

National Housing Trust Fund Allocation Plan – State of New Hampshire

DRAFT 6/14/16

Summary

The National Housing Trust Fund (HTF), capitalized with a percentage of overall GSE business from Fannie Mae and Freddie Mac during calendar year 2015, will provide the State of New Hampshire with a formula allocation of \$3 million in 2016 to create housing affordable to extremely low income (30% or less of Area Median Income) households for a minimum of 30 years. New Hampshire Housing will administer these funds for the State of New Hampshire. Although HTF regulations allow funds to be used for both homeownership and rental housing, New Hampshire will limit the use of these funds to affordable rental housing due to very high demand for rental housing affordable to extremely low income households and the challenge associated with creating viable homeownership opportunities at such a low household income. The majority of HTF resources will be distributed through a specific Request for Proposals process within the Special Needs Housing Program. Projects must benefit extremely low income households who need housing combined with services, including but not limited to chronically homeless, homeless families, families with disabled members, veterans, and housing for persons with substance use disorder. Special Needs Housing Program HTF applicants will be requesting HTF for development subsidy and project-based Housing Choice Vouchers to extend affordability to 30 years. Applicants may also request HTF and other subsidy for use in Low Income Housing Tax Credit (LIHTC) projects through New Hampshire Housing's traditional Multifamily Rental Housing Financing Application process. The 2017 Qualified Allocation Plan for LIHTC awards points for projects that reserve at least 10% of the units for Extremely Low Income Households, as well as points for projects reserving 10% or more of their units for Homeless, those at risk of Homelessness, or Veterans.

Expected Resources

\$2,700,000 for direct investment in unit production.

HTF Project Eligibility

Applications for funding the development of affordable rental housing will be accepted by the Authority for review by the deadline of each specific program application cycle.

Mixed income and mixed-use projects qualify. Non-profit and for-profit entities and individual applicants are eligible. Non-profit housing developers qualifying as CHDOs may have access to technical assistance and operating assistance grants.

To qualify as a HTF project, a project must maintain a minimum set-aside of rent-restricted units for tenants in the targeted income group. All HTF-assisted units must be rented to extremely low income households, defined as households with incomes at or below 30% of Area Median Income.

Units must meet Uniform Physical Conditions Standards (UPCS); HUD Requirements for the Notification, Evaluation, and Reduction of Lead-Based Paint Hazards in Federally-Owned Residential Property and Housing Receiving Federal Assistance (24 CFR 35); and the

Authority's Design and Construction Standards (HFA:111) at project completion and must meet these property standards for the term of the restriction period. Projects assisted with HTF funds must meet all of the eligibility criteria.

Eligibility of Applicants

The following are eligible to apply for project specific assistance under the National Housing Trust program:

1. Non-profit corporations with an approved 501(c)3 tax-exempt status.
2. Local Public Housing Authorities.
3. Limited partnerships, general partnerships, corporations, limited liability companies, proprietorships, and other business organizations.

The following are not eligible to receive HTF funds:

1. Primarily religious organizations, where residency would be limited to an exclusive denomination.
2. Any person who is an employee, agent, consultant, officer, elected official, or appointed official of the state of New Hampshire, the Authority, or state recipient or sub-recipient receiving HTF funds (collectively Non-eligible Persons). This includes partnerships and corporations where the controlling partner, controlling member, or person(s) in control of such entity is a Non-eligible Person or Persons.

Eligible Activities

New Hampshire's HTF funds may be used for the production, preservation, and rehabilitation of affordable rental housing, new construction, reconstruction, or rehabilitation of non-luxury housing with suitable amenities, including real property acquisition, site improvements, conversion, demolition and other expenses, including financing costs, relocation expenses of any displaced persons, families, businesses, or organizations, and for reasonable administrative and planning costs. New Hampshire is intentionally excluding homeownership activities from its HTF plan due to the deep income targeting, 30% or less of Area Median Income, required in this funding round. New Hampshire will not allocate HTF funds for operating cost assistance or operating cost assistance reserves due to the inherently unpredictable nature of future funding levels.

Distribution of Funds

New Hampshire Housing will use two application tracks depending upon project type:

Projects dedicated to HTF units housing Extremely Low Income households eligible for Special Needs Housing as defined in HFA:112 will be applied for through the Special Needs Housing Program, utilizing a HTF-specific RFP and conforming application including the HUD-mandated priorities for funding, including:

- Geographic diversity

- Applicant's ability to obligate HTF funds
- Applicant's ability to undertake eligible activities in a timely manner
- Extent to which project expects to use Federal, State or local project-based rental assistance so that rents will be affordable to ELI families
- Duration of affordability period
- Merits of the application in meeting State priority housing needs
- Extent to which application makes use of non-federal sources

Projects serving Chronically Homeless as defined by HUD in 24 CFR 578.3 will be given priority. Other potential beneficiary groups include but are not limited to homeless families, families with disabled members, veterans, and persons with substance use disorder. Project sponsors will be applying for development subsidy along with project-based Housing Choice Vouchers which will be used to maintain affordability for extremely low income households for the required 30 years. New Hampshire Housing has committed to provide up to 50 project-based Housing Choice Vouchers to support this effort. Scoring preference will also be given to projects with written commitments from other Public Housing Authorities to provide project-based Housing Choice Vouchers. Tenant access to needed services is a threshold requirement for this program. The Special Needs Housing Program rules, including standard application, and scoring system are found here <http://www.nhhfa.org/about/rules/multifamily/hfa112.pdf>.

Projects blending some HTF units into a LIHTC project will utilize New Hampshire Housing's Multifamily Rental Housing Financing Application found at <http://www.nhhfa.org/rental-housing-developers-financing-application.cfm>. This application is used for all projects seeking Low Income Housing Tax Credits and various forms of capital subsidy from New Hampshire Housing including but not limited to Housing Trust Fund, HOME, the State Affordable Housing Fund and other subsidy as needed. This application is very thorough, requiring the applicant to provide detailed information concerning the description of the proposed project, sources and uses of all funds, rents and operating expenses, LIHTC scoring, a project pro forma, analysis of funding gaps to determine subsidy needs and a management questionnaire to assess management capacity. The Qualified Allocation Plan (QAP) http://www.nhhfa.org/rental/devdocs/LIHTC/QAP/2017/2017QAP_052516_Final.pdf

for the 2017 Low Income Housing Tax Credit Program provides scoring incentives to reserve 10% or more (but less than all) units affordable to extremely low income households, and also encourages the provision of supportive housing for the homeless, those at imminent risk of homelessness, and veterans. Other incentives in the scoring system may also encourage applicants to apply for HTF funding.

Recipient Application Requirements

The State will require that all recipient applications contain a description of the eligible activities to be conducted with HTF funds as required in § 93.200 Eligible Activities.

The State will require that each eligible recipient certify that housing assisted with HTF funds will comply with all HTF requirements.

Performance Goals and Benchmarks

10-15 units in Special Needs Housing. Committed by June, 2017, completed by December, 2019.

5-10 units in LIHTC projects. Committed by August, 2018, completed by December, 2019.

These are conservative estimates and it is our intent to exceed these production goals through the leveraging of subsidy dollars from multiple other sources.

Cost Reasonableness

Project applications will be carefully evaluated for cost reasonableness. The Applicant shall submit professionally prepared cost estimates with the initial application and proposals for bids with the Progress Phase Requirements or earlier upon request by the Authority. Project applications, which indicate unreasonably high total development costs (TDC) or have unreasonably high specific line item costs may be rejected at the application stage at the sole discretion of the Authority.

The Authority will review costs in relation to comparable recent projects in New Hampshire and New England, and in relation to the HUD 221(d)(3) limits, which are published annually by the Department of Housing and Urban Development.

Maximum Per-Unit Development Cost

The State of New Hampshire has examined the development costs of recent projects that are considered representative of the types of housing that will be supported by the HTF, and has established the following HTF maximum development costs for statewide use. The LIHTC Total Development Cost limits are used for 2+ bedroom units. We do not anticipate developer demand for 3 bedroom units, but if they are applied for, the 2 Bedroom Maximum Development Cost limits will increase by \$10,000 per additional bedroom.

0 Bedroom	\$182,139
1 Bedroom	\$200,769
2 Bedroom	\$235,000
2 Bedroom High Cost*	\$245,000

*Historic Tax Credits or Brownfields projects

Use Restriction

The 30-year affordability requirement and all Housing Trust Fund rules and regulations will be set forth in a Land Use Regulatory Agreement (LURA). During the LURA period owners of HTF-assisted projects must continuously meet Uniform Physical Conditions Standards (UPCS), as well as HUD Lead Paint Standards as set forth in 24 CFR 35. Under the HUD Lead Regulation. The owner is responsible for a visual inspection of lead-based paint annually and at unit turnover, repair of all unstable paint and repair of encapsulated or enclosed areas that are damaged. Owners should request, in writing, that the occupants of rental units monitor lead-based paint surfaces and inform the owner of potential lead hazards. Additionally, owners must comply with occupancy and rent restrictions. HTF-assisted units must remain affordable for the specified time period except upon foreclosure by a lender. New Hampshire Housing asset management staff shall perform annual physical inspections of HTF-assisted properties to insure ongoing compliance with these standards.

Rehabilitation Standards

Although new construction is much more prevalent in recent affordable rental housing production, some HTF projects may involve housing rehabilitation. Operative Federal and State standards and codes include the following:

1. Uniform Federal Accessibility Standards and Section 504 requirements. When applicable, the 2010 ADA Standards for Accessible Design.
2. State of New Hampshire Fire Code (Saf-C 6000) including various National Fire Protection Association (NFPA) Codes.
3. International Building, Existing Building, Residential, Plumbing, Mechanical, and Energy Codes as amended by the State of New Hampshire.
4. National Electrical Code (NFPA 70) as amended by the State of New Hampshire.
5. State of New Hampshire, Division of Water Supply and Pollution Control, Standards of Design for Sewerage and Water Treatment Systems, Design Standards for Small Public Drinking Water Systems, Department of Environmental Services, Water Well Board standards.
6. Energy Star Program Standards relating to indoor air quality, HVAC systems, insulation, lighting and appliances (see <http://www.energystar.gov>).

New Hampshire Housing's Design and Construction Standards, which were developed to enhance the sustainability of affordable housing, exceed parts of the operative codes listed above. In the case of rehabilitation projects, building systems and components that are expected to require replacement during the required period of affordability are typically replaced as part of the front end rehab project instead of deferring until later. For full details, see <http://www.nhhfa.org/about/rules/multifamily/hfa111.pdf>

Resale and/or Recapture Provisions

Not Applicable. The State will not use HTF funds to assist first-time homebuyers.

HTF Affordable Homeownership Limits

Not Applicable. The State will not use HTF funds for homeownership housing.

State Limited Beneficiaries or Preferences

The State will limit beneficiaries and/or give preferences to the following segments of the extremely low-income population:

HTF rental units awarded through the Special Needs Housing Program will be restricted to individuals meeting beneficiary eligibility for that program. In addition, scoring will prioritize chronically homeless as currently defined by HUD in 24 CFR 578.3.

Refinancing of Existing Debt

Not applicable. New Hampshire will not use HTF funds for refinancing of existing debt.

GRANTEE CERTIFICATIONS

Con Plan Consistency

REQUIRED FORMS

SF 424

SF 1199A