



# Qualified Allocation Plan NH Housing – Right of First Refusal

November 2023

# Right of First Refusal

## *AGENDA*

- Introduction
- Miscellaneous
  - Call will be recorded
  - Ask questions or make comments – unmute and state your name
- Overview of the NH Housing ROFR
- Discuss Feedback from Partners
  - Including updated letter from a group of nonprofits
- Next Steps

# NH Housing - ROFR

## *LIHTC CODE ROFR VS NH HOUSING ROFR*

- **Internal Revenue Service Code Right of First Refusal – Section 42(i)(7)**
  - Nonprofits permitted to a ROFR to purchase property from partnership at below-market terms after the investor's tax benefits have been achieved.
- **The NH QAP includes a different ROFR - for profit developers sign in favor of a nonprofit – this is the ROFR for today's discussion**
  - Owners who choose to sell property before end of affordability period
    - Offer to sell property to nonprofit for minimum price
      - Sales price set by ROFR
    - If not, owner to offer property to NH Housing
    - NH Housing can accept or decline
    - In all cases the Affordability Period continues (per the Land Use Restriction Agreement)

# NH Housing - ROFR

- **Summary of Feedback Received**

- Remove requirement that ownership entities controlled by a for profit must sign a right of first refusal in favor of a nonprofit or NH Housing.

- **Reasons Given**

- Its not required by the program
- Not necessary to discourage early termination as the affordability period remains upon a sale/transfer of the property
- Housing crisis - encourage participation in developing affordable housing by a broad range of developers

- **NH Housing is *considering* removing the ROFR**

- This change is effective with new QAP; it is not retroactive
- Need to think about policy implications – unintended consequences

# NH Housing - ROFR

- **Feedback About Affordability Periods**

- We received feedback to extend the current affordability periods
- Current policy:
  - 9% LIHTC – 60 Years
  - 4% LIHTC – 30 Years (minimum required by the Code)
- Recommendation is to increase both programs back to 99 years
  - **Do we extend the affordability periods? How long?**
  - **Do we require the same affordability period for both 9% and 4%?**
  - **Do we incentivize longer affordability period through points?**

# NH Housing - ROFR

- **Next Steps**

- NH Housing staff will discuss feedback received today
- Draft revisions will be reviewed by senior management
  
- The next public forum will be held on December 5
  - Discuss significant, proposed changes
  - Red-lined QAP
  - May hold one more public forum mid-December, if needed

# CONTACT US

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