

Grantee: State of New Hampshire

Grant: B-08-DN-33-0001

July 1, 2013 thru September 30, 2013 Performance Report



Grant Number:

B-08-DN-33-0001

Obligation Date:**Award Date:****Grantee Name:**

State of New Hampshire

Contract End Date:**Review by HUD:**

Submitted - Await for Review

LOCCS Authorized Amount:

\$19,600,000.00

Grant Status:

Active

QPR Contact:

Amy Currie - Miniutti

Estimated PIRL Funds:

\$458,451.92

Total Budget:

\$20,058,451.92

Disasters:

Declaration Number

NSP

Narratives

Areas of Greatest Need:

BACKGROUND AND HIGHLIGHTS This Action Plan is a substantial amendment to the 2008 Action Plan of the New Hampshire Consolidated Plan. The Plan amendment is intended to outline how New Hampshire intends to utilize funds for the Neighborhood Stabilization Program (NSP), a program created by the United States Congress under the Housing and Economic Recovery Act of 2008 (HERA). NSP has been established to provide emergency funding to state and local governments to assist in the redevelopment of neighborhoods experiencing decline due to high foreclosure rates and subprime mortgage-related problems. The New Hampshire Community Development Finance Authority (CDFA) has worked to develop a Substantial Amendment to the 2008 Action Plan that meets HUD's stated encouragement for each grantee to "carry out its NSP activities in the context of a comprehensive plan for the community's vision of how it can make its neighborhoods not only more stable, but also more sustainable, competitive, and integrated into the overall metropolitan fabric, including access to transit, affordable housing, employers, and services." The New Hampshire community constituents, CDFA has worked to adapt this charge to the primarily rural nature of the state. Tier 1 and Tier 2 Community Outreach - Once high-need communities were established (as described in Section A) for the purpose of the first draft Action Plan, CDFA e-mailed and/or called representatives in all Tier 1 and Tier 2 towns to ensure they were aware of their eligibility for NSP funding and invited them to participate in the comment process for the plan. CDFA also held a brainstorming session with a set of potential applicants from all five Tier 1 communities to get a more detailed sense of the neighborhood issues, potential development plans, and approximate development costs in those communities. Public Comment - CDFA implemented a fifteen-day public comment period from October 30 through November 14 in accordance with HUD requirements. CDFA announced the comment period, posted a full calendar of dates associated with the substantial amendment review, and posted the draft substantial amendment on its web site for this entire period, along with a Frequently Asked Questions section about the NSP program. c. CDFA developed preliminary evaluation criteria and procedures so that potential applicants can have an early sense of how to develop project concepts. Serving the Very Low-income Community-The HERA statute requires that at least 25% of funds allocated to any grantee serve to create permanent housing for households earning 50% of median area income or less. New Hampshire intends to exceed this threshold by committing \$5,000,000, or 25% of its allocation, to projects serving the very low-income population in need of permanent housing that is enriched with services. Service-enriched housing, as described in New Hampshire's Consolidated Plan, is housing for households earning 50% or less of area median income that is accompanied by services for the individuals in those households. High priority service-enriched housing efforts in New Hampshire include permanent supportive housing for homeless people, permanent housing for the elderly and disabled including assisted living, and permanent housing for persons with mental illness. Service-enriched housing is one of the two top housing priorities in the current New Hampshire Consolidated Plan.

Distribution and and Uses of Funds:

CDFA has prioritized the geographic areas of greatest need using the criteria in HUD regulations: A. The number and percentage of home foreclosures in each unit of general local government; B. The number and percentage of homes financed by a subprime mortgage related loan in each unit of general local government; and C. Data indicating a municipality's likelihood of facing a significant rise in the rate of home foreclosures (specifically, home price and unemployment trends). CDFA will allocate the \$19.6 million in Neighborhood Stabilization Program Fund as follows: Total Pool \$19,600,000 Administrative Set Aside of 10% \$1,960,000 Project Funds 17,640,000 \$5 million of Project Funds will be allocated to projects offering service-enriched housing to households at or below 50% of median income \$12,640,000 of Project Funds will be allocated to other NSP-qualified projects Total Funds Available \$19,600,000 Administrative Set-Aside CDFA will set aside 10% of the state allocation, or \$1,960,000, for program administrative costs. These funds will be used for administration by CDFA and applicants that receive sub-allocations. It should be noted that local project awards will only be allowed reasonable developer fees as per HUD NSP regulations and will not be eligible for administrative funds if CDFA retains the sole ongoing oversight of the project. Any administrative set-aside funds deemed to be in excess of the amount necessary to provide project administration and oversight in compliance with Section 2301



(c)(2) of HERA will be made available for project awards. Project Fund Distribution and Eligibility To identify greatest-need communities for all project funds, CDFA utilized the ranking of New Hampshire's cities and towns on the three elements as described above (see Appendix 1, High Need Calculation Detail). In order to target resources to those communities with the highest needs, CDFA identified two tiers of communities that are eligible for NSP funds, Tier 1 and Tier 2. Tier 1 Communities Tier 1 municipalities are those with a "high needs" combined score of 50 or less (see Appendix 1, High Need Community Combined Score Calculation Detail) AND 100 or more foreclosures from January 2006 through August 2008. Those localities are: Berlin Derry Manchester Nashua Rochester CDFA has given priority to communities with a larger number of foreclosures over the last three years in recognition of the fact that for foreclosures to be impacting neighborhoods as a whole, some volume must exist. In addition, any municipality or development entity using NSP funds will need to do it at some scale in order to make application and preparation for said funds efficient. Thus higher-volume foreclosure communities will be most likely to identify and secure properties that are: a) foreclosed upon or abandoned; b) appropriate for their neighborhood goals; and c) able to be committed to within the commitment period of 18-months. Tier 2 communities CDFA recognizes that there may be communities that do not score as strongly in terms of the size of their foreclosure stock over the last three years, but may have compelling neighborhood needs. If all NSP funds cannot be used within program timelines by the highest priority communities, a second tier of communities will be considered by the following criteria: 1. "High needs" score of 50 or less, AND 2. Distinct neighborhood that need assistance of the nature the NSP is designed to address on homes that serve as primary residences and having a population in which 51% of residents earn 120% of area median income or less. The localities that are eligible under criteria number one above are: Barnstead Newport Claremont Ossipee Franklin Pittsfield Farmington Raymond Hillsborough Wakefield Laconia Whitefield Beyond this second tier of municipality need, there may be worthy neighborhood stabilization projects in communities classified as lower need, but it is anticipated that the two upper tiers of applicants will utilize all available funds. Correlated CDBG Activities Each NSP activity funded must also be CDBG-eligible under 42 U.S.C. 5305(a) and meet a CDBG objective. Table 1 describes eligible uses and activities for New Hampshire NSP funds. Estimated Use of NSP Funds Because CDFA will invite applications from eligible applicants in qualified communities to solicit projects, it is not possible to exactly predict or commit to a specific allocation of NSP funds for specific uses at this time. Nevertheless, as a result of the conversations with potential applicants to date, CDFA has estimated use of NSP funds as follows in Table 1: 14 Table 1: Distribution and Eligible Uses of NSP Funds NSP Eligible Use CDBG Activity Samples of Eligible End Use Tentative # NSP Units/\$ (A) Establish financing mechanisms for purchase and redevelopment of foreclosed upon homes and residential properties, including such mechanisms as soft-second, loan loss reserves, and shared-equity loans for low- and moderate-income homebuyers As part of an activity delivery cost for an eligible activity as defined in 24 CFR 570.206. Also, the eligible activities listed below to the extent financing mechanisms are used to carry them out. Create mortgage or related financing products for LMMI home buyers 42 units \$840,000 (B) Purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed upon, in order to sell, rent, or redevelop such homes and properties • 24 CFR 570.201 (a) Acquisition (b) Disposition, (i) Relocation, and (n) Direct homeownership assistance (as modified below); • 570.202 eligible rehabilitation and preservation activities for homes and other residential properties (HUD notes that rehabilitation may include counseling for those seeking to take part in the activity). Rental (Single Family and Multi-Family); includes Service-Enriched for 50% AMI or Less Home Ownership (Single Family and Multi-Family); includes Service-Enriched for 50% AMI or Less 70 units \$7,000,000 (C) Establish land banks for homes that have been foreclosed upon Not an eligible use in the New Hampshire plan Not an eligible use in the New Hampshire plan Not an eligible use in the New Hampshire plan (D) Demolish blighted structures • 24 CFR 570.201(d) Clearance for blighted structures only. Site clearance for future housing or redevelopment use; includes Service-Enriched for 50% AMI or Less. If property is to be redeveloped under Use E, must be fully redeveloped within 4 years of HUD allocation to NH unless applicant is a land bank). 40 units \$600,000 (E) Redevelop demolished or vacant properties • 24 CFR 570.201 (a) Acquisition, (b) Disposition, (c) Public facilities and improvements, (e) Public services for housing counseling, but only to the extent that counseling beneficiaries are limited to prospective purchasers or tenants offered by the project, and (n) Direct homeownership assistance (as modified below). • 204 Community based development organizations. Rental (Single Family and Multi-Family); includes Service-Enriched for 50% AMI or Less Home Ownership (Single Family and Multi-Family); includes Service-Enriched for 50% AMI or Less Public Facilities 92 units \$9,200,000 Administration CDFA and Grantees Administrative Costs \$1,960,000 15 Redirection of First Round Funds It is anticipated that the needs in Tier 1 communities will likely exceed available resources. However, CDFA will conduct close initial evaluation and then monitor capacity to deliver commitments and development within required guidelines. If capacity is not demonstrated to commit to and complete specific projects in the formal application, NSP funds will not be granted (see Project Preferences). CDFA will require specific performance timelines from Tier 1 communities in formal applications. CDFA will monitor performance timelines every four months during the implementation phase to assure Tier 1 Community applicants that have received funds are on track. If they are not, and if in CDFA's judgment regulatory timelines become at risk, CDFA reserves the right to withdraw funds from the applicant and redirect them to another applicant in that or any qualified community. CDFA will consider redirecting funds to other Tier 1 communities if need and capacity exist. If they do not, CDFA will redirect funds to Tier 2 communities. All funds will be committed within the 18-month commitment period required in the statute, currently estimated to be by August, 2010. Allocation of Program Income "Recycled Funds" CDFA expects program income from the first round of NSP projects. For instance, if a developer uses NSP funds to acquire, rehabilitate and sell a home, after transaction costs and fees are paid, the balance of NSP funds will return to CDFA to be used for NSP purposes. Tier 2 communities will be given preference when applying for recycled funds. Tier 1 communities will also be eligible to apply for recycled funds. All Entitlement Communities will be eligible to apply for recycled funds, although any applicant will need to demonstrate high need in terms of foreclosures, subprime loans, and future risk of foreclosure. Because the recycled funds will likely last in the community at least through 2013, CDFA will update data on foreclosure need throughout that time to assure that Tier 1 and 2 communities are still high need, and if other communities have risen to having high needs, they will become eligible to apply. Impact on Entitlement Communities New Hampshire has five entitlement communities: Manchester, Nashua, Rochester, Portsmouth and Dover. Of these, Manchester, Nashua, and Rochester are Tier 1 communities. These communities are eligible to apply for NSP funds. Portsmouth and Dover are not Tier 1 or Tier 2 communities as they do not meet the threshold for a Combined High Need score of 50 or less. Portsmouth has a score of 137 and Dover has a need score of 118. Entitlement Communities will be eligible to apply for recycled funds but will need to demonstrate that at the time of application they are high-need communities. Berlin and Derry are Tier 1 towns that are not entitlement communities. Their combined High Need Scores are significantly lower than those in Portsmouth and Dover, meaning the data shows significant impact from foreclosures and subprime loans in these communities.

Definitions and Descriptions:

(1) Definition of "blighted structure" in context of state or local law.

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>Response:

>New Hampshire law does not define the term "blighted structure." CDFA will consider any building that meets the New



Hampshire definition of "Hazardous Building" to qualify as a blighted structure for the purposes of the NSP program. New Hampshire law defines a "hazardous building" under RSA 155-B:1 as follows:

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>Hazardous building means any building which, because of inadequate maintenance, dilapidation, physical damage, unsanitary condition, or abandonment, constitutes a fire hazard or a hazard to public safety or health.

>
>This definition falls within the HUD definition of "blighted structure" in the Notice, which is as follows:

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>A structure is blighted when it exhibits objectively determinable signs of deterioration sufficient to constitute a threat to human health, safety, and public welfare.

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>(2) Definition of "affordable rents." Note: Grantees may use the definition they have adopted for their CDBG program, but should review their existing definition to ensure compliance with NSP program –specific requirements such as continued affordability.

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>Response:

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>For service-enriched housing serving residents earning 50% of area median income and below, "affordable rents" will be those rents equal to or less than the Low-income Housing Tax Credit program rent level for 50% of area median income units. Current LIHTC rent limits can be viewed at www.nhhfa.org.

>
>For all other rental units created under the NSP program "Affordable rents" will be those rents equal to or less than the Low-income Housing Tax Credit (LIHTC) program maximum rent level for the area and time period in question. Current LIHTC rent limits can be viewed at www.nhhfa.org.

>
>(3) Describe how the grantee will ensure continued affordability for NSP assisted housing.

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>Response:

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>Continued affordability in rental housing will be assured using the current New Hampshire CDBG rules. Specifically, all NSP grantees developing rental housing will commit to a mortgage lien to CDFA which requires that the property remain affordable for no less than twenty years commencing upon the completion of the project. Further restrictions are detailed in CDBG regulations which can be viewed at www.nhcdfa.org.

>
>Developers will be required to assure that all single family homes sold to individuals under the NSP are held permanently affordable for a minimum of twenty years via deed restrictions. The deed shall provide for the recovery by CDFA, in the event that the property is sold or no longer made available to and occupied by a qualifying household.

>
>Projects with longer affordability periods will be given preference in the evaluation period (see Project Preferences).

>
>(4) Describe housing rehabilitation standards that will apply to NSP assisted activities.

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>Response:

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>Housing quality, and particularly energy efficiency, is a matter of high priority for the CDFA.

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>For rental housing NSP funded properties will be required to meet NHHFA's design and construction standards. NHHFA's standards exceed state building code requirements and promote building environments that are green, energy efficient, and healthy. These standards are expected to be utilized due to anticipated supplemental project financing from NHHFA.

>
>For-sale housing NSP properties will be required to meet the CDBG rehabilitation standards. These include the requirement to meet the newly updated New Hampshire Energy Code (see <http://www.puc.state.nh.us/EnergyCodes/energypg.htm>).

>
>In addition to both these standards, CDFA will require that developers test every house rehabilitated, redeveloped or sold (not demolished) using NSP funds for radon and properly address the radon problem if one exists prior to sale.

>
>It should be noted that HUD Lead Paint regulation 24 CFR 35 applies to all NSP funded properties.

>
>Added Definition: Manufactured Housing

>It is recognized that in New Hampshire manufactured housing is considered residential property and will be recognized as such in implementation of the NSP program.

Low Income Targeting:

CDFA will assure that \$5,000,000 (25.5% of total New Hampshire NSP funds) will be allocated to service-enriched permanent housing for households earning 50% of area median income or less. Once the \$5,000,000 is committed to service-enriched housing projects, funding may be awarded to additional projects targeting households at 50% of area median income that may or may not be service-enriched.

>
> Examples of service-enriched housing include, but are not limited to, assisted-living housing for the elderly, housing for persons with mental illness, and housing for persons with developmental disabilities. Transitional housing is allowed under the Use, E, Public Facilities portion the NSP program but will not be counted toward the 25% required threshold.

>
>All service-enriched housing proposals must demonstrate the housing is part of a neighborhood stabilization strategy in the same manner of

other NSP proposals.

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- >In the event that CDFA does not receive proposals totaling at least \$5 million for service-enriched housing serving households earning 50% of area median income or less, it reserves the right to:
 - > 1. Open the eligible use of the \$5 million to non-service-enriched housing for the same income group;
 - > 2. Withhold funding other allocation requests until additional eligible proposals or activities are identified to meet this HERA requirement; and/or
 - > 3. Solicit additional applications for these funds, unilaterally modify allocation request amounts, and/or identify other eligible projects that meet the 50% area median income requirement.

Acquisition and Relocation:

CDFA estimates that a total of 162 units of housing will be created with NSP funds, 50 service enriched units for households earning 50% of median area income or less, and 112 units of other housing.

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- >Creation of Housing for Households Earning 50% of Median and Below
 - >CDFA estimates that 50 units of service-enriched rental housing affordable to households earning 50% of area median income and below will be created. \$5,000,000 will be allocated to high-need communities for this purpose. It is expected that in each development in which these funds will be utilized other rental housing funds such as private bank or developer financing, Low-income Housing Tax Credits, CDBG and HOME funds will also be utilized.
- >
- >Creation of All Other Housing
 - >CDFA estimates that 112 units of other housing will be produced with NSP funds in high-need communities. 100% of these units will be affordable to households earning 120% of area median income or less.
- >
- >All of the 162 units of housing created with NSP funds are expected to commence purchase and rehabilitation during 2009 and 2010, and all are expected to be complete and ready for occupancy no later than 2013.
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- >It is expected that in each development in which NSP funds will be utilized other housing funds such as private bank or developer financing, Low-income Housing Tax Credits, CDBG and HOME funds will also be utilized.
- >
- >Demolition
 - >CDFA estimates that 40 units of housing in total may be demolished. Much of that housing is anticipated to be vacant at the time of acquisition. Nevertheless, due to the requirement that properties purchased under NSP house low- and moderate-income households after redevelopment (therefore indicating it will be low-cost housing at the time of acquisition), it is likely that most of these units will have housed households earning 80% of area median income or below before becoming vacant.
- >
- >Conversion
 - >CDFA expects that of the approximately 162 units estimated to be created for households earning between 51% and 120% of area median income, most will be vacant at the time of acquisition. In the event of relocation, the occupants will receive relocation assistance in accordance with 42 U.S.C. 5304(d).
- >
- >Due to the requirement that properties purchased under NSP house low- and moderate-income households after redevelopment (therefore indicating it will be low-cost housing at the time of acquisition), it is likely that most of these units will have housed households earning 80% of area median income or below before becoming vacant.
- >
- >CDFA estimates that of the 112 units to be created as described above, 50%, or 56 units, may be converted housing to households earning between 81% and 120% of area median income. It estimates that 50%, or 56 units, will continue to exist as housing for households earning 80% of area median income or less.
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- >

Public Comment:

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Comment
Commenter
Response

Can my nonprofit apply directly for NSP funds because they work with foreclosures?

Ellen Chase, Community Home Solutions

Unlike CDBG funds where only a municipality or county can apply, HUD and CDFA have allowed a broader set of applicants. Community Home Solutions and other nonprofit developers can apply directly for NSP funds. The focus of NSP is benefit neighborhood stabilization and any applicant will be asked to show how their project would accomplish that goal.

The number of communities that can apply for NSP funding should be broadened to include each county, with a floor level of funding for each county. This could be done by expanding the level of eligible communities to 21 in total, rather than the proposed tiered approach of targeting



5 Tier 1 communities with 12 Tier 2 communities. If not all communities could use the funds within required timelines, unused resources could go to more refined number of communities.

SW Community Services reads the language in the HUD draft action plan stating that States may use HUD data or local data to identify high-need communities as an indication that HUD would find any number of approaches acceptable and that this should be a locally developed state plan.

SW Community services is disappointed that the proposed plan would fund only 2% of NH communities, that some counties would go unserved, and that no funds would be directed toward communities in SCS's catchment area in the current draft plan.

Are other states limiting NSP funds to 2% of the state?

Keith Thibault, SW Community Services

HUD is very specific in written and verbal correspondence that the intent of NSP funds is to deeply target areas of great need in a state. Thus far CDFA has heard from HUD specifically that HUD does not expect a "wide net" cast. HUD has indicated they would not approve a plan that allows the whole State to apply "dash funds are intended to be targeted to areas of the highest need. We are working toward some level of balance with the Tier 2 towns identified.

HUD has made a staff person available to help states think through methodology for determining high need and CDFA intends to run the concept of broad-based approaches by the staff person for input.

[CDFA has revised its approach to Tier 2 towns to initiate contact about potential projects earlier and give Tier 2 towns priority in applying for recycled funds in this draft Action Plan.]

A core issue to stabilizing neighborhoods is making people want to live in that neighborhood again. Deep subsidies may be needed. In addition to rehab/mortgage subsidy, we may need a substantial portion of the proposed acquisition loan to stay in the property.

Robert Tourigny, Executive Director, Neighborworks of Greater Manchester

NH CDFA inquired as to what level of subsidy is envisioned "dash perhaps \$200,000 per unit in Manchester HUD has clarified that under (D) and (E) in the NSP-Eligible Uses Chart the property does not have to be foreclosed. It can be blighted, vacant and used for nonresidential.

[As a result of its work with HUD CDFA realized that structuring acquisition loans, rehab grant programs and soft second mortgages, all proposed in the Action Plan posted for projects, would limit developments in ways CDFA did not intend. CDFA has eliminated these proposed programs and has replaced them with direct allocations.]

Care should be taken when thinking about the market value of foreclosed properties because many mortgages were sold and determining ownership may be difficult. Getting the properties for 15% below appraisal value will be difficult.

How will market value be determined?

Steven Sloan, Luminous Partners

CDFA recognizes that purchasing at the 15% discount will be very challenging especially where determining ownership is difficult. CDFA is considering ways it might be helpful in broader negotiations of such discounts. FHA and Fannie Mae have indicated they would sell their properties for 15% below appraised value. Applicants will need to demonstrate the capacity to achieve this discount.

HUD regulations are very specific in targeting the most need.

HUD regulations say a property appraisal must take place no more than 60 days prior to purchase of the property.

The number of communities that can apply should be increased to have a bigger impact on neighborhoods.

Steven Sloan, Luminous Partners

[CDFA has revised its approach to Tier 2 towns to initiate contact about potential projects earlier and give Tier 2 towns priority in applying for recycled funds in this draft Action Plan.]

I am concerned with the plan's exclusion of the Tier 2 communities from the first round of funding. The smaller (Tier 2) communities are where these funds could have the largest impact relative to the size of the need. For example, in a community with 400 foreclosed properties, addressing 40 properties would reach only 10% of the foreclosures and would have only a small effect on the overall market. However, in a community with 80 foreclosed properties, those same forty projects would reach 50% of the foreclosed properties and have a much more noticeable effect on stabilizing the market.

Steven Sloan, Luminous Partners

One of CDFA's goals in weighting eligible communities is to identify communities in which there has been a foreclosure concentration significant enough that it is impacting entire neighborhoods, not necessarily the entire market in the community.

The system used to establish high-need communities included a concentration factor which measured the number of foreclosures relative to the total housing units in a municipality.

[CDFA has revised its approach to Tier 2 towns to initiate contact about potential projects earlier and give Tier 2 towns priority in applying for recycled funds in this draft Action Plan.]

The service-enriched housing set-aside should stay a part of the plan. It is difficult to develop and priority should be given to applications with additional sources of funding. HUD supports the 10 Year Plan to eliminate homelessness. NH has a 10-year plan. HUD has sent emails to various organizations alerting them about NSP as a possible source of funding for service-enriched housing.

Peter Kelleher, Harbor Homes

CDFA decided on a set-aside for service-enriched housing as a method of meeting the HUD requirement that 25% of the NSP funds



appropriated must be used to house individuals or families whose incomes do not exceed 50% of area median income. CDFA recognizes the high level of need for service-enriched housing in NH.

[Through working with HUD CDFA learned that a set-aside grant program was in ineffective means of setting up its \$5,000,000 service-enriched pool, as it restricted those funds to Use B only. CDFA has changed the structure of these funds to direct allocations but the same level of funding will be used for the same end-purpose (service-enriched housing for 50% of median and below). The service-enriched housing set-aside is a valuable part of implementing the 10-Year Plan to eliminate homelessness. There is a shortage of supportive housing which backs up the homeless shelters, meaning more people have to stay in shelters for a longer period of time. There is no permanent housing for the people needing services to move into.
Keith Kuenning, NHCEH

CDFA sees the set-aside as a way to contribute to NH's 10-Year Plan to eliminate Homelessness and meet HUD requirements for the NSP.

[Through working with HUD CDFA learned that a set-aside grant program was in ineffective means of setting up its \$5,000,000 service-enriched pool, as it restricted those funds to Use B only. CDFA has changed the structure of these funds to direct allocations but the same level of funding will be used for the same end-purpose (service-enriched housing for 50% of median and below). The service-enriched set-aside for permanent supportive housing is an important part of CDFA's proposal. The need for these funds to be committed to service-enriched housing is documented in the Point in Time count of NH's homeless population. Don't spread the set-aside money too thin. The \$5 million available will go quickly.

Know that there are successful nonprofits that develop this kind of housing that have the capacity to make use of the NSP funds within the required timelines and regulations.
Maureen Beauregard, Executive Director, Families in Transition

[Through working with HUD CDFA learned that a set-aside grant program was in ineffective means of setting up its \$5,000,000 service-enriched pool, as it restricted those funds to Use B only. CDFA has changed the structure of these funds to direct allocations but the same level of funding will be used for the same end-purpose (service-enriched housing for 50% of median and below).

Housing combined with supportive services is very valuable. There is a shortage of housing for larger families because larger rentals have been broken up into studio and 1 bedroom apartments. The Way Home would like to use NSP funding as a way to affordably create lead-free, larger 4 bedroom apartments for persons identified as chronically homeless. This would be a mixture of transitional and permanent housing.
Mary Sliney, Executive Director, The Way Home

A clarification: NSP funding can be used to fund transitional housing under the Public Facilities Use E in the table of uses. However, the 25% set-aside cannot be used for transitional housing as that housing must be permanent.

[Through working with HUD CDFA learned that a set-aside grant program was in ineffective means of setting up its \$5,000,000 service-enriched pool, as it restricted those funds to Use B only. CDFA has changed the structure of these funds to direct allocations but the same level of funding will be used for the same end-purpose (service-enriched housing for 50% of median and below). The Bureau of Homeless and Housing Services has evidence that there is a high need for service-enriched housing in NH. Their annual 'Point in Time' documented a need of 55 units of supportive housing in NH and a need of 393 units for single adults.
Maureen Ryan, DHHS/BHHS

[Through working with HUD CDFA learned that a set-aside grant program was in ineffective means of setting up its \$5,000,000 service-enriched pool, as it restricted those funds to Use B only. CDFA has changed the structure of these funds to direct allocations but the same level of funding will be used for the same end-purpose (service-enriched housing for 50% of median and below).
Can new affordable housing be built?

Francis Chase, Community Home Solutions
Under HUD regulations if you purchase and demolish a blighted building you can build new affordable housing units on the land, but it must be shown that new housing units are a need for the community. HUD also will allow new construction on land purchased as vacant.
Is the entire State eligible to apply or only the proposed Ter towns?

Francis Chase, Community Home Solutions
HUD gives the NSP funds to the State but requires that it be used where there is the greatest need and it must stabilize neighborhoods. HUD has determined that the need be defined by high rates of foreclosures, high rates of sub-prime loans and greatest potential for additional foreclosures.

[CDFA has revised its approach to Tier 2 towns to initiate contact about potential projects earlier and give Tier 2 towns priority in applying for recycled funds in this draft Action Plan.]
How is it determined?

Francis Chase, Community Home Solutions
Referred to draft Action Plan for proposed methodology for high-need communities.
The Belknap-Merrimack CAP is seeing a lot of people looking for assistance that are facing foreclosure & many being displaced as tenants from buildings being foreclosed on. The need for assistance is state wide.
Dana Nute, Belknap-Merrimack CAP



There is a great need for assistance to manufactured housing parks that are investor owned.

I would like to see a section addressing "blighted" mobile homes. Many of these homes are located in mobile home parks that could be considered blighted neighborhoods themselves.

The families living under these conditions have little or no options to obtain repairs and do not qualify for other loans due to having poor credit.

We receive many pleas for help with repairs and can offer little relief. Mobile homes represent the most affordable housing in our County and one of the most neglected as well.

Charles Wolf, Strafford County Community Action Program

Manufactured housing is eligible for funds under NSP as residential housing, but CDFA will make this language more clear. If the structures are blighted they don't have to be in foreclosure to be eligible for demolition funds.

It is noted that any replacement housing must have a long term affordability component. This may not be a problem in a cooperative park but could be a challenge in an investor-owned park.

NSP funds cannot be used for home repairs for existing residents/owners of any home. The funds must be used to acquire and rehabilitate homes, or demolish blighted properties, or redevelop properties.

We would like to see monitoring activities included in the administrative structure to ensure compliance with the terms of the program and related deed restrictions, liens, etc. By having a monitoring component there will be increased success to achieve both short and long term goals.

We would like to see deed restrictions or other legal language that clearly ensures that the homes, whether rented or sold, remain affordable. This may be a good opportunity to restore affordable homes to NH communities in locations with transit, shopping, or other services.

Cynthia Copeland, Executive Director, Strafford Regional Planning Commission

CDFA will be building a comprehensive monitoring plan for NSP funds. This will involve both local level and state level monitoring. The monitoring plan will meet or exceed the requirements of NSP regulations.

Section C (3) of the Action Plan describes the legal mechanisms anticipated to assure long term affordability for both rental and sold homes. These include deed restrictions and liens.

The NH Bureau of Behavioral Health believes the NSP program will be instrumental in implementing the Bureau's new 10-year Mental Health Plan, a significant portion of which emphasizes the development of new supportive housing options for consumers. The vast majority of consumers receiving services within the community are priced out of housing in NH. NSP funds could be combined with funds from the Bureau of Behavioral Health for supportive services to promote successful living in the community.

Erika Riera, Bureau Administrator, State of NH Department of Health and Human Services, Division of Community Based Care Services

[Through working with HUD CDFA learned that a set-aside grant program was an ineffective means of setting up its \$5,000,000 service-enriched pool, as it restricted those funds to Use B only. CDFA has changed the structure of these funds to direct allocations but the same level of funding will be used for the same end-purpose (service-enriched housing for 50% of median and below).

How will proposals be evaluated? Who will make decisions on allocations and how will those decisions be made?

Steven Sloan, Luminous Partners

The Action Plan outlines overall proposed uses of funds to HUD. As an amendment to the state Consolidated Plan (www.nhhfa.org) it is intended to have less detail than will be needed at the application level. A fully completed application process cannot be completed until CDFA knows its plan has been approved by HUD, in case NSP program changes need to be made. CDFA is starting to develop the application criteria and process now. CDFA will make decisions on applications.

[CDFA has drafted project preferences and methods for commitments of funds in the second draft of the Action Plan.]

What happens if the selling price is more than \$73,500? It appears the total revolving acquisition loan fund amount presumes 75 properties at this acquisition price or less.

Steven Sloan, Luminous Partners

The selling price is not related to the total amount of the acquisition loan pool. NSP funding is not intended, at the federal or state level, to be 100% financing for NSP projects. CDFA estimated an average acquisition price of \$200,000 in setting the pool, recognizing that this will not allow all units financed to benefit fully from this acquisition funding source. Developers may need to have some of their own funds, may be accessing other bank or public funds, or may be working with properties that had no acquisition cost (such as properties taken for tax liens by municipalities).

[As a result of its work with HUD CDFA realized that structuring acquisition loans, rehab grant programs and soft second mortgages, all proposed in the Action Plan posted for projects, would limit developments in ways CDFA did not intend. CDFA has eliminated these proposed programs and has replaced them with direct allocations.]

If a purchased property needed improvements would rehab funds be allowed for this under NSP?

Steven Sloan, Luminous Partners

Yes.

Would the costs associated with carrying a property while it is being rehabbed and re-sold be covered with NSP funds?

Steven Sloan, Luminous Partners

No. Holding costs are not an eligible use of NSP funds [unless the property is purchased by a land bank]. Developers will need to identify other funds for holding costs.

What method should be used for identifying buyers for homes who meet the affordability limits? Could a lottery or first-come, first-served method be used?

Steven Sloan, Luminous Partners

Allbuersof NSP homes must have completed eight hours of home buyer counseling. There is a network of nonprofit counseling agencies in NH, a list of which is on the CDFA web site. Developers could partner with such an agency in their area to provide counseling or simply refer potential buyers to these agencies which provide counseling at little or no cost.

Developers can consider a lottery or other method for selection. Developers should be aware of the need to comply with Fair Housing laws when designing the process they will use. When submitting an application developers should outline their intentions for this process.

What if a lender/servicing company refuses to sell for the offered amount, thus making the 15% discount not possible?

Steven Sloan, Luminous Partners

First, HUD has defined market value in its regulations, which are available on the CDFA web site, in a manner which is intended to be broad enough to help meet the discount requirement. If a seller will not meet the discount requirement, however, the property will not qualify for NSP. Because of the challenges in meeting the discount requirement a successful acquisition strategy might involve working with city- or town-owned properties taken in tax foreclosures where the acquisition cost was very low, working in neighborhoods where sales prices are well-below probable market value, or working with property that is blighted or vacant under Eligible Uses D and E. The last solution does not require that properties be foreclosed upon or abandoned, which in turn might mean the ownership entity is easier to identify or negotiate with. For properties initially acquired by a municipality, preference should be given at re-sale to nonprofit entities with the capacity to market the properties subject to retention strategies that can achieve longer periods of affordability.

Michael LaFontaine, NH Community Loan Fund

If working with foreclosed upon or abandoned property, a municipality could not transfer the property to a nonprofit before selling to a qualified buyer because the property would no longer qualify at the time of the end transaction as foreclosed upon or abandoned. Municipalities could contract with local nonprofits to market properties or monitor resale restrictions if desired.

We request that CDFA consider altering its selection method for Tier 1 communities by lowering the threshold number of foreclosures to 99 from 100. Laconia is designated a Tier 2 community because it had 99 foreclosures over the given period. The area is more rural than the currently designated Tier 1 communities but suffers greatly from the foreclosure problem.

Bill Beyer, CEO Meredith Village Savings Bank and Chair, Lakes Region CEDS;

Linda Normandin, Chair Lakes Region CEDS Subcommittee for Workforce Housing;

Jack Terrill, Executive Director, Lakes Region United Way and Member of LR CEDS Subcommittee for Workforce Housing;

Mark Primeau, CEO, Laconia Savings Bank;

Rusty McLear, CEO Hampshire Hospitality Holdings;

Linda Harvey, Executive Director, Laconia Area Community Land Trust;

Henry Lipman, Executive Vice President, Lakes Region Hospital;

Jeff Savage, CEO Franklin Savings Bank;

Eileen Cabanel, Laconia City Manager.

Although CDFA respects the request for its threshold to be dropped by one to accommodate Laconia's entrance into Tier 1 from Tier 2, CDFA has elected to maintain its threshold of 100 for Tier 1. The threshold was developed based on the principle that foreclosures at a certain level (combined with other foreclosure and subprime data) were an indication of a foreclosure and neighborhood problem of the shape NSP is particularly well designed to address. It should be noted that there are several communities which have had more than 100 foreclosures in the analysis time period that are not in Tier 1 (and most not in Tier 2 either) because their other foreclosure and subprime indicators did not warrant it.

CDFA does expect to serve Tier 2 communities in the following ways: First, if Tier 1 towns do not demonstrate capacity to utilize NSP funds within required timelines and second, Tier 2 towns will receive preference for recycled funds as they come in to CDFA from Tier 1 activities.

[CDFA has revised its approach to Tier 2 towns to initiate contact about potential projects earlier and give Tier 2 towns priority in applying for recycled funds in this draft Action Plan.]

A variety of comments on making language of document clearer.

Amy Ignatius, Director, NH Office of Energy and Planning

Thank you!

Overall	This Report Period	To Date
Total Projected Budget from All Sources	N/A	\$20,058,451.92
Total Budget	\$0.00	\$20,058,451.92
Total Obligated	\$0.00	\$20,058,451.92
Total Funds Drawdown	\$0.00	\$20,058,451.10



Program Funds Drawdown	\$0.00	\$19,599,999.18
Program Income Drawdown	\$0.00	\$458,451.92
Program Income Received	\$0.00	\$458,451.92
Total Funds Expended	\$0.00	\$19,599,998.52
Match Contributed	\$0.00	\$337,300.00

Progress Toward Required Numeric Targets

Requirement	Required	To Date
Overall Benefit Percentage (Projected)		0.00%
Overall Benefit Percentage (Actual)		0.00%
Minimum Non-Federal Match	\$0.00	\$337,300.00
Limit on Public Services	\$2,940,000.00	\$0.00
Limit on Admin/Planning	\$1,960,000.00	\$1,278,200.82
Limit on State Admin	\$0.00	\$1,278,200.82

Progress Toward Activity Type Targets

Progress Toward National Objective Targets

National Objective	Target	Actual
NSP Only - LH - 25% Set-Aside	\$4,900,000.00	\$5,342,595.00

Overall Progress Narrative:

No funds were drawn and no activity for NSP 1 took place this quarter. CDFA staff are in the process of collecting final grantee data and closing out the grants. Please review and let us know if you have any questions or require further information. Thank you.

Project Summary

Project #, Project Title	This Report Period	To Date	
	Program Funds Drawdown	Project Funds Budgeted	Program Funds Drawdown
9999, Restricted Balance	\$0.00	\$0.00	\$0.00
A-CDFA-NSP, A-Financing Mechanisms	\$0.00	\$0.00	\$0.00
B-CDFA-NSP, B-Purchase & Rehab Residential	\$0.00	\$6,690,448.36	\$6,690,448.36
D-CDFA-NSP, D-Demo Blighted Structures	\$0.00	\$1,465,673.00	\$1,465,673.00
E-CDFA-NSP, E-Redevelop demolished or vacant properties	\$0.00	\$5,281,534.02	\$4,823,082.00
X-CDFA-NSP, X-Admin CDFA & Grantees	\$0.00	\$1,278,201.54	\$1,278,200.82
Z-CDFA-Set-Aside, Z-Set aside for under 50% AMI	\$0.00	\$5,342,595.00	\$5,342,595.00



