeding goal. During FY 2021 staff (Homeownership, Finance and Executive) followed three key strategies to provide resources to homebuyers and compete in the mortgage market.

- Set rates as low as possible to help borrowers and attract loan volume. For example, rates on the non-cash assistance loans were kept below market while still ensuring adequate financial returns for the Authority. This resulted in a significant volume of non-cash assistance loans.
- Adjusted loan programs to help borrowers and to compete in the market. The best example of this was launching the 4% Home *Flex* Plus (with cash assistance).
- Improved procedures and flexibility for lenders as they worked with the Authority in a highly competitive real estate market that is hard on first-time homebuyers.

### **Home *Preferred* (aka “Fannie Mae”)**

Fannie Mae’s January 2021 income limits (80% area median income) initially hurt the Home Preferred volume. With a great deal of training and marketing, lenders learned of the value of this option, and the Authority set rates as low as possible. Additionally, lenders used Home Preferred for refinancing borrowers (26% of Home Preferred volume was refinancing). In the end, the volume was stronger than expected: over double the Program Plan goal, and 15% higher than the volume for the prior fiscal year.

## **HOMEBUYER TAX CREDIT (HBTC)**

The Homebuyer Tax Credit Program provides an eligible homebuyer with an annual federal tax credit of up to \$2,000 for the life of the original mortgage, provided they continue to use the home as their primary residence. The HBTC can decrease the amount of federal income tax owed, thereby increasing take-home pay that can be used to help pay the mortgage. It is one of the Authority’s key mission-based programs that provides significant benefits to low- and moderate-income first-time homebuyers.

### **Homebuyer Tax Credit**

|                                    | <b>FY 2021</b> |               |
|------------------------------------|----------------|---------------|
|                                    | <b>Plan</b>    | <b>Actual</b> |
| <b>RESOURCES (\$ In Thousands)</b> |                |               |
| Tax-Exempt Bond Capacity           | \$30,000       | \$38,430      |
| <b>PROGRAM MEASURES</b>            |                |               |
| MCCs Issued                        | 560            | 630           |

### **FY 2021 Program Narrative**

In FY 2021, 630 MCCs were issued, which exceeded plan by 13%. Compared to the last fiscal year, MCC issuance was down 12%. In FY 2021, low interest rates pushed lenders to focus on the refinance market. This likely impacted program volume because providing the paperwork for an MCC takes time, and lenders may have prioritized loans over MCCs.

As a result of the HBTC issued in FY 2021, New Hampshire homebuyers will collectively save about \$1 million in reduced income tax liability in their first year of ownership.



## **SPECIAL HOMEOWNERSHIP PROGRAMS**

The Special Homeownership Programs complement the core programs by providing funds for eligible borrowers based on their needs and circumstances. Additionally, these programs provide flexibility to create special initiatives and address new issues and opportunities that directly relate to the Authority’s homeownership mission.

### **Special Homeownership Programs**

|   | <b>FY 2021</b> |               |
|---|----------------|---------------|
|   | <b>Plan</b>    | <b>Actual</b> |
| <b><u>RESOURCES (\$ In Thousands)</u></b> |                |               |
| <i>Housing Loan Trust (HLT)</i>           |                |               |
| Habitat Loans                             | \$75           | \$30          |
| Housing Loan Trust Initiatives            | \$150          | \$136         |
| <i>Operating Fund</i>                     |                |               |
| Emergency Home Repair Loans (EHRL)        | \$100          | \$42          |
| Special Initiatives                       | \$75           | \$63          |
| Accessibility Program                     | \$125          | \$125         |
| Program Marketing and Promotion           | \$350*         | \$350         |
| <b><u>PROGRAM MEASURES</u></b>            |                |               |
| Habitat Loans Closed                      | 5              | 2             |
| Average Beneficiary Income                | 60% SMI        | 40% SMI       |
| EHRL Loans Closed                         | 10             | 3             |
| Average Beneficiary Income                | 80% SMI        | 68% SMI       |

\* Includes \$50,000 that was allocated by the Board in February 2021.

### **FY 2021 Program Narrative**

#### **Habitat Loans (\$75,000 plan)**

In FY 2021 staff was able to assist two homebuyers with our Habitat for Humanity downpayment assistance program. The number of these loans depends on the local Habitat chapters building new homes, and COVID-19 likely impacted the ability to select new homebuyers and perform community builds. Finally, Habitat chapters faced the same cost increases that impacted all builders.

#### **Housing Loan Trust (HLT) Initiatives (\$150,000 plan)**

In FY 2021 15 low- and moderate-income homebuyers purchased homes using HLT funds, including the following:

- Downpayment and closing cost assistance to homebuyers purchasing manufactured homes in resident-owned communities.
- Downpayment assistance to homebuyers who completed homebuyer education and counseling.
- Rehabilitation funds to those purchasing homes through our Housing Choice Voucher program.

### **Emergency Home Repair Loans (EHRL) (\$100,000 plan)**

In FY 2021, three Authority homeowners received Emergency Home Repair Loans (EHRL) totaling \$42,000. The EHRL program uses Authority-generated funds to provide low-interest loans for emergency home repairs to existing Authority borrowers. Demand for the ERHL loan product is difficult to predict due to it being a borrower-driven program. Typical repairs include rooves, boilers, wells, and septic systems.

### **Special Initiatives (\$75,000 plan)**

During FY 2021, the New Hampshire Community Loan Fund received a \$50,000 grant to help its initiative to place new manufactured homes on vacant lots in resident-owned communities. The Loan Fund had another strong year, placing 34 new affordable manufactured homes on vacant lots.

Note: In FY 2021 the Special Initiative funding was reduced from \$125,000 in FY 2020 to \$75,000 to reflect market uncertainties and the suspension of the Fellowship Program as a result of COVID-19.

### **Accessibility Program (\$125,000 plan)**

In FY 2021, the Authority awarded a \$125,000 grant to Granite State Independent Living (GSIL) to help disabled homeowners improve the accessibility of their homes. GSIL served 110 households. Typical projects include ramps, stair glides, door widening, and bathroom and/or kitchen modifications that enhance accessibility.

### **Program Marketing and Promotion (\$350,000 plan)**

In FY 2021, in addition to the usual comprehensive business development work, the following business development initiatives were completed.

- Completed the annual update of the comprehensive formal business development plan.
- Implemented a customer relationship management (CRM) software system to enhance the business development team's ability to effectively engage business partners.
- Following an RFP process, hired a new marketing company and completed a comprehensive review of all outreach and marketing activities.

# **HOMEBUYER/HOMEOWNER EDUCATION AND COUNSELING**

This program supplies resources to nonprofits to provide homebuyers and homeowners with pre- and post-purchase education and counseling services. This work is coordinated with the Authority's role as intermediary of the HUD counseling funds covered under the Assisted Housing section of this Program Plan.

## **Homebuyer/Homeowner Education and Counseling**

|   | <b>FY 2021</b> |               |
|---|----------------|---------------|
|   | <b>Plan</b>    | <b>Actual</b> |
| <b><u>RESOURCES (\$ In Thousands)</u></b> |                |               |
| Operating Funds                           | \$250          | \$250         |
| <b><u>PROGRAM MEASURES</u></b>            |                |               |
| Number of Counseling Related Positions    | 4              | 4             |
| Homebuyers/Homeowners Counseled*          | 1,120          | 1056          |

*\* Estimated households represent all pre-purchase and post-purchase counseled households, including numbers reported to HUD. These numbers do not include households that receive rental or HECM (reverse mortgage) counseling.*

### **FY 2021 Program Narrative**

In FY 2021, the Authority provided \$225,000 to three counseling agencies: AHEAD, HOMEteam, and The Housing Partnership. Over 1,000 New Hampshire households were provided with pre- and post-purchase education and counseling. This was especially important this year, given the impact of COVID-19 on both homebuyers and homeowners.

These funds also provided \$25,000 to 2-1-1 NH for intake and referral services for housing-related challenges.

## **MANUFACTURED HOUSING INFILL**

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This program is designed to provide resources to assist with the up-front costs of purchasing and placing new manufactured homes in existing resident-owned communities (ROCs).

### **Manufactured Housing Infill**

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|   |  | <b>FY 2021</b> |               |
|---|--|----------------|---------------|
|   |  | <b>Plan</b>    | <b>Actual</b> |
| <b><u>RESOURCES (\$ In Thousands)</u></b> |  |                |               |
| Operating Funds                           |  | \$500*         | \$500         |
| <b><u>PROGRAM MEASURES</u></b>            |  |                |               |
| Homes Placed                              |  | 0              | 0             |

\* Allocated by the Board in February 2021.

### **FY 2021 Program Narrative**

In FY 2021 the Authority established a \$500,000 line of credit with the New Hampshire Community Loan Fund to provide bridge lending for the Loan Fund's infill initiative of placing new manufactured homes on vacant lots within ROCs.

Given COVID-19 and the delays it brought to the construction of manufactured housing, and the newness of this initiative, the Community Loan Fund has not yet used the line of credit, but the Loan Fund has assured the Authority that the line of credit will be used soon.

## **HOUSING CHOICE VOUCHER (HCV) PROGRAM**

This program enables very low-income households to obtain safe, decent, and affordable housing. The qualified household pays a portion of their adjusted income toward rent and utilities, and the Authority pays the rest directly to the landlord. The HCV program is operated on a calendar year basis.

### **Housing Choice Voucher Program**

|   | <b>CY 2020</b> |               |
|---|----------------|---------------|
|   | <b>Plan</b>    | <b>Actual</b> |
| <b>RESOURCES (\$ In Thousands)</b>                            |                |               |
| HUD – Calendar Year Funding (CY)                              | \$33,842       | \$ 34,390     |
| <b>PROGRAM MEASURES</b>                                       |                |               |
| Total Vouchers Administered*                                  | 3,869          | 3,663         |
| Administer Program within per unit Cost (PUC) (CY)            | \$743          | \$782         |
| % Leased within HUD Budget (CY)**                             | 99%            | 100%          |
| Section 8 Management Assessment Program<br>(SEMAP) Score (FY) | 90%            | Waived        |
| HUD Electronic Submissions % submitted                        | 95%            | 100%          |

\*CY monthly average

\*\*CY Unit Months Leased/Unit Months Available

### **CY 2020 Program Narrative**

The total vouchers administered includes 3,675 Housing Choice Vouchers and 340 Mainstream Vouchers. During FY 2020 HUD issued COVID-19 Statutory and Regulatory Waivers that established alternative requirements and administrative flexibilities to keep HCV programs operational. Congress also provided, through the CARES Act, additional funding to cover increased costs due to COVID-19, as well as additional administrative fees to cover costs associated with the pandemic.

HUD awarded the Authority an additional 57 Mainstream Vouchers made available through CARES Act funding with an effective date of August 1, 2020 and a second award of 75 vouchers effective January 1, 2021. Mainstream Vouchers are targeted to households that include a person with a disability who is at least 18 years old and not yet 62 years old.

A waiting list preference is provided for applicants who are:

- a. At serious risk of institutionalization;
- b. Transitioning out of an institutional or segregated setting; or
- c. Residents of permanent supportive housing or rapid rehousing programs who previously experienced homelessness.

## ***EMERGENCY HOUSING PROGRAM (EHP)***

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This program is designed to assist eligible households with short-term rent payments. Participants must be homeless or in imminent danger of eviction due to financial difficulty.

### **Emergency Housing Program**

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|   |                     | <b>FY 2021</b> |               |
|---|---------------------|----------------|---------------|
|   |                     | <b>Plan</b>    | <b>Actual</b> |
| <b><u>RESOURCES (\$ In Thousands)</u></b> |                     |                |               |
|   | Operating Funds     | \$0*           | \$0           |
| <b><u>PROGRAM MEASURES</u></b>            |                     |                |               |
|   | Households Assisted | 0              | 0             |

### **FY 2021 Program Narrative**

Funds were not allocated to the Emergency Housing Program (EHP) for FY 2021. The FY 2021 EHP program funding covers October 1, 2020 through September 30, 2021. Additional funding was not recommended in FY 2021 due to the availability of significant additional federal Emergency Rental Assistance Program funds.

\*The FY 2021 plan includes a carryover of \$180,000 of the \$200,000 that was authorized in March 2020 for COVID-19 rent relief. An additional 100 households are expected to be assisted with these funds. A total of \$61,684 was expended in FY 2021 including \$15,906 to assist 21 households since the end of the FY 2020 EHP contract on September 30, 2020. With the NH Emergency Rental Assistance Program in operation since March 15, 2021, it is unlikely that the EHP funds will be fully expended before the carryover period expires on June 30, 2021.

## **FAMILY SELF SUFFICIENCY (FSS) LOAN AND GRANT PROGRAM**

This program provides small loans and grants for transportation and/or other items or services which enhance employability and increase earned income of program participants.

### **FSS Loan and Grant Program**

|   |  | <b>FY 2021</b> |               |
|---|--|----------------|---------------|
|   |  | <b>Plan</b>    | <b>Actual</b> |
| <b>RESOURCES (\$ In Thousands)</b>                |  |                |               |
| Operating Funds                                   |  | \$26*          | \$26          |
| <b>PROGRAM MEASURES</b>                           |  |                |               |
| Number of grants awarded                          |  | 18             | 65            |
| Number of loans                                   |  | 0              | 0             |
| Number of homeowners receiving home repair grants |  | 0              | 0             |

\* Includes \$20,000 that was allocated by the Board in February 2021.

### **FY 2021 Program Narrative**

In FY 2020 program funds were insufficient to approve all FSS grant applications and a waiting list was created. The FY 2021 plan includes \$6,000 to cover the existing waiting list and provide for a small number of new grants for items such as computers, and education- and employment-related expenses.

The FY 2021 plan also included \$4,000 to allow for any carryover of the Home Repair Grant funding due to COVID-19 contractor delays. Of the \$4,000, \$1,372 was used for carryover costs. All program participants paid contractors in full. There were no additional funds allocated for home repair grants in FY 2021. Staff worked with the Homeownership Division to develop a Home Repair Loan Program using the Housing Loan Trust (HLT) funds that mirrors the same educational requirements as the home repair grant program. Home Repair Loan Program is reported by the Homeownership Division under “HLT Initiatives.”

The Board approved a supplemental allocation of \$20,000 in FY 2021 to provide grants to FSS participants to address valid and documented expenses incurred by FSS Participants while searching for or maintaining employment and acquiring educational services.

## **HUD HOUSING COUNSELING PROGRAM**

The Authority administers HUD’s Comprehensive Housing Counseling Program Grant for Local Housing Counseling Agencies. The grant supports pre- and post-purchase counseling activities for homeownership as well as targeted homeownership counseling for Housing Choice Voucher participants. The program is conducted through nonprofit housing counseling agencies and the Authority.

### **HUD Housing Counseling Program**

|   | <b>FY 2021</b> |               |
|---|----------------|---------------|
|   | <b>Plan</b>    | <b>Actual</b> |
| <b><u>RESOURCES (\$ In Thousands)</u></b>                           |                |               |
| HUD Housing Counseling Grant  | \$144          | \$175         |
| <b><u>PROGRAM MEASURES</u></b>                                      |                |               |
| # Participating Housing Counseling Agencies and Branches            | 8              | 8             |
| # Households Receiving Homeownership Education and/or Counseling    | 1,000          | 1,166         |
| # Households Receiving Rental Counseling and/or Financial Education | 1,000          | 1,347         |
| # Households Receiving Post-Purchase and/or Foreclosure Counseling  | 350            | 244           |
| % Households Below 50% of AMI                                       | 60%            | 71%           |
| % Households Purchasing Homes                                       | 5%             | 5%            |

### **FY 2021 Program Narrative**

FY 2020 funding for the HUD Comprehensive Housing Counseling Program was initially reduced by \$32,000 initially although a supplemental FY 2020 award of \$57,440 was received in October 2020. Because the supplemental award came after the close of HUD’s FY 2020 year, the supplemental funds were allocated to cover the first two quarters of HUD’s FY 2021. The numbers reported are for HUD’s FY 2020. The number of homeowners seeking foreclosure counseling was lower presumably because of the foreclosure moratorium associated with COVID-19, but it is anticipated to increase in HUD’s FY 2021 due to the pandemic’s impact on employment.



# **HOUSING AWARENESS RESEARCH AND ADVOCACY**

This program supports an array of critical education tools designed to improve public understanding of New Hampshire’s housing challenges and encourage actions at the local, regional, and state levels to help expand the supply of housing available to all of New Hampshire’s people.

## **Housing Research Awareness and Advocacy**

|  | <b>FY 2021</b> |               |
|--|----------------|---------------|
|  | <b>Plan</b>    | <b>Actual</b> |
| <b><u>RESOURCES (\$ In Thousands)</u></b>    |                |               |
| Operating Funds                              | \$370          | \$282         |
| <b><u>PROGRAM USES (\$ In Thousands)</u></b> |                |               |
| Mini Conferences and Events                  | \$15           | \$2           |
| Housing Related Studies                      | \$100*         | \$100         |
| Housing Partnership Grants                   | \$175          | \$140         |
| Education for Local Governmental Bodies      | \$10           | \$0           |
| Housing Needs Assessment                     | \$40           | \$40          |
| Videos for Housing Advocacy                  | \$30**         | \$0           |

\* Includes \$50,000 that was allocated by the Board in February 2021.

\*\* Allocated by the Board in February 2021.

### **FY 2021 Program Narrative**

#### **Mini Conferences (\$15,000 plan)**

Program realignment among staff changed the focus of this initiative, and pandemic-related shifts produced opportunities to provide webinars free of charge to attendees and minimizing other costs.

#### **Housing Related Studies (\$100,000 plan)**

The Authority engaged Urban3 as a consultant to undertake a “land value per acre” analysis of 15 different communities statewide, the results of which were produced in a detailed report. Urban3 founder Joe Minicozzi conducted one statewide and several regional presentations, focused on the financial benefits of compact, smaller-scale, mixed-use development in urban and village centers.

Staff also undertook a study of North Country housing needs with partial funding from the Neil and Louise Tillotson Fund of the New Hampshire Charitable Foundation. That study will form the basis of important policy and program recommendations.

Working with a consultant, staff completed its “10<sup>th</sup> Anniversary” analysis of the impact of the Workforce Housing Law, including case studies of different municipal responses to the law. Staff is also initiating a project to analyze opportunities for residential development presented by vacant commercial building space.

The Authority is in the midst of a project with the Congress for the New Urbanism, which is providing consulting services to review a series of municipal ordinances to identify opportunities for code reform; a second part of this project will yield recommendations for statutory changes to facilitate small-scale incremental development.

### **Housing Partnership Grants (\$175,000 plan, \$50,000 deferred)**

Four impact grants were made in FY 2021: Mount Washington Valley Housing Coalition, Workforce Housing Coalition of the Greater Seacoast, Regional Economic Development Center, and Vital Communities.

A variety of mini grants were made to promote housing advocacy: in the Monadnock Region (SWRPC); a series of regional legislative events by Stay/Work/Play; and a “housing stories” video initiative with various organizations.

### **Education for Local Government (\$10,000 plan, \$15,000 deferred)**

This initiative was paused as allied organizations reevaluated their approaches to conferences and other educational programs during the pandemic.

### **Housing Needs Assessment (\$40,000 plan)**

Unforeseen events relating to the availability of the Authority’s consultant for this project has caused a reassessment of our approach to this, and staff is engaging another consultant to complete this work.

### **Videos for Housing Advocacy (\$30,000 plan)**

Staff is building and managing a library of housing-related testimonials, profiles and stories in written, photographic and video formats regarding the need for, and success of, certain state housing policies (e.g., the workforce housing law, the ADU law, housing coalition successes, etc.). Pandemic-related demands from other programs prevented staff from deploying these resources, and a reassessment of our approach is being undertaken in collaboration with partners in the field.

## **OTHER GRANTS & SUBSIDIES**

This allocation funds various small grants in support of general affordable housing activities.

### **Other Grants /Subsidies**

|   | <b>FY 2021</b> |               |
|---|----------------|---------------|
|   | <b>Plan</b>    | <b>Actual</b> |
| <b>RESOURCES (\$ In Thousands)</b>                                    |                |               |
| Operating Funds   | \$345          | \$280         |
| <b>PROGRAM USES (\$ In Thousands)</b>                                 |                |               |
| Resident Education and Assistance Program –<br>Seacoast Mental Health | \$72           | \$72          |
| Municipal Technical Assistance Grant Program                          | \$125          | \$125         |
| Housing Action New Hampshire  | \$20           | \$20          |
| Harvey Schwartz Housing Policy Education Fund                         | \$10           | \$3           |
| Supportive Housing Institute (CSH)                                    | \$0            | \$0           |
| Supportive Housing Design Competition                                 | \$0            | \$0           |
| William H. Craig Fellowship   | \$8            | \$8           |
| Center for Ethics in Business and Governance                          | \$40           | \$40          |
| Small-Scale Developers Workshop and Boot Camp                         | \$50*          | \$12          |
| Accessory Dwelling Unit Pre-Development Technical Assistance          | \$0            | \$0           |
| Surplus Lands Initiative  | \$0            | \$0           |
| Other   | \$20           | \$0           |

\* Allocated by the Board in February 2021.

### **FY 2021 Program Narrative**

#### **Municipal Technical Assistance Grant Program (MTAG) (\$125,000 plan)**

Pandemic-related delays provided an opportunity to retool this program. No municipal grants were made in FY 2021, but steps are being taken to improve the program’s appeal to communities seeking to make regulatory changes to promote housing development.

#### **Center for Ethics in Business and Governance (CEBG) (\$40,000 plan)**

The second installment of a three-year grant for an educational initiative titled “The Housing We Need.” The initiative has focused on educating community decision-makers and others about the ways in which affordable housing can enhance their communities.

#### **Small-Scale Developers Workshop and Boot Camp (\$50,000 plan)**

Staff worked with Build Maine to jointly market a boot camp for new developers. The boot camp was conducted virtually over a four-week period.

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# ***STRATEGIC PLAN***

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# MISSION AND VALUES

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## **MISSION STATEMENT**

To promote, finance and support affordable housing and related services for the people of New Hampshire.

## **VISION STATEMENT**

A New Hampshire with decent, affordable housing for all.

## **VALUES**

### Commitment and Leadership

Achieve excellence by working together to proactively and effectively demonstrate leadership.

### Responsiveness and Collaboration

Work with and be responsive to each other and our business partners in the pursuit of opportunities to achieve our goals.

### Stewardship and Integrity

Exhibit prudent, ethical and transparent administration of limited public resources and be accountable and reliable in all matters.

### Respect and Honesty

Treat everyone we encounter with dignity and mutual respect and be inclusive, candid and open in our communications and behavior.

### Creativity and Innovation

Think objectively and listen with open minds, raise questions, challenge assumptions and promote an atmosphere that supports creativity and innovation.

### Alertness and Agility

Be vigilant and prepared to adapt to changing conditions, opportunities, and challenges.

### Trust and Teamwork

Establish, grow, extend, and embrace trust as an essential component of effective working relationships. Embrace teamwork as essential to achieving overall success.

# ORGANIZATIONAL GOALS

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## **ORGANIZATIONAL GOALS**

1. Increase and preserve access to decent, safe, affordable housing for individuals and families.
2. Provide leadership in research, public education and advocacy activities that promote access to and understanding of the need for a balanced and adequate supply of housing and its relationship to the orderly economic development of the state and its communities.
3. Increase housing opportunities for individuals and families that are underserved by the private market.
4. Identify new resources and implement innovative approaches to increase affordable housing opportunities for eligible persons and families.
5. Ensure the long-term viability and stability of the Authority through prudent financial, nimble, human, modern, secure, and technological resource management policies and practices, creatively balancing risk mitigation with organizational and public policy goals.
6. Develop and maintain appropriate partnerships to further the public purposes of the Authority.
7. Contribute to the economic and social development of the state and its economy.



# *STRATEGIC POLICIES*

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## **GENERAL POLICIES**

By law, New Hampshire Housing is responsible for promoting access to affordable housing for low- and moderate-income households. In support of this role, New Hampshire Housing will:

1. Maintain a high level of fiduciary oversight as expected of a responsible public financial institution.
2. Establish and cultivate effective partnerships with government agencies, nonprofit and for-profit organizations, lenders, real estate professionals, homebuilders and others with interests in housing.
3. Effectively communicate priorities and expectations while simultaneously considering and responding to partners' concerns and needs.
4. Design programs, whenever possible, as an integral element of broader community development activities undertaken by local governments and for- and nonprofit developers.
5. Engage in a comprehensive annual process of operations and program planning and budgeting.
6. Ensure that programs are conducted in an effective and efficient manner and in compliance with external requirements, and are designed to include measurable outcome indicators, performance goals and standards.
7. Recognize and actively implement human resource management and compensation strategies that encourage the recruitment, retention and professional development of high-performing employees.
8. Maximize the cost-effective deployment of technology in support of strategic and operational goals, and to maintain or improve administrative and program efficiency.

## **FINANCIAL RESOURCE MANAGEMENT POLICIES**

New Hampshire Housing is an independent public financial institution with access to and responsibility for a broad range of financial resources. As the steward of these public resources, the Authority will:

1. Generate and manage financial resources to ensure its ability to support ongoing operations and preserve the capacity to fund existing and new program initiatives.
2. Control costs and attempt to optimize the return on investment of financial resources while achieving a responsible balance between financial gain and public policy goals.
3. Make all unrestricted funds available through the Operating Fund and use such resources to support administrative operations, capitalize and maintain formal reserves established by the Board of Directors, and fund program activities. The appropriate capitalization level of the reserves will be reviewed annually as part of the planning process.
4. Allocate Operating Fund resources for program activities based on the following priorities:
  - Activities that will yield a financial return;
  - Activities that will result in the return of principal expended if a financial return or yield is not possible; and
  - Grant and other programmatic expenditures that contribute to achieving the mission of the Authority.
5. Seek the best execution for mortgage financing that balances current market conditions with the Authority's short- and long-term financial stability. Such executions may include retaining loans, selling loans, selling loan participations and issuing bonds or mortgage-backed securities.
6. Work to identify and secure new funding sources to increase the Authority's (and partners') capacity to support affordable housing initiatives.

## **HOMEOWNERSHIP PROGRAM POLICIES**

New Hampshire Housing will ensure there are responsible homeownership opportunities for eligible households because successful homeownership helps borrowers, lenders, real estate professionals and the State's overall economy. In this context, New Hampshire Housing will:

1. Provide a range of homeownership programs, adjusting programs in response to available resources and to changes in the housing finance market.
2. Follow underwriting guidelines that serve qualified borrowers, support prudent lending and ensure compliance with regulatory requirements.
3. Offer a unique mortgage product that provides borrowers with cash assistance for down payment and closing costs.
4. Provide participating lenders and originators with an array of mortgage options that also enables New Hampshire Housing to have varied and effective secondary-market executions.
5. Maintain a constant and viable presence in the mortgage market.
6. Provide special mortgage programs to underserved borrowers, when appropriate, through the targeted use of subsidies and through partnerships with suitable organizations.
7. Use federal tax-exempt bond capacity to help low- and moderate-income borrowers achieve successful homeownership, including through mortgage credit certificates and/or loans funded by tax-exempt bonds.
8. Support education and counseling activities that help homebuyers attain and retain successful homeownership. This includes supporting foreclosure intervention strategies for at-risk homeowners.
9. Provide residential mortgage products that support the State's economic development and the overall housing market.
10. Vigorously reach out to borrowers, lenders, real estate professionals and nonprofits about New Hampshire Housing's homeownership programs.
11. With other stakeholders, support the development of new, moderately priced single-family homes.

## **HOMEOWNERSHIP SERVICING POLICIES**

The single-family mortgage and servicing rights portfolios constitute the Authority's largest financial assets. Management and preservation of these portfolios is key to the agency's financial future and critical to the well-being of our borrowers. In administering these portfolios, the Authority will:

1. Service single family loans originated through Authority programs.
2. Manage the portfolios in a manner that minimizes the displacement of borrowers without jeopardizing the Authority's financial stability, bond rating or ability to meet obligations to creditors and investors.

## **MULTI-FAMILY DEVELOPMENT POLICIES**

New Hampshire Housing is the principal source in the state for financing both new affordable rental housing and initiatives to preserve existing affordable housing. New Hampshire Housing will:

1. Finance housing that is constructed to provide high quality, environmentally safe living spaces that are energy efficient and designed to minimize maintenance and on-going replacement expenses.
2. Monitor short and long-term changes in housing market needs and demands and, in turn, implement and modify programs and practices in order to best allocate housing development finance resources.
3. Give priority to housing projects that:
  - Have strong community, economic and neighborhood development outcomes.
  - Are not age restricted.
  - Provide appropriate levels of tenant services.
  - Target scarce public resources to the lowest income households as is reasonably feasible.
  - Are located in municipalities that have historically been resistant to providing the opportunity for affordable housing.
  - Leverage non-Authority capital and operating subsidy funding sources.
  - Provide for long-term rent and tenant income restriction periods.
4. Allocate scarce housing development resources using the following criteria:
  - Use accepted subsidy layering practices to provide only the minimum amount of public subsidy necessary for the cost of development and long-term operating sustainability.
  - Use HOME and other federal capital subsidy sources to primarily support full utilization of Low-Income Housing Tax Credits.
  - Use 9% Low Income Housing Tax Credits primarily to create new affordable housing units through new construction, adaptive re-use of non-residential buildings, and conversion of existing market rate residential buildings into affordable units and, to a limited degree, for the preservation of existing rent- and income-restricted housing.
  - Use tax-exempt construction and/or permanent debt financing in order to access 4% Low-Income Housing Tax Credits for the preservation of existing rent- and income-restricted housing or new construction of mixed income projects.
5. Look for new financing tools and encourage the use of existing financing tools by doing the following:
  - Take a proactive approach to identifying opportunities for taxable lending

opportunities, including loan participation models, for housing preservation and new housing development.

- Identify ways to simplify and reduce the cost of using tax-exempt bond construction financing (and the 4% Low-Income Housing Tax Credit) in order to induce developers to seek permanent financing options from New Hampshire Housing.
- Provide technical assistance to housing development partners.

## **MULTI-FAMILY ASSET MANAGEMENT POLICIES**

New Hampshire Housing has asset management oversight responsibility for hundreds of assisted housing projects throughout the state. In managing this critical resource, the Authority will:

1. Oversee management of the multi-family portfolio to ensure compliance with all applicable regulations and agreements, to mitigate financial risk, and to provide a safe and healthy environment for tenants.
2. Maintain fully funded reserves in all projects to support long-term sustainability and viability.
3. Support efforts to preserve the existing stock of assisted housing.
4. Strive to maintain the strength of the Authority-financed portfolio of multi-family properties as an asset of the Authority.
5. Take a proactive approach to resolving issues within the portfolio to assure that, to the degree feasible, investments and assets are retained for public benefit.



## **DIRECT TENANT ASSISTANCE POLICIES**

New Hampshire Housing administers a range of programs designed to provide direct assistance and services to low-income households. In administrating those programs, the Authority will:

1. Manage the Housing Choice Voucher Program (HCV) to serve the maximum number of eligible clients possible within the available federal resources.
2. Maintain an open waiting list for at least those applicants eligible for special programs or with a ranked preference in the HCV program.
3. Support counseling, education and other programs designed to assist HCV clients to become economically self-sufficient.
4. Support programs designed to improve and sustain the quality of life of HCV clients and other residents of assisted housing.
5. Make limited commitments of project-based vouchers to support housing opportunities for seniors and special needs populations.

## **PUBLIC LEADERSHIP POLICIES**

New Hampshire Housing is the State's principal housing entity, carrying out its mission for the benefit of the people of New Hampshire. To support its mission and business goals, New Hampshire Housing will:

1. Educate the public and public officials about the State's housing conditions, including the housing needs of low- and moderate-income households, the needs of middle-income households and the need to house the labor force to support a strong economy.
2. Provide the public with access to high quality, reliable data on the State's housing needs, trends and conditions.
3. Participate in and take a leadership role in public education, advocacy and technical assistance activities designed to promote improved understanding of housing needs in the State.
4. Provide technical assistance in support of, and advocate for, legislative and regulatory policies that positively affect affordable housing opportunities.
5. Provide the public and public officials with information on the economic and social impacts of the Authority's programs.

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***FY 2022***  
***KEY ISSUES / ACTIONS***

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## **MULTI-FAMILY HOUSING:**

### **Workforce Housing Production**

The inadequate supply of affordable rental housing remains one of the most important issues facing the state, with significant effects on the economy. For several years, the Authority has identified as a priority the production of mixed-income, larger-scale projects. We have had some success in achieving meaningful increases in unit production. The recently passed “4% Fix” to the LIHTC program provides an opportunity to re-examine resource allocations and determine whether new opportunities for housing production could result from this change in federal law.

Continuing to pursue this priority is likely to present new challenges: capital subsidies for such projects might be higher; there may be additional regulatory hurdles; and we could find ourselves working more frequently with different developers (esp. for-profit). Furthermore, increased use of tax-exempt bond capacity could reduce the Authority’s ability to provide mortgage credit certificates for homebuyers (see discussion in Homeownership).

#### ***Policy Position:***

- ***The Authority will maintain as a high priority financing of larger-scale, mixed-income projects.***

### **Supportive Housing Production**

Supportive housing supply and production is not adequate to meet the needs of New Hampshire’s residents with special needs, especially those experiencing homelessness. Not enough supportive housing providers are capable of assembling the resources and navigating the regulatory environment to create sufficient new supportive housing.

Staff has been working with partners, including the Community Development Finance Authority and the Department of Health and Human Services, to make resources more accessible and compatible, while working with prospective providers to build capacity and help strengthen partnerships among developers and service providers. Additionally, staff has been re-examining the methods currently used by the Authority to induce the development of supportive housing and is considering whether other methods, such as requirements to include such units in LIHTC projects, might achieve better outcomes.

#### ***Policy Positions:***

- ***Use of scarce resources for supportive housing production remains a high priority, including dedication of substantial staff support and technical assistance;***
- ***The Authority should continue to provide incentives for supportive housing production;***
- ***Staff should engage the development community regarding implications of imposing commitment to “special needs” populations in its traditional housing programs; and***

- *Staff should conduct active outreach efforts to bring nontraditional partners into the conversation about creating additional supportive housing opportunities.*

### **New Construction and Preservation**

While the focus of the Authority’s multi-family housing finance activities has been and remains new unit production, there is increasing demand for financial resources for preservation. This is attributable to projects that were financed through other programs decades ago that are coming to term or are otherwise unable to recapitalize themselves through non-Authority resources; in limited cases projects may be threatened by conversion to market-rate housing in the state’s stronger markets.

The QAP calls for use of the competitive 9% LIHTC for no more than one preservation project to be funded annually, subject to meeting threshold criteria and scoring competitively. Almost inevitably, this means that a lower-scoring new production project does not receive an allocation.

The new availability of a fixed 4% LIHTC has increased the desirability of that financing resource, in combination with tax-exempt bonding, and has increased the feasibility of using 4% credits for preservation projects. As with increased workforce housing production, increased use of tax-exempt bond capacity for preservation could reduce our ability to provide mortgage credit certificates for homebuyers (see discussion in Homeownership).

#### ***Policy Positions:***

- *During the current QAP period (2020-2022), the Authority should continue to allow limited use of 9% LIHTC and other scarce resources for preservation activity; and*
- *In anticipation of revisions for the next QAP, continue discussing whether to limit preservation projects to the non-competitive 4% LIHTC and tax-exempt bond capacity.*

### **Additional Supportive Housing Resources**

The Authority will have more capital resources available during FY 2022 for supportive housing, with the largest additional allocation targeted for households experiencing homelessness. The prospect of significant additional resources requires the Authority to consider what must be done now to ensure that system capacity exists so these funds can be allocated responsibly to projects that not only address a critical need but are structured to be sustainable for years into the future.

There is uneven capacity and willingness of supportive housing partners to engage in development activity. Where capacity and willingness exist to develop new supportive housing, they are not always aligned with the populations and regions most in need. The Authority should consider what internal policy changes would be appropriate and what can be done to build capacity where it is most needed.

Some possible policy changes include: rolling applications; higher loan amounts; changes to matching funds requirements; use of project-based vouchers; and modifications to operating reserves policies.

***Policy Positions:***

- *Develop plans for policy changes and additional staff needed to support effective utilization of these resources; and*
- *Continue seeking opportunities to engage in partnerships with other agencies.*

**HOMEOWNERSHIP:**

**Use of Tax-Exempt Bond Capacity**

Prior to FY 2013 the Authority relied on the sale of tax-exempt bonds to provide single-family mortgage loans. At the start of FY 2013, the Authority transitioned its funding to Ginnie Mae and Fannie Mae. Whereas certain housing finance agencies have always relied on tax-exempt bonds to fund their single-family business, some of the agencies that pursued the same path as the Authority have resumed issuing mortgage revenue bonds to fund at least a portion of their production. Staff periodically compares the economics of our current executions to those in the mortgage revenue bond market and have consistently determined that the current executions are providing effective programs for our borrowers and strong financial results for the Authority.

For several years, the Authority has used a portion of its tax-exempt bond capacity to issue mortgage credit certificates (MCCs) to homebuyers. This has served as an important resource and has provided many New Hampshire homebuyers with a substantial financial benefit that would be otherwise unavailable to them. It has also helped to drive some homebuyers to use Authority lending products, although MCC issuance by the Authority does not compel the borrower to use an Authority mortgage.

Tax-exempt bond capacity has been available for MCCs both because of the shift away from mortgage-revenue bonds for single-family lending and because there has been limited demand for bond financing in multi-family housing development and preservation. The recent fix of the 4% LIHTC by Congress has immediately created an increased interest for that resource by multi-family housing developers.

Increased use of tax-exempt bond capacity, either for single-family lending or multi-family housing development, could limit the availability of bond capacity for MCC issuance. (See further discussion in Multi-Family Housing, “Workforce Housing” and “New Construction and Preservation.”)

***Policy Positions:***

- ***Consider establishment of a policy to make multi-family housing production the priority use of tax-exempt bond capacity, and that capacity not used for that purpose would be available for MCCs.***

**Ensuring that Historically Underserved Communities are Being Served**

Recent events have underscored the ongoing impact of systemic racism and the impacts of governmental policy to produce disparate impacts on racial and ethnic minority populations, as well as other forms of discrimination. While the Authority’s mission-orientation arguably is intended to provide benefits to individuals and communities that have been underserved or who have faced systemic discrimination, a purposeful and systematic approach to evaluate the effectiveness of Authority programs is warranted to ensure they are meeting their objectives in mission, specific legal requirements, and more general anti-discrimination imperatives.

While this will be relevant to all Authority programs, this approach will be particularly important in homeownership because mortgage lending and single-family home building has been singularly important among housing programs and regulation as a historical focus of discriminatory policies and actions. The result of decades of lending and occupancy discrimination is a persistent wealth gap faced particularly by people of color.

***Policy Positions:***

- ***Continue to research how to better serve emerging and historically underserved communities; and***
- ***Seek opportunities to involve persons of color, people from the LGBTQ community, those with disabilities, and those from underserved markets in this dialog and as participants, e.g., on lender and realtor advisory.***

**Addressing the Impacts of COVID-19 Emergency on Homeowners**

Since the onset of the coronavirus pandemic, the Authority’s Homeownership, Servicing, and Finance groups have adapted to a fast-changing external environment. Predictions are that change and uncertainty will remain prevalent through FY 2022. For existing homeowners, significant questions remain regarding forbearance and implications for loss mitigation, as well as the potential need for counseling.

The Authority led the State’s very successful HomeHelpNH initiative during and after the Great Recession, which assisted thousands of New Hampshire homeowners either to stay in their homes or to avoid the financial trauma of foreclosure while finding other housing alternatives.

***Policy Positions:***

- ***Continue to provide resources to efforts that assist struggling homeowners, such as HomeHelpNH and 2-1-1; and***
- ***If additional federal resources are allocated to the Authority, be prepared to use them to assist homeowners impacted by COVID-19.***

**Increasing the Supply of Entry-Level Single-Family Homes**

New Hampshire is experiencing trends that hinder the Authority's target homebuyers (average income of \$70,000; average price \$225,000). These trends include the ongoing strength of the residential real estate market over the last several years, particularly in the past six months; and a critical lack of supply relative to demand, demonstrated by historically low inventory of homes for sale and low production of new homes.

For several years, staff has researched means of spurring new single-family home production, including substantial interactions with developers, lenders, and public officials. An enduring challenge is that there is no large public subsidy for single-family development. While the Authority could financially support some individual projects, staff's general conclusion has been that the Authority is unlikely to have an impact on a large scale.

Despite this conclusion, there is also a desire to be agile and ready to respond if an appropriate opportunity presents to support a development. In addition, it may be possible to create suitable preconditions to development by providing education to would-be developers, and also to engage with municipalities that have proactive leadership to identify development opportunities.

***Policy Positions:***

- ***Continue efforts to support single-family new production;***
- ***Identify and research successful single-family development efforts by other housing finance agencies;***
- ***Develop a strategy to work with the NH Department of Transportation regarding use of surplus lands for affordable housing development; and***
- ***Identify and pursue opportunities to work with municipalities on initiatives to support new housing development, including through the use of tax-deeded properties.***



## **FINANCE AND ADMINISTRATION:**

### **Workplace Cultural Transformation**

The advent of the coronavirus pandemic necessitated a rapid shift of the Authority's employment practices to permit and facilitate employee remote work. Similar changes were also made by other employers whose activities permitted employee remote work. This adaptation has been widely recognized as one that has been long in the making, and only accelerated by the pandemic.

The future of the Authority's workplace needs to be planned and designed to meet changing desires and demands from an evolving workforce. Employee expectations are changing, as are technology, safety expectations, workspace designs, and employment policies and practices. These issues need to be reviewed to prepare for future hiring and retention. Staff proposes to conduct research and gather information to inform decisions about the future workplace and necessary improvements to current Human Resources methodologies.

#### ***Policy Position:***

- ***Maintain flexibility and responsiveness to changing workplace needs to maintain the Authority's position in competition for qualified employees while maintaining a commitment to appropriate client/customer service and high-quality program outcomes.***

### **Liquidity, Financial Risk, and Resource Allocation**

The coronavirus pandemic has presented new exposure with respect to the demands on Authority liquidity and the risk of loss within the serviced loan portfolio. The national response to the pandemic has included loan forbearance on many single-family loans, and the Authority has extended that option to its entire serviced loan portfolio.

Loan forbearance raises the potential of liquidity issues with respect to the advance of scheduled payments as well as the need to repurchase securitized loans to accomplish loan modifications. In addition, the pandemic could have long-term implications for borrowers' ability to meet their debt obligations once the forbearance periods end.

Staff will continue to monitor the portfolio of loans in forbearance to proactively manage the demands on Authority liquidity resources and, working through our loan sub-servicer, we will continue to monitor loan delinquencies with the goals of assisting our borrowers to retain their homes and minimizing losses to the Authority.

#### ***Policy Position:***

- ***Because of ongoing risks and uncertainty, there is a continued need to reserve funds for potential challenges, the amounts to be informed by forthcoming staff budget recommendations.***

## **Role of Housing Resources of New Hampshire**

Housing Resources of New Hampshire (HRNH) was formed by the Authority in 2012 to solicit new and varied funding opportunities for affordable housing initiatives. HRNH and the Authority remain tightly linked, with HRNH's board composed of the chairpersons of standing committees of the Authority and the executive director. The potential uses for HRNH include serving as ownership entity for affordable housing projects, providing housing and education services and resources to municipalities, and serving as a catalyst for new and emerging housing programs and solutions.

HRNH has an advantage in applying for funds because a threshold eligibility criterion for most foundations' grant programs is a 501(c)(3) IRS status. As a statewide nonprofit, HRNH is positioned to apply to larger foundations that focus their funding on system change, either through advocacy, education, or pilot programs. Several such foundations have been identified that potentially align with the Authority's and HRNH's purposes.

To realize this potential, HRNH would need to become more active. In addition to having a 501(c)(3) nonprofit status, foundations require applicants to demonstrate that they have the program and financial capabilities to ensure that any grant funds awarded will be effectively used and properly accounted. To date, HRNH has had little program or financial activity. (For instance, in the past it served as a conduit for private funding of foreclosure prevention counseling funds.)

Since the Authority has significant program and financial capability and its staff does the work of HRNH, opportunities to transfer some of its program and financial capabilities to HRNH could be explored for the non-profit to successfully pursue foundation grants. Examples of potential existing program efforts that might be funded through HRNH include elements of supportive housing activities, lead remediation work, housing counseling activities, and single-family home rehabilitation efforts.

### ***Policy Positions:***

- ***Consider more specific activities to be undertaken by HRNH as well as associated costs;***
- ***Develop an administrative plan for HRNH that clearly defines the relationship with the Authority; and***
- ***Develop a long-term strategy for HRNH to build a history of activity that will enable it to become an effective vehicle for use of foundation and other philanthropic support for housing development and related issues.***

## **Overcoming Regulatory Barriers to Housing Development**

Despite important advances in promoting statutory changes and public attitudes toward housing development, the local regulatory environment remains a significant barrier. Enactment of state laws on workforce housing, accessory dwelling units, and the Housing Appeals Board have been vital progress in the struggle against exclusionary local regulations, and there is widespread public acknowledgement that there is a critical shortage of available housing to purchase or rent, but much work remains to be done. Additionally, there are significant shifts underway in the office and retail work environments, potentially leaving quality structures vacant.

Staff proposes to continue to support advocacy efforts of Housing Action NH and regional coalitions, and to provide resources to communities that seek positive change. Staff also plans to analyze the potential for conversion of vacant office and retail space to residential uses and provide model regulatory measures to accommodate such change, and to continue to identify and promote statutory incentives and mandates for good local housing policy.

### ***Policy Positions:***

- ***Pursue collaborative efforts with partner agencies to examine models of converting vacant/abandoned commercial properties to residential uses; and***
- ***Continue to provide regional coalitions and other partners with resources to engage in advocacy communications campaigns relating to specific local policy changes.***

## **Cybersecurity**

Cyber-crime presents an ever-growing threat to Authority systems and electronic information. The FBI reported that cyber-crime has increased 300% since the emergence of the coronavirus pandemic and the resulting increase in having employees working remotely.

The Authority has been tightening many aspects of security over systems by applying newly available security controls and features from vendors within its infrastructure. Recently, a 24x7 expert third party cyber domain monitoring service was instituted.

In FY 2022 a comprehensive formal external assessment of Authority information security will be planned.

### ***Policy Positions:***

- ***Conduct security audits and reviews at regular intervals; and***
- ***Update the I.T. Strategic Plan.***

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***FY 2022***  
***PROGRAM PLAN***

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## ***MULTI-FAMILY NEW PRODUCTION, RECAPITALIZATION, AND PRESERVATION PROGRAMS***

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This section includes all the Authority's multi-family development programs and funding sources. Within this section, resource allocation projections and program goals are broken down into three categories: new production, preservation and recapitalization of existing affordable housing, and supportive housing. The projections of loan activity, investment of subsidies, and bond utilization are based on two primary constraints: the availability of those resources and the pipeline of projects that are financially feasible and sufficiently ready for a commitment of Authority financing. Some reallocation of resources during the year is normal and does not require Board action, though significant departures from the allocation of resources described herein would be discussed with the Multi-Family Housing Committee.

Most of the units produced through the new production programs are the result of new construction, but some units are created through adaptive reuse (where a building that did not previously contain housing is turned into apartments) or the conversion of existing market-rate housing to income- and rent-restricted housing.

The recapitalization and preservation category within this section includes financing programs that the Authority uses to preserve existing affordable housing, extending affordability covenants and funding repairs and improvements at the properties. Program tools that are used for this purpose include tax-exempt bond financing, 4% Low Income Housing Tax Credits (LIHTC), and a small percentage of the state's annual allocation of 9% LIHTCs.

*Note: See table on next page for funding and measures plan.*

### **FY 2022 Program Plan Narrative**

Resource allocation projections and program goals for FY 2022 are generally consistent with program activity of the last several years. This is the result of competing forces achieving an unplanned equilibrium over the last year: steady, modest increases in available resources (including the important "4% fix" to the LIHTC program) have been offset by a steep rise in development costs. If not for the additional resources, both production and preservation activities would be declining in the face of these headwinds.

One notable development in terms of new resources was the allocation of additional funds for the HOME investment partnerships program that became law in the Covid relief bill known as the American Rescue Plan. This appropriation provided for approximately \$14 million in additional HOME funds for the state of New Hampshire, in addition to appropriations to the state's two largest cities. The funds must be spent to serve specific vulnerable populations (generally, households experiencing homelessness) and the Authority has until 2030 to commit all funds. HUD will issue further guidance which is necessary to finalize plans for the allocation of these funds. Because the timing of this guidance is unknown, and the new rules will make it effectively a new program, it is unlikely that most of these funds will be committed this year. This plan labels these funds as "HOME ARP" in the table on the next page and forecasts a commitment of \$2 million in FY 2022.

**Multi-Family New Production and Preservation Program**

|  | FY 2021          |        |                      |        |                    |        | FY 2022 |        |                  |                      |                    |        |
|--|------------------|--------|----------------------|--------|--------------------|--------|---------|--------|------------------|----------------------|--------------------|--------|
|  | Tax Exempt Bonds |        | 9% LIHTC Competitive |        | Supportive Housing |        | Totals  |        | Tax Exempt Bonds | 9% LIHTC Competitive | Supportive Housing | Totals |
|  | Plan             | Actual | Plan                 | Actual | Plan               | Actual | Plan    | Actual | Plan             | Plan                 | Plan               | Plan   |
| <b>RESOURCES</b><br><i>(\$ in Thousands)</i> |                  |        |                      |        |                    |        |         |        |                  |                      |                    |        |
| <i>Long-Term Debt</i>                        |                  |        |                      |        |                    |        |         |        |                  |                      |                    |        |
| Private Activity Bonds                       | 68,500           | 59,250 | 0                    | 0      | 0                  | 0      | 68,500  | 59,250 | 50,000           | 0                    | 0                  | 50,000 |
| Operating Fund                               | 0                | 0      | 750*                 | 0      | 0                  | 0      | 750     | 0      | 0                | 1,000                | 0                  | 1,000  |
| Loan Participations                          | 0                | 4,174  | 6,000                | 5,508  | 0                  | 0      | 6,000   | 9,754  | 0                | 5,000                | 0                  | 5,000  |
| <i>Low Income Housing Tax Credit (LIHTC)</i> |                  |        |                      |        |                    |        |         |        |                  |                      |                    |        |
| 4% Equity Raised                             | 5,667            | 39,046 | 0                    | 0      | 0                  | 0      | 5,667   | 39,046 | 25,000           | 0                    | 0                  | 25,000 |
| 9% Equity Raised                             | 0                | 0      | 36,860               | 51,084 | 0                  | 0      | 36,860  | 51,084 | 0                | 40,000               | 0                  | 40,000 |
| <i>Capital Subsidies</i>                     |                  |        |                      |        |                    |        |         |        |                  |                      |                    |        |
| HOME   | 3,780            | 3,075  | 2,520                | 1,940  | 0                  | 0      | 6,300   | 5,015  | 3,500            | 1,681                | 0                  | 5,181  |
| Operating Fund                               | 1,000            | 0      | 0                    | 0      | 0                  | 0      | 1,000   | 0      | 1,000            | 0                    | 0                  | 1,000  |
| Affordable Housing Fund                      | 5,100            | 3,300  | 520                  | 500    | 1,270              | 1,021  | 6,890   | 4,821  | 6,200            | 500                  | 2,000              | 8,700  |
| Housing Trust Fund                           | 0                | 0      | 700                  | 350    | 2,080              | 3,099  | 2,780   | 3,449  | 1,000            | 1,350                | 1,800              | 4,150  |
| HOME ARP                                     | -                | -      | -                    | -      | -                  | -      | -       | -      | 0                | 0                    | 2,000              | 2,000  |
| <b>PROGRAM MEASURES</b>                      |                  |        |                      |        |                    |        |         |        |                  |                      |                    |        |
| <i>Targeting</i>                             |                  |        |                      |        |                    |        |         |        |                  |                      |                    |        |
| New Production Units                         | 150              | 224    | 200                  | 228    | 30                 | 64     | 390     | 516    | 250              | 200                  | 40                 | 490    |
| Preservation Units                           | 150              | 391    | 50                   | 174    | 0                  | 0      | 200     | 586    | 75               | 50                   | 0                  | 125    |
| Projects                                     | 6                | 7      | 8                    | 9      | 5                  | 4      | 17      | 20     | 5                | 7                    | 6                  | 18     |
| Units at or below <60% AMI                   | 70%              | 97%    | 70%                  | 88%    | 70%                | 100%   | 70%     | 94%    | 70%              | 70%                  | 90%                | 70%    |
| General Occupancy Units                      | 70%              | 83%    | 70%                  | 100%   | 70%                | 100%   | 70%     | 90%    | 70%              | 70%                  | 70%                | 70%    |
| <i>Occupancy</i>                             |                  |        |                      |        |                    |        |         |        |                  |                      |                    |        |
| % of Projects >95% Occupied                  | 95%              | 98%    | 95%                  | 98%    | 95%                | 98%    | 95%     | 98%    | 95%              | 95%                  | 95%                | 95%    |
| <i>Performance</i>                           |                  |        |                      |        |                    |        |         |        |                  |                      |                    |        |
| % of Projects on Watch List                  | <10%             | 5%     | <10%                 | 5%     | <10%               | 5%     | <10%    | 5%     | <10%             | <10%                 | <10%               | <10%   |
| % of Projects on Critical Watch List         | <2%              | <1%    | <2%                  | <1%    | <2%                | <1%    | <2%     | <1%    | <2%              | <2%                  | <2%                | <2%    |

\* \$750,000 was allocated by the Board in February 2021.

## **CONSTRUCTION/BRIDGE LENDING PROGRAM**

This program provides construction financing for Authority-financed multi-family projects. In addition, funds may be used for equity bridge loans to encourage and maximize the impact of investment in Low Income Housing Tax Credit projects. The Tax-Exempt Bonds number in this forecast reflects the short-term debt associated with bond-financed projects and is generally a part of a much larger financing package.

### **Construction/Bridge Lending Program**

|                                    | FY 2021         |               | FY 2022         |
|------------------------------------|-----------------|---------------|-----------------|
|                                    | Plan            | Actual        | Plan            |
| <b>RESOURCES (\$ In Thousands)</b> |                 |               |                 |
| <b>Total</b>                       | <b>\$20,000</b> | <b>18,000</b> | <b>\$30,000</b> |
| Tax-Exempt Bonds                   | 0               | 0             | \$10,000        |
| Operating Funds                    | \$5,000         | 0             | \$5,000         |
| Line of Credit                     | \$15,000        | \$18,000      | \$15,000        |

### **FY 2022 Program Narrative**

Construction and bridge loans continue to be among the Authority’s most popular tools for the creation of new affordable housing. Below-market interest rates made possible by the Federal Home Loan Bank of Boston’s Helping to House New England (HHNE) program help borrowers balance their development budgets in the face of rising construction costs and stagnant subsidy resources. Expectations in terms of loan volume for FY 2022 are consistent with last year’s performance. The FHLBB has also allowed the Authority to use HHNE funds to pay the costs of bond issuance, removing a significant barrier that has impeded the use of this critical financing resource.

For the first time in FY 2022 the Authority is reporting construction loan activity using simply the dollar amount of construction and bridge loans, not the number of units financed. This is intended to avoid confusion and the appearance of double-counting units that are financed with both construction and permanent financing.

## **LEAD HAZARD ABATEMENT PROGRAM**

On a statewide basis, this program provides lead hazard abatement funds and Healthy Homes intervention funds to single-family and multi-family owners through the Management and Development Division. Priority is given to units with a documented case of a child having elevated blood lead levels.

### **Lead Hazard Abatement Program**

|   | <b>FY 2021</b> |               | <b>FY 2022</b> |
|---|----------------|---------------|----------------|
|   | <b>Plan</b>    | <b>Actual</b> | <b>Plan</b>    |
| <b><u>RESOURCES (\$ In Thousands)</u></b> |                |               |                |
| Operating Fund                            | \$291          | \$430         | \$100          |
| State Lead Funds                          | \$1,000        | \$860         | \$1,000        |
| Federal Funds                             | \$1,186        | \$540         | \$1,381        |
| <b><u>PROGRAM MEASURES</u></b>            |                |               |                |
| Inspections / Risk Assessments            | 100            | 61            | 80             |
| Units Completed                           | 85             | 73            | 65             |
| Community Outreach Events                 | 15             | 3             | 25             |
| Skills Training                           | 60             | 63            | 30             |

### **FY 2022 Program Narrative**

The Authority's sixth federal grant cycle continues in FY 2022 with a new infusion of \$4,983,542, which will be used during a grant period that runs through July 2024. The remaining \$1.5M of the state remediation funds are available to supplement the federal grant funds. These state funds have allowed us to reach single-family homeowners previously unable to move forward due to lack of resources. In the eighteen months that they have been available, approximately half of the state lead remediation funds have been expended. The state funds are being spent down rapidly because of increased awareness of their availability and more stringent state standards for lead poisoning. These state funds are also available to the other three HUD lead programs (Manchester, Nashua, and Sullivan County) and are disbursed on a first come, first served basis. It is likely that the remaining \$1.5 million will be sufficient to fund projects through FY 2022 and will be exhausted sometime in the first two quarters of FY 2023.

Program goals for units inspected and completed in FY 2022 have been reduced slightly from last year's goals to account for ramp-up of the new grant, a higher proportion of properties coming into the program that are single-family homes, and contractor availability. While single-family homes are more expensive on a per-project basis they often house larger families, so these projects are critical to combatting childhood lead poisoning across the state.



# **PERFORMANCE BASED CONTRACT ADMINISTRATION (PBCA)**

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As the HUD-designated Contract Administrator for New Hampshire, the Authority is directly responsible to HUD for all PBCA program functions and reporting requirements, providing general program oversight and administration, and performing a quality assurance function for all assigned tasks. Day-to-day functions involved in this program include conducting management and occupancy reviews, adjusting contract rents, processing monthly Housing Assistance Payment (HAP) vouchers for project owners, processing HAP contract renewals, terminations and/or opt-outs, and responding to health and safety issues. There are currently 148 projects under the PBCA contract with a total of 5,803 units.

## **Performance Based Contract Administration (PBCA)**

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|  | <b>FY 2021</b> |               | <b>FY 2022</b> |
|--|----------------|---------------|----------------|
|  | <b>Plan</b>    | <b>Actual</b> | <b>Plan</b>    |
| <b>RESOURCES (\$ In Thousands)</b>                   |                |               |                |
| Federal Funds – Rent Assistance                      | \$53,500       | \$59,750      | \$53,500       |
| <b>PROGRAM MEASURES</b>                              |                |               |                |
| Complete Management Occupancy Review                 | 95%            | 95%           | 95%            |
| Review and Pay Monthly Vouchers                      | 95%            | 100%          | 95%            |
| HAP Contract Renewals, Terminations, and Expirations | 95%            | 100%          | 95%            |

### **FY 2022 Program Narrative**

The Authority's administration of the PBCA program looked very different in FY 2021 as precautions made necessary by the pandemic changed the way Authority staff administered this important contract. While unit inspections were suspended under a waiver granted by HUD, file reviews were performed both remotely and onsite to ensure that these rent-subsidized properties benefited qualified residents and that the property managers' policies and practices conformed to applicable law and HUD regulations. As FY 2022 begins, some practices will return to pre-pandemic "normal" as unit inspections have resumed, while other changes in the work will remain.

HUD continues to discuss its longstanding plans to re-procure PBCA services across the country. Staff will continue to watch for any indication that HUD is moving forward with these plans.

## **SECTION 811 PROJECT RENTAL ASSISTANCE (PRA)**

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The Section 811 Supportive Housing for Persons with Disabilities Project Rental Assistance (PRA) program is a partnership between the Authority and the New Hampshire Department of Health and Human Services (DHHS). The program will provide project-based rental assistance to property owners and developers that provide rental opportunities for persons with a disability who are transitioning from institutional settings into housing with community-based services.

### **Section 811 Project Rental Assistance (PRA)**

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|                                      | FY 2021 |        | FY 2022 |
|--------------------------------------|---------|--------|---------|
|                                      | Plan    | Actual | Plan    |
| <b>RESOURCES (\$ In Thousands)</b>   |         |        |         |
| Federal Funds – Rent Assistance      | \$720   | \$900  | \$1,000 |
| <b>PROGRAM MEASURES</b>              |         |        |         |
| Complete Management Occupancy Review | 10      | 9      | 6       |
| Number of New Units Under Contract   | 60      | 47     | 30      |

### **FY 2022 Program Narrative**

The 811 PRA program provides permanent project-based rental assistance at affordable housing properties owned and operated by the Authority’s multi-family housing partners. The program is administered through a partnership between the Authority and the Department of Health and Human Services (DHHS) to provide persons with severe mental illness with affordable, supportive housing. The Authority works with property owners to commit units to the program and administers the voucher payments. DHHS refers eligible applicants to vacant units throughout the state. To date, 160 units are under contract and 16 additional units in new projects have been committed for a total of 176 units. At the beginning of the fourth quarter of FY 2021, 121 of those units were occupied by individuals or families receiving support through the 811 Program.

The Authority set an ambitious goal of bringing 60 new units into the program in FY 2021 and nearly achieved it despite challenges associated with the pandemic as well as a slowing pace of referrals due to the already high rate of participation among the Authority’s multifamily partners. Recognizing that there are not as many uncommitted units remaining that are eligible and suitable for the program, staff recommends reducing this program goal to 30 new 811 units committed during FY 2022. If that goal is achieved the total number of units under contract through this program will be 206, well in excess of the 191 units that staff originally projected based on the grant amount.

## **SUPPLEMENTAL CONSTRUCTION COST ASSISTANCE**

In April 2021, the Board of Directors approved a temporary program that delegated to the Executive Director the authority to supplement commitments and reservations already made by the Board. This action allowed staff to respond quickly and effectively to rapidly increasing construction costs. This is a continuation of that program.

### **Supplemental Construction Assistance Program**

|   | FY 2021 |        | FY 2022 |
|---|---------|--------|---------|
|   | Plan    | Actual | Plan    |
| <b><u>RESOURCES (\$ In Thousands)</u></b> |         |        |         |
| HOME                                      | -       | -      | \$1,000 |
| Housing Trust Fund                        | -       | -      | \$500   |
| Affordable Housing Fund                   | -       | -      | \$500   |

### **FY 2022 Program Narrative**

The continuation of the supplemental construction assistance program is proposed to provide staff with the continued flexibility to award supplemental resources when projects are rendered infeasible by rapidly rising construction costs. The program would be administered in the same manner as detailed in the April 2021 Board approvals, with supplemental awards limited to 15% of a project's construction budget and all awards will be reported to the Board and the Multi-family Committee.

If these funds are not needed for supplemental awards, the unspent funds will be returned to the program plan and used as capital subsidy for the Tax-Exempt Bond, 9% LIHTC, or Supportive Housing programs.

## **HOME FLEX (GINNIE MAE MBS) & HOME PREFERRED (FANNIE MAE) PROGRAMS**

Mortgages are purchased from participating lenders and originators (collectively “lenders”) and processed through one of two loan programs.

1. **Ginnie Mae (“Home Flex”)**: Government-backed mortgages that are pooled into taxable Ginnie Mae Mortgage-Backed Securities (MBS), which the Authority sells to MBS investors.
2. **Fannie Mae (“Home Preferred”)**: Conventional loans with mortgage insurance that are sold loan-by-loan to Fannie Mae.

Both programs include cash assistance options, and both programs generate funds in the secondary market that in turn fund loans and cash assistance. Due to its HFA status, the Authority is able to offer unique loan programs in both Home *Flex* and Home *Preferred*.

### **Home Flex GNMA MBS Program**

|   | FY 2021   |           | FY 2022   |
|---|-----------|-----------|-----------|
|   | Plan      | Actual    | Plan      |
| <b>RESOURCES (\$ In Thousands)</b>        |           |           |           |
| Mortgage Purchases                        | \$185,000 | \$199,000 | \$170,000 |
| <b>PROGRAM MEASURES (\$ In Thousands)</b> |           |           |           |
| Loan Purchases                            | 820       | 840       | 685       |
| Average Beneficiary Income                | 80% SMI   | 74% SMI   | 80% SMI   |
| Average Loan Amount                       | \$225     | \$237     | \$250     |

### **Home Preferred FNMA Program**

|   | FY 2021  |          | FY 2022  |
|---|----------|----------|----------|
|   | Plan     | Actual   | Plan     |
| <b>RESOURCES (\$ In Thousands)</b>        |          |          |          |
| Mortgage Purchases                        | \$36,000 | \$84,000 | \$82,000 |
| <b>PROGRAM MEASURES (\$ In Thousands)</b> |          |          |          |
| Loan Purchases                            | 180      | 390      | 365      |
| Average Beneficiary Income                | 80% SMI  | 62% SMI  | 80% SMI  |
| Average Loan Amount                       | \$203    | \$215    | \$225    |

## **FY 2022 Program Narrative**

The Authority will continue to offer a suite of residential mortgage programs that are consistent with its mission and with prudent business practices. These homeownership programs leverage advantages that are provided to state housing finance agencies (HFAs). The Authority's cash assistance programs—Home *Flex* Plus and Home *Preferred* Plus—rely on program guidelines from the Federal Housing Administration (FHA) and Fannie Mae. Programs are always subject to being revised, sometimes positively and sometimes negatively. Being alert and agile, therefore, remain key principles.

This work will be conducted through two distinct business channels—Participating Lender (lenders sell the Authority a closed loan) and Participating Originator (lender takes the loan application and the Authority underwrites and closes the loan). The Authority, which remains committed to the Participating Lender Channel, has been focusing on improving the volume of the Participating Originator Channel, which allows the Authority to work with community banks in more rural communities while diversifying the business model.

In setting the FY 2022 loan volume goals, Homeownership and Finance looked at projected market conditions, reviewed program criteria, analyzed financial options, surveyed lenders, and spoke with real estate professionals. In terms of the real estate market, all partners agree that low- and moderate-income homebuyers will continue to face a very difficult market. The market challenges that were present in FY 2021 will persist in FY 2022, namely lack of affordable inventory. In terms of the secondary market and mortgage rates, the Federal Reserve will remain active to ensure liquidity and stability. Most predict that there will be some gradual increase in mortgage rates—yet rates will remain at historical lows. The challenge for first-time homebuyers will be that while rates will rise (costs more to finance a home), prices will not be declining, which impacts affordability.

As with the prior fiscal year, staff will work to meet and exceed volume goals. Staff will also remain vigilant about staying up to date on the housing market, the mortgage market and the regulatory requirements and will take steps to respond to those factors with the goal of continuing to assist eligible borrowers while making financial returns for the Authority's larger mission.

## **HOMEBUYER TAX CREDIT (HBTC)**

The Homebuyer Tax Credit Program makes homeownership more affordable for first-time homebuyers. Eligible homebuyers receive a Mortgage Credit Certificate (MCC) from the Authority that provides an annual income tax credit of up to \$2,000. The HBTC may be claimed each year for the life of the original mortgage, as long as the homebuyer uses the home as their primary residence. The HBTC can decrease the income taxes owed by the homebuyer, increasing take-home pay that can be used to help pay the mortgage. It is one of the Authority’s key mission-based programs that provides significant benefits to low- and moderate-income first-time homebuyers.

### **Homebuyer Tax Credit**

|                                    | FY 2021  |          | FY 2022  |
|------------------------------------|----------|----------|----------|
|                                    | Plan     | Actual   | Plan     |
| <b>RESOURCES (\$ In Thousands)</b> |          |          |          |
| Tax-Exempt Bond Capacity           | \$30,000 | \$38,430 | \$35,000 |
| <b>PROGRAM MEASURES</b>            |          |          |          |
| MCCs Issued                        | 560      | 630      | 575      |

### **FY 2022 Program Narrative**

In FY 2022 staff estimates approximately 575 homebuyers will receive an MCC, collectively providing nearly \$1 million in reduced income tax liability for MCC holders during the first full year of ownership. The number of MCCs tracks a percentage of the loan volume, and the reasons that impact loan volume also impact MCC volume. Staff continues to see what can be done to increase the MCC volume so more eligible borrowers get this resource. The challenge remains that Treasury requirements are cumbersome and somewhat complex.

## **SPECIAL HOMEOWNERSHIP PROGRAMS**

The Special Homeownership Programs complement the core programs by providing funds for eligible borrowers based on their needs and circumstances. Additionally, these programs provide flexibility to create special initiatives and address new issues and opportunities that directly relate to the Authority’s homeownership mission.

### **Special Homeownership Programs**

|                                       | FY 2021 |         | FY 2022 |
|---------------------------------------|---------|---------|---------|
|                                       | Plan    | Actual  | Plan    |
| <b>RESOURCES (\$ In Thousands)</b>    |         |         |         |
| <b>Housing Loan Trust (HLT)</b>       |         |         |         |
| Habitat Loans                         | \$75    | \$30    | \$75    |
| Housing Loan Trust Initiatives        | \$150   | \$136   | \$450   |
| <b>Operating Fund</b>                 |         |         |         |
| Emergency Home Repair Loans (EHRL)    | \$100   | \$42    | \$100   |
| Special Initiatives                   | \$75    | \$63    | \$175   |
| Accessibility Program                 | \$125   | \$125   | \$125   |
| Community Heroes Initiative           | -       | \$90    | \$510   |
| Recovered Cash Assistance Initiatives | -       | -       | \$400   |
| Program Marketing and Promotion       | \$350*  | \$350   | \$450   |
| <b>PROGRAM MEASURES</b>               |         |         |         |
| Habitat Loans Closed                  | 5       | 2       | 5       |
| Average Beneficiary Income            | 60% SMI | 40% SMI | 60% SMI |
| EHRL Loans Closed                     | 10      | 3       | 8       |
| Average Beneficiary Income            | 80% SMI | 68% SMI | 80% SMI |

\* Includes \$50,000 that was allocated by the Board in February 2021.

### **FY 2022 Program Narrative**

#### **Habitat Loans (\$75,000 plan)**

The Authority works with Habitat for Humanity affiliates to make homeownership possible for low- and moderate-income borrowers by providing \$15,000 in down payment assistance. Habitat affiliates choose the homebuyer and then work with the homebuyer as they construct their new home. Once the home is completed, the Authority uses Housing Loan Trust (HLT) funds to provide homebuyers with a zero percent, non-amortizing, second mortgage loan, which is due on sale, refinance, or when the property is no longer owner-occupied. Volume varies based on the activity of the Habitat affiliates.

### **Housing Loan Trust (HLT) Initiatives (\$450,000 plan)**

HLT funds are state-provided funds that are governed by RSA 204-C:64-70. The funds can be used for downpayment assistance, closing costs, other fees associated with a home purchase, or to assist with eligible improvements to a home. Staff periodically makes HLT allocations to nonprofit partners for targeted downpayment assistance programs. In FY 2022, staff may also seek to allocate HLT downpayment assistance funds to specific affordable developer projects to help make the homes more affordable to those purchasing them. Additionally, funds may continue to be requested to help Housing Choice Voucher homeowners perform repairs on their homes.

### **Emergency Home Repair Loans (EHRL) (\$100,000 plan)**

The Emergency Home Repair Loan (EHRL) program uses Authority-generated funds to provide low-interest loans for emergency home repairs to existing Authority borrowers. Typical EHRL repairs are new roofs, heating system replacements, and septic repairs. Homeownership and Servicing work together to address borrower needs because staff do not want an emergency to thwart continued ownership. Individual EHRL loans have a maximum loan amount of \$25,000. The demand for EHRL varies dramatically. If the allocated funds were depleted during FY 2022, staff would seek Board approval for additional funds.

### **Special Initiatives (\$175,000 plan)**

Traditionally, the Board has allocated Special Initiative funds that allows staff to creatively respond to and support mission-based affordable-housing programs outside of our traditional mortgage programs. In the past, these Special Initiative funds have been allocated to provide grants to support in-fill manufactured housing, the Homeownership Fellows program (\$30,000), which should return in FY 2022, and other programs that support affordable homeownership. Other than the funding for the Homeownership Fellows, for which a specific amount is included here, staff will present proposed uses of these funds to the Homeownership Committee and the Board for approval.

### **Accessibility Program (\$125,000 plan)**

The Authority will continue to work with Granite State Independent Living (GSIL) to provide need-based, accessible, home improvement grants to homeowners in need of accessibility modifications and repairs. GSIL evaluates applicants, determines accessibility needs, leverages the Authority funds with other GSIL funds, and oversees the work. This initiative has been a highly successful partnership for the Authority, GSIL, and the people who need accessibility improvements.

Typical projects include ramps, stair glides, door widening, and bathroom and/or kitchen modifications that enhance accessibility. Vendors and contractors providing construction and repair services for this program must have GSIL's approval. Between 20 to 30 households will be served through this program in FY 2022.



### **Community Heroes Initiative (\$510,000 plan)**

The Community Heroes Initiative provides a \$3,000 closing-cost credit to eligible first-time homebuyers who finance through one of New Hampshire Housing's *Plus* mortgage programs.

Eligible borrowers include healthcare, daycare and eldercare workers; law enforcement officers, firefighters and first responders; educators; and active members of the Armed Services. The Community Heroes Initiative provides a \$3,000 grant directly to the lender as a closing-cost credit and the borrower is not required to repay this credit. There is a maximum program income limit of \$135,300, and funding for this initiative is limited.

This initiative is funded by repayment of cash assistance, which has increased due to the high volume of refinancing. (The cash assistance is forgiven after four years, but if the borrower refinances or sells during the four-year period, the borrower repays the cash assistance.) In FY 2021, the Board approved \$600,000 for this initiative. The funds shown here for FY 2022 are the remaining balance of that \$600,000.

### **Recovered Cash Assistance Initiatives (\$400,000 plan)**

The State of New Hampshire and the Federal government do not provide consistent cash resources to help low- to moderate-income homebuyers. The MCC Program and the Authority's cash assistance programs help. Yet, low- and moderate-income homebuyers often need additional resources to buy a home. This initiative will use recovered cash assistance resources to create targeted and temporary initiatives to help low- to moderate-income homebuyers. For example, these funds could be used to help with new single-family development by bringing more flexible assistance to homebuyers. Another example could be increasing the support to communities of color, emerging markets, underserved homebuyers or underserved areas. Staff will present proposed uses of these funds to the Homeownership Committee and the Board for approval. The amount available for these initiatives will be based on the actual amount of repaid cash assistance.

### **Program Marketing and Promotions (\$450,000 plan)**

The Authority runs various homeownership programs including mortgage loans, cash assistance, and Mortgage Credit Certificates (MCC). To help run these programs, the Authority allocates marketing and promotions resources to complement business development strategies for the various programs. Marketing and promotions resources includes marketing efforts to lenders, real estate professionals (e.g., Realtors®), nonprofit partners and borrowers.

In FY 2022, staff will continue to implement a comprehensive business development plan, including the following goals.

- Implement increased outreach and marketing of our Homeownership Programs to all communities, including underserved communities and communities of color throughout New Hampshire.
- Continue to utilize, update, and enhance the Customer Relationship Management (CRM) as an effective tool to engage with and track business partner relationships.

- Increase the role that the Participating Originator (PO) channel plays within the Homeownership Division's loan volume goals.

Finally, a major initiative for FY 2022 for Program Marketing and Promotions will be update the *GoNewHampshireHousing* website (focused on borrowers). The existing website is on a platform that is no longer completely supported, and further, the new website will be better integrated with the updated marketing approach.

# **HOMEBUYER/HOMEOWNER EDUCATION AND COUNSELING (HBEC)**

This program provides resources to nonprofits so they may provide homebuyers and homeowners with pre- and post-purchase education and counseling services. This work is coordinated with the Authority’s role as intermediary of the HUD counseling funds covered under the Assisted Housing section of this Program Plan.

## **Homebuyer/Homeowner Education and Counseling**

|   | <b>FY 2021</b> |               | <b>FY 2022</b> |
|---|----------------|---------------|----------------|
|   | <b>Plan</b>    | <b>Actual</b> | <b>Plan</b>    |
| <b><u>RESOURCES (\$ In Thousands)</u></b> |                |               |                |
| Operating Funds                           | \$250          | \$250         | \$300          |
| <b><u>PROGRAM MEASURES</u></b>            |                |               |                |
| Number of Counseling Related Positions    | 4              | 4             | 4              |
| Homebuyers/Homeowners Counseled*          | 1,120          | 1,056         | 1,120          |

*\* Estimated households represent all pre-purchase and post-purchase counseled households, including numbers reported to HUD. These numbers do not include households that receive rental or HECM (reverse mortgage) counseling.*

### **FY 2022 Program Narrative**

The FY 2022 Program Plan Housing Counseling allocation will seek to provide housing counseling agencies with resources that will allow them to be responsive to the counseling needs in their communities. In evaluating the use of these funds, staff will consider other additional federal funds that might be available due to COVID-19. For example, the Homeowner Assistance Fund, which is part of the American Rescue Plan, includes housing counseling as a permitted use of the funds.

Core counseling goals are to:

- Provide statewide comprehensive homebuyer education and counseling, including foreclosure counseling.
- Encourage and enhance the counselors’ relationships with lenders, real estate partners, and employers to educate those partners about the value of counseling and about the value of the Authority’s homeownership programs.
- Provide outreach to the public about the value of counseling and the Authority’s homeownership programs by providing direct education to pre-purchase households, encouraging participation in regional homebuyer fairs, and being part of other targeted marketing efforts.

In addition to supporting HBEC, the Authority will support 2-1-1 NH, which provides intake and referral services for HBEC and for Granite State residents who have other housing challenges.

## ***HOUSING CHOICE VOUCHER (HCV) PROGRAM***

This program enables very low-income households to obtain safe, decent, affordable housing. The qualified household pays a portion of their adjusted income toward rent and utilities, and the Authority pays the rest directly to the landlord. The HCV program is operated on a calendar year basis.

### **Housing Choice Voucher Program**

|   | <b>CY 2020</b> |               | <b>CY 2021</b> |
|---|----------------|---------------|----------------|
|   | <b>Plan</b>    | <b>Actual</b> | <b>Plan</b>    |
| <b><u>RESOURCES (\$ In Thousands)</u></b>                     |                |               |                |
| HUD – Calendar Year Funding (CY)                              | \$33,842       | \$34,390      | \$39,040       |
| <b><u>PROGRAM MEASURES</u></b>                                |                |               |                |
| Total Vouchers Administered*                                  | 3,869          | 3,663         | 4,025          |
| Administer Program within per unit Cost<br>(PUC) (CY)         | \$743          | \$782         | 832            |
| % Leased within HUD Budget (CY)**                             | 99%            | 100%          | 98%            |
| Section 8 Management Assessment Program<br>(SEMAP) Score (FY) | 90%            | Waived        | 90%            |
| HUD Electronic Submissions % submitted                        | 95%            | 100%          | 95%            |

\* CY monthly average

\*\* CY Unit Months Leased/Unit Months Available

### **CY 2021 Program Narrative**

The total vouchers administered includes 3,685 Housing Choice Vouchers and 340 Mainstream Vouchers. The HUD CY 2021 budget is sufficient to support the combined number of participants in those two programs while maintaining a 98% lease up and utilization rate. Staff will continue to make project-based vouchers available for homeless individuals and other targeted populations in coordination with efforts to deploy Housing Trust Funds.

HUD has provided through the CARES Act additional funding to cover increased costs due to COVID-19, as well as additional administrative fees.

## **EMERGENCY HOUSING PROGRAM (EHP)**

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This program is designed to assist eligible households with short-term rent payments. Participants must be homeless or in imminent danger of eviction due to financial difficulty.

### **Emergency Housing Program**

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|                                    | FY 2021 |        | FY 2022 |
|------------------------------------|---------|--------|---------|
|                                    | Plan    | Actual | Plan    |
| <b>RESOURCES (\$ In Thousands)</b> |         |        |         |
| Operating Funds                    | \$0*    | \$0    | \$0     |
| <b>PROGRAM MEASURES</b>            |         |        |         |
| Households Assisted                | 0       | 0      | 0       |

### **FY 2022 Program Narrative**

Staff are not recommending the allocation of operating funds to the Emergency Housing Program (EHP) for FY 2022. The Community Action Program (CAP) agencies are administering the Emergency Rental Assistance Program that provides short term rental assistance, rapid re-housing for homeless individuals, and prevention for at-risk households.

\*The FY 2021 plan included a carryover of \$180,000 of the \$200,000 that was authorized in March 2020 for COVID-19 rent relief. An additional 100 households are expected to be assisted with these funds. A total of \$61,683 was expended in FY 2021 including \$15,906 to assist 21 households since the end of the FY 2020 EHP contract on September 30, 2021. With the NH Emergency Rental Assistance Program in operation since March 15, 2021, it is unlikely that the EHP funds will be fully expended before the carryover period expires on June 30, 2021.

## **FAMILY SELF SUFFICIENCY (FSS) LOAN AND GRANT PROGRAM**

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This program provides small loans and grants for transportation and/or other items or services which enhance employability and increase earned income of participants in the Family Self Sufficiency program.

### **FSS Loan and Grant Program**

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|   | <b>FY 2021</b> |               | <b>FY 2022</b> |
|---|----------------|---------------|----------------|
|   | <b>Plan</b>    | <b>Actual</b> | <b>Plan</b>    |
| <b>RESOURCES (\$ In Thousands)</b>                |                |               |                |
| Operating Funds                                   | \$26*          | \$26          | \$30           |
| <b>PROGRAM MEASURES</b>                           |                |               |                |
| Number of grants awarded                          | 18             | 65            | 70             |
| Number of loans                                   | 0              | 0             | 0              |
| Number of homeowners receiving home repair grants | 0              | 0             | 0              |

\* Includes \$20,000 that was allocated by the Board in February 2021.

### **FY 2022 Program Narrative**

The FSS Loan and Grant program effectively assists HCV clients in reducing barriers to increasing their earned income and moving toward self-sufficiency. Program resources will be used for computers, education, and employment-related expenses.

There are no funds allocated for home repair grants in FY 2022.

## **HUD HOUSING COUNSELING PROGRAM**

The Authority administers HUD’s Comprehensive Housing Counseling Program Grant for Local Housing Counseling Agencies. The grant supports pre- and post-purchase counseling activities for homeownership as well as targeted homeownership counseling for Housing Choice Voucher participants. The program is conducted through nonprofit housing counseling agencies and the Authority.

### **HUD Housing Counseling Program**

|   | <b>FY 2021</b> |               | <b>FY 2022</b> |
|---|----------------|---------------|----------------|
|   | <b>Plan</b>    | <b>Actual</b> | <b>Plan</b>    |
| <b><u>RESOURCES (\$ In Thousands)</u></b>                           |                |               |                |
| HUD Housing Counseling Grant  | \$144          | \$175         | \$200          |
| <b><u>PROGRAM MEASURES</u></b>                                      |                |               |                |
| # Participating Housing Counseling Agencies and Branches            | 8              | 8             | 8              |
| # Households Receiving Homeownership Education and/or Counseling    | 1,000          | 1,166         | 1,100          |
| # Households Receiving Rental Counseling and/or Financial Education | 1,000          | 1,347         | 1,200          |
| # Households Receiving Post-Purchase and/or Foreclosure Counseling  | 350            | 244           | 350            |
| % Households Below 50% of AMI                                       | 60%            | 71%           | 60%            |
| % Households Purchasing Homes                                       | 5%             | 5%            | 5%             |

### **FY 2022 Program Narrative**

It is anticipated that the HUD FY 2021 HUD Comprehensive Housing Counseling Program funding will be at a similar level to the FY 2021 funding. Participation in pre-purchase education and counseling has begun to increase as a result of the Governor’s stay-at-home order being lifted. Home purchases are expected to be lower this year because of the extremely low inventory of affordable homes. The number of homeowners seeking foreclosure counseling is anticipated to increase in FY 2022 when the moratorium on foreclosures is lifted.

## **LANDLORD INCENTIVE PILOT PROGRAM (LIPP)**

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This pilot program is designed to provide a landlord incentive, or sign-on bonus, to encourage landlord acceptance of vouchers, build and develop landlord relationships, and improve the voucher holder’s ability to lease up.

### **Landlord Incentive Pilot Program**

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|  | FY 2021 |        | FY 2022 |
|--|---------|--------|---------|
|  | Plan    | Actual | Plan    |
| <b>RESOURCES (\$ In Thousands)</b>           |         |        |         |
| Operating Funds                              | -       | -      | \$100   |
| <b>PROGRAM MEASURES</b>                      |         |        |         |
| % FYI and FUP youth vouchers leased          | -       | -      | 90%     |
| # Participating Landlords in the FYI Program |         |        | 50      |
| Total Number of FYI/FUP Youth Assisted       | -       | -      | 50      |

### **FY 2022 Program Narrative**

The Family Unification Program (FUP) and Foster Youth to Independence (FYI) Housing Choice Voucher program assists young adults (18-24 years old) who are at risk of homelessness and who have left the foster care system without a home to go to.

For households participating in the Housing Choice Voucher (HCV), especially FYI and FUP youth, the ability to secure housing and use their voucher depends on the willingness of landlords to accept vouchers. The low rental vacancy rate and high rental costs makes finding housing difficult for many HCV holders. As a result, voucher holders are at a severe disadvantage and may have few available housing options.

The principal use for the Landlord Incentive Pilot Program will be for FYI and FUP youth voucher holders. They are a particularly difficult group to lease up, partly because of their lack of credit history. Landlords who rent to an FYI or FUP youth voucher holder will receive a sign-on bonus of \$1,000 for every new FYI or FUP youth lease and HAP contract. Landlords can receive more than one bonus.

The unit must meet Housing Quality Standards and other program requirements. Funds will be disbursed upon tenant move-in and will require a one-year minimum lease and execution of the HAP contract.

We will evaluate the success rate of all voucher holders and may recommend at a later date extending this incentive program to additional voucher holders.



# **HOUSING AWARENESS RESEARCH AND ADVOCACY**

This program supports an array of critical education tools designed to improve public understanding of New Hampshire’s housing challenges and encourage actions at the local, regional, and state levels to help expand the supply of housing available to all of New Hampshire’s people.

## **Housing Research Awareness and Advocacy**

|   | FY 2021 |        | FY 2022 |
|---|---------|--------|---------|
|   | Plan    | Actual | Plan    |
| <b>RESOURCES (\$ In Thousands)</b>          |         |        |         |
| Operating Funds                             | \$290   | \$282  | \$505   |
| <b>PROGRAM USES (\$ In Thousands)</b>       |         |        |         |
| Mini Conferences and Events                 | \$15    | \$2    | \$20    |
| Housing Related Studies                     | \$100*  | \$100  | \$125   |
| Housing Partnership Grants                  | \$175   | \$140  | \$200   |
| Education for Local Governmental Bodies     | \$10    | \$0    | \$25    |
| Housing Needs Assessment                    | \$40    | \$40   | \$35    |
| Communications Toolkit for Housing Advocacy | \$30**  | \$0    | \$50    |
| Housing Data Dashboard                      | -       | -      | \$50    |

\* Includes \$50,000 that was allocated by the Board in February 2021.

\*\* Allocated by the Board in February 2021.

### **FY 2022 Program Narrative**

#### **Webinars/Seminars on Housing Topics/ (\$20,000 plan)**

Webinars, seminars, and conferences have become a way for us to make housing issues and advocacy topics more available to our various audiences. During the pandemic, the ability to host or sponsor a webinar – and have it recorded at no additional cost – has provided a means for NHHFA to support discussion and ideas on housing policy matters. This has proven to be a means of making education and advocacy more accessible to a wider audience. FY 2021 saw a shift away from half-day workshops in person to shorter virtual events. Programs in FY 2022 will continue to be virtual events on topics of interest, with possible in-person events as circumstances may allow. Possible topics for FY 2022 include economics of development and local regulatory changes to accommodate small-scale incremental development, post-pandemic multi-family and housing design, and economics and demographics. This also allows for co-branding and co-sponsorship of events developed by partner organizations.

### **Housing Related Studies (\$125,000 plan)**

The opportunity to conduct various Housing Related Studies throughout the year allows the Authority to be a leader in providing information on housing related issues. Among the topics that could be explored include continued work on fiscal modeling of different land uses, analysis of the occupancy of multi-bedroom units and the need/demand for smaller units, the impact of the pandemic on utilization of existing second homes and changes to residency, and the impact of the short-term rental market on housing supply and affordability.

### **Housing Partnership Grants (\$200,000 plan)**

The use of Housing Partnership Grants will focus on the advocacy activities that are carried out by existing Authority partners as well as create opportunities for new ones. This program supports new or existing organizations, or programs within established nonprofit organizations, that wish to focus efforts on education and advocacy regarding housing issues, including communications campaigns for local regulatory change. The grants provide flexible funding that meets the needs of a potentially diverse mix of providers. For-profit organizations and housing development organizations are not eligible for funding. Municipalities and regional planning commissions are eligible only for Mini Grants, except that these grants are not to be used to conduct regional housing needs assessments.

The Partnership Grant Program has three components of funding:

- **Mini Grants** up to \$5,000 available to support the housing education and advocacy efforts of local business groups, local economic development groups, regional economic development groups, local and regional ad hoc groups, business and community leaders, local governments, local service organizations, business owners, and nonprofit organizations. Eligible activities include funding technical assistance to explore housing-friendly land use regulations and may also be used for groups to research the feasibility of starting a local or regional housing advocacy initiative, which may include strategic planning efforts.
- **Advocacy Incubator Grants** are one-time-only grants with no matching funds required. Primary activities must include efforts to promote an adequate and balanced housing supply at the local and/or regional level and educate the general public and public officials about the relationship between housing and the regional economy. Grantees will be eligible for annual Advocacy Impact Grants (below) after the first year of operation.
  - Grants of up to \$50,000 are available to nonprofit economic development or community development organizations that propose to establish a workforce housing education and advocacy program, or start-up organizations whose primary mission is workforce housing education and advocacy. Organizations must have been established for more than three years and must commit to maintaining the program for at least three additional years.
  - Grants of up to \$20,000 are available to help fund the start-up of new housing education and advocacy organizations.
- **Advocacy Impact Grants** of up to \$40,000 are available to nonprofit economic development or community development organizations that have workforce housing education and advocacy

programs, or nonprofit organizations whose primary mission is workforce housing education and advocacy. Organizations must be established for at least one year and 50% matching funds are required. These organizations will be eligible for additional funding based on annual reviews.

Funds would be distributed across the components as needed, allowing for some flexibility during the program year. Staff will seek Finance and Administration Committee approvals for awards of \$20,000 and above, and full Board approval of awards of \$40,000 and above.

### **Education for Local Governmental Bodies (\$25,000 plan)**

Staff will work with partners, such as the Office of Strategic Initiatives, the New Hampshire Municipal Association, Saint Anselm College Center for Ethics in Society, and others to enhance training opportunities, such as offering webinars, and recruiting and securing trainers and national speakers.

### **Housing Needs Assessment (\$35,000 plan (plus \$40,000 FY 2021 carryover))**

Following up on work already done to establish a market baseline in late 2019, staff will engage a consultant to evaluate ongoing trends in the housing market as society responds to the coronavirus pandemic crisis, and as the economy ultimately moves to recovery. A final report will include market trends and projections.

### **Communications Toolkit for Housing Advocacy (\$50,000 plan)**

Staff is building and managing a library of housing-related testimonials, profiles and stories in written, photographic and video formats regarding the need for, and success of, certain state housing policies (e.g., the workforce housing law, the ADU law, housing coalition successes, etc.).

Based on initial efforts funded with mini-grants in FY 2021, this project will continue to capture these stories on video and other media with the intention of using and distributing them widely for a variety of purposes—stand-alone video shorts, clips for social media, posting on the NHHFA.org website, advertising, sharing with partners, including in presentations, etc. Staff will work with partners to identify people and organizations who are willing to share their stories. A video services company could be hired to shoot, edit, and format video as directed.

This project will also include videos to break down complex subjects to foster easier community-based discussion and understanding (e.g., Prof. Richard England’s work for NHAR on school costs) and will include development of associated or free-standing infographics on the same or similar topics.

### **Housing Data Dashboard (\$50,000 plan)**

The Authority has a substantial “warehouse” of data that is diligently maintained, updated, and analyzed by staff on a continual basis. Staff has increasingly recognized that this information would be more useful if it were presented in a format that is easily searchable by public users, with high-demand datasets already displayed in a graphical dashboard. This would also fulfill a recommendation of the Council on Housing Stability.

## **SMALL-SCALE HOUSING PRODUCTION**

This program is designed to provide a flexible resource to assist in the production of new single-family and small-scale multi-family housing units. These funds would enable the Authority to help developers produce more units, including “incremental units,” and assist homebuyers in buying new units.

### **Small-Scale Housing Production**

|   | <b>FY 2021</b> |               | <b>FY 2022</b> |
|---|----------------|---------------|----------------|
|   | <b>Plan</b>    | <b>Actual</b> | <b>Plan</b>    |
| <b><u>RESOURCES (\$ In Thousands)</u></b> |                |               |                |
| Operating Funds                           | \$0            | \$500*        | \$4,000        |
| <b><u>PROGRAM MEASURES</u></b>            |                |               |                |
| Housing Units Created                     | -              | -             | 100            |

\* Appeared as “Manufactured Housing Infill Program” in the FY 2021 Program Plan; this deferred sum was allocated by the Board in October 2020.

### **FY 2022 Program Narrative**

While the Authority has had substantial success in financing the development of large multi-family projects, an enduring challenge is that there is no public subsidy for single-family and small-scale multi-family development. Yet those may represent a substantial opportunity to help meet the state’s housing shortage. There is a need for creative approaches to facilitate “incremental development,” which means adding units within or adjacent to existing homes, or infill development in existing neighborhoods on vacant lots. Supporting incremental and infill development could help ensure that new development makes use of existing municipal infrastructure, strengthening the local tax base and avoiding blight that could occur as other real estate sectors continue to face significant uncertainty.

Establishment of a flexible funding program that targets small-scale development would allow the Authority to respond to innovative proposals from developers, property owners, municipalities and others that are facing financial and other barriers to fulfilling their housing development objectives. Some of these barriers include the impact of local land-use regulations, the uncertainty of obtaining local approvals, the lack of public water and/or sewer, the high cost of land and materials, transaction costs, and limitations of conventional financing.

Possible program uses may include the following:

- Acquiring surplus land from the New Hampshire Department of Transportation and other owners and then working with an appropriate developer to build new units on that land.
- Increase the existing line of credit (currently \$500,000) to the New Hampshire Community Loan Fund to enable the Loan Fund to continue to place new manufactured homes in resident-owned communities (ROCs). There are 136 ROCs with approximately 300 vacant sites that would potentially be available for infill. The vacant pads represent an opportunity to increase the supply of affordable homes as well as a mortgage lending opportunity for the Authority.

- Exploring financing vehicles for accessory dwelling units (ADU) and for converting a single-family home into a multi-unit property.
- Continue to advance initiatives that encourage new developments, including creating suitable preconditions to development by providing education to would-be developers, and engaging with municipalities that have proactive leadership to identify development opportunities.
- Minor improvements to public infrastructure, where a property owner or developer faces financial or other barriers to utilization.
- Downpayment assistance and other direct assistance to support housing purchases within new developments.
- Technical assistance to help developers and municipal staff evaluate the adaptive reuse of vacant commercial space for residential uses.

Funds would be made as grants or loans, depending on specific circumstances. Projects will include underwriting to control risk. Staff will seek Board approval for awards of \$20,000 and above.

Up to five percent of funds could be used for consultants to help design and administer programs.

## OTHER GRANTS & SUBSIDIES

This allocation funds various small grants in support of general affordable housing activities that the Board of Directors may choose to approve during the fiscal year.

### Other Grants /Subsidies

|   | FY 2021 |        | FY 2022 |
|---|---------|--------|---------|
|   | Plan    | Actual | Plan    |
| <b>RESOURCES (\$ In Thousands)</b>                                    |         |        |         |
| Operating Funds   | \$295   | \$280  | \$255   |
| <b>PROGRAM USES (\$ In Thousands)</b>                                 |         |        |         |
| Resident Education and Assistance Program –<br>Seacoast Mental Health | \$72    | \$72   | \$72    |
| Municipal Technical Assistance Grant Program                          | \$125   | \$125  | \$25    |
| Housing Action New Hampshire  | \$20    | \$20   | \$20    |
| Harvey Schwartz Housing Policy Education Fund                         | \$10    | \$3    | \$10    |
| Supportive Housing Institute (CSH)                                    | \$0     | \$0    | -       |
| Supportive Housing Design Competition                                 | \$0     | \$0    | -       |
| William H. Craig Fellowship   | \$8     | \$8    | \$8     |
| Center for Ethics in Society  | \$40    | \$40   | \$40    |
| Small-Scale Developers Workshop & Bootcamp                            | \$50*   | \$12   | \$10    |
| Housing Resources of NH   | -       | -      | \$50    |
| ADU Pre-Development Technical Assistance                              | \$0     | \$0    | -       |
| Surplus Lands Initiative  | \$0     | \$0    | -       |
| Other   | \$20    | \$0    | \$20    |

\* Allocated by the Board in February 2021.

### FY 2022 Program Narrative

#### Municipal Technical Assistance Grant Program (MTAG) (\$25,000 plan)

MTAG will continue to be provided through PlanNH, a nonprofit sub-recipient entity, to applicant municipalities to review, develop, or adjust local regulatory mechanisms to make them more housing friendly. Up to 15% of program funds may be used for sub-recipient administrative costs, and up to 10% of program funds may be used by sub-recipient to engage a partner to direct outreach and engagement activities in grantee communities (percentages are based on a \$125,000 program budget). The grantee match requirement is 15% of grant funds; match may be in-kind. The maximum grant amount is \$25,000. In FY 2022, municipal grants will be funded through the allocation made in FY 2021, which has been carried over.

**Center for Ethics in Society (CES) (\$40,000 plan)**

**CES of Saint Anselm College** will be awarded the third installment of a three-year grant for an educational initiative titled “The Housing We Need.” The initiative will focus on educating community decision-makers and others about the ways in which affordable housing can enhance their communities.

**Small-Scale Developers Boot Camp Follow-Up (\$10,000 plan)**

These funds will provide for ongoing consulting with participants in the FY 2021 Boot Camp. In FY 2021, the Authority collaborated with BuildME to conduct a small-scale residential developer boot camp conducted by the Incremental Development Alliance (IncDev). Part of the work with IncDev involves ongoing technical assistance for developers as they proceed through the development permitting process.

**Housing Resources of NH (\$50,000 plan)**

Building a track record of success by Housing Resources of NH, the Authority’s 501(c)(3) affiliate, will enhance its ability to secure philanthropic and other sources of funding. To achieve this, there is work to be done to achieve operational and administrative capacity.