



April 20, 2023

The Honorable James Gray, Chairman  
Senate Finance Committee  
State House, Room 103  
Concord, NH 03301

***Subject: HB 2 – relative to state fees, funds, revenues, and expenditures***

Dear Chairman Gray:

I am writing to express New Hampshire Housing's support for section 14 of HB 2, which makes an appropriation of \$30 million to the state's Affordable Housing Fund (AHF). As passed by the House, this appropriation would come from FY 2023 general fund surplus.

The AHF was established by the Legislature in 1988 and capitalized with an initial appropriation of \$4 million. In the ensuing thirty-five years, the Legislature made a series of additional appropriations, and starting in FY2021 committed an ongoing \$5 million annual appropriation to the AHF from proceeds of the Real Estate Transfer Tax. To date, total appropriations to the AHF are \$62.6 million.

When it created the AHF the Legislature structured it as a true revolving loan or trust fund. Thus, in addition to the original state appropriations, the AHF receives funding through the repayment of loans made, including interest and investment income on fund balances awaiting use. The AHF statute also dedicates to the fund certain fee income derived from other NH Housing financing programs. In addition to legislative appropriations, the AHF has received development loan repayments of almost \$19 million, all of which has been reallocated to other housing developments.

Under law, the AHF can be used to provide loans or grants in support of housing initiatives undertaken by non-profit or for-profit sponsors who provide long-term housing opportunities for low- and very low-income households. The Legislature also wisely provided NH Housing with substantial flexibility in the types of projects which could be supported and the financing structures which can be used, thus creating what we believe is a model of an efficient and responsive vehicle to address dynamic housing needs.

The projects supported through the AHF have included a wide range of housing initiatives including family and elderly rental housing, special needs and transitional housing, and manufactured housing park cooperatives. The flexibility inherent in the

AHF statute has allowed it to be a decisive element in the financing of housing projects as small as two units and in developments of over 100 units. The AHF is used to support new construction as well as important acquisition/rehabilitation efforts. The AHF has proven to be a critical resource in supporting local efforts to revitalize and improve older neighborhoods and make better use of the existing housing stock as well as efforts to preserve the affordability of existing targeted rental housing.

## **CONCLUSION**

The addition of significant new resources is making the Affordable Housing Fund a powerful and flexible tool to support a broad range of housing needs – including adding to the stock of housing needed to serve a growing workforce. Because of the flexibility inherent in its enabling legislation, the AHF helps NH Housing leverage substantial Federal and private resources to create much needed rental housing in our state.

These financial resources will help developers respond to the urgent need for more housing for our workforce. NH Housing would be pleased to provide additional information to assist the Committee in its review of this important legislation.

Sincerely,



Robert B. Dapice  
Executive Director/CEO

cc: Committee members



## NEW HAMPSHIRE AFFORDABLE HOUSING FUND FACT SHEET

### ***A Valuable Funding Tool for Creating Housing Since 1988***

- Supports the creation of multifamily housing developments that may not have other resources, such as supportive housing for individuals with special needs
- Allows New Hampshire Housing to support local housing needs more effectively and to meet important public goals
- Provides flexibility to developers; AHF financing has fewer regulatory restrictions than most federal funding
- Enables housing developers to significantly leverage their total project financing

### **DEVELOPMENTS FINANCED** *(through 2023)*

<b>Number of &amp; Type of Development</b>	<b>Number of Units</b>
<b>66</b> General Occupancy	<b>2,810</b>
<b>38</b> Supportive Housing	<b>464</b>
<b>11</b> Age-Restricted	<b>310</b>
<b>4</b> Manufactured Housing Co-ops	<b>72</b>
<b>TOTALS: 119</b>	<b>3,656</b>

### **A KEY INVESTMENT IN NH'S AFFORDABLE HOUSING STOCK**

**AFFORDABLE HOUSING FUND** allocation to date: **\$62 MILLION**  
**119 projects**, leveraging more than **\$500 million** to support  
the development or preservation of **3,600+ housing units** statewide



---

## WHAT IS THE AFFORDABLE HOUSING FUND?

The Affordable Housing Fund (AHF) was created by the Legislature in 1988 and is codified as RSA 204-C:56 – 62. It is administered by New Hampshire Housing Finance Authority (New Hampshire Housing) **to facilitate the purchase and rehabilitation or construction of affordable housing, primarily for low- and moderate-income households.**

The AHF is used to finance the construction of multifamily housing developments. It has received varying allocations from the state since 1988. In FY20, it began receiving an annual \$5 million allocation from the Real Estate Transfer Tax.

The AHF is a true revolving loan fund, and as such, it is replenished through program income including loan repayments, as well as through the allocation of certain tax-exempt bond fees and earnings, and legislative appropriations.

## HOW IS THE FUND USED?

- The AHF provides loans and grants to support the creation of housing for: families and individuals, seniors, individuals with supportive housing needs, and manufactured housing cooperatives.
- Funds are typically used to provide below market-rate loans to cover financing gaps or to fund projects that cannot support debt. Most projects financed by the AHF have other resources as part of their full funding package, the most common being federal Low-Income Housing Tax Credits.
- Many of these developments serve households with somewhat lower incomes, including those with incomes at or below 60% of the area median (“workforce housing,” as defined by RSA 674). These are income levels common to entry-level employment positions and jobs in service-related industries (in the Manchester area, 60% median income for a household of three people is \$45,144; Portsmouth/Rochester area is \$55,512; Belknap County is \$44,496; Coos County is \$33,426).
- The AHF provides more flexible funding with fewer regulatory restrictions to developers.
- It supports local housing needs while still meeting important public goals.

## WHAT ARE THE REQUIREMENTS OF FINANCING THROUGH THE FUND?

- Both for-profit and non-profit sponsored housing developments are eligible for financing.
- By statute, at least half of the units must be affordable to households with incomes at or below 80% of area median income. It is these working families that often have the hardest time finding an affordable place to live.
- All new construction projects funded by the AHF and other financing programs are built to meet New Hampshire Housing’s Design and Construction Standards. These standards include flexible, cost-effective measures that help design and construction teams build comfortable, safe, energy-efficient, and durable buildings.



## MULTIFAMILY HOUSING DEVELOPMENTS FINANCED BY THE AFFORDABLE HOUSING FUND

### DEPOT AND MAIN

SALEM | 74 units

Workforce Housing (General Occupancy)



### 434 UNION STREET

MANCHESTER | 11 units

Recovery Housing (Supportive Housing)



### APPLE RIDGE APARTMENTS

ROCHESTER | 34 units

Workforce Housing (General Occupancy)



### MONAHAN MANOR (BRONSTEIN APTS)

NASHUA | 166 units

Workforce Housing (General Occupancy)



## MULTIFAMILY HOUSING DEVELOPMENTS FINANCED BY THE AFFORDABLE HOUSING FUND

**RUTH GRIFFIN PLACE**  
PORTSMOUTH | 64 units  
Workforce Housing (General Occupancy)



**SULLIVAN HOUSE**  
CLAREMONT | 28 beds  
Recovery Housing (Supportive Housing)



**BEDFORD VILLAGE MANOR AT RIDDLEBROOK**  
BEDFORD | 93 units | Workforce Housing (General Occupancy)

