

NEW HAMPSHIRE HOUSING FINANCE AUTHORITY
NOTICE OF FUNDING OPPORTUNITY
TAX-EXEMPT BOND PROGRAM

SUBJECT

This Notice of Funding Opportunity (NOFO) is an announcement of funding resources for the development of affordable rental housing by qualified developers that seek:

- 1) Tax-exempt bonds in combination with 4% Low-Income Housing Tax Credits (LIHTC);
- 2) New Hampshire Housing capital subsidy (subordinate debt); and/or
- 3) Project-Based Vouchers (PBVs) for projects that select the LIHTC Average Income Test minimum set-aside.

For developers seeking only tax-exempt bonds in combination with 4% LIHTCs (and no New Hampshire Housing capital subsidy or PBVs), refer to the appropriate section in this NOFO for more information. Developers who utilize tax-exempt bonds in combination with 4% LIHTCs through this NOFO may also apply for PBVs without requesting New Hampshire Housing capital subsidy.

To ensure threshold criteria are met and that the application is complete, please read this NOFO in its entirety prior to application submission. See Exhibit B for a list of the minimum submission requirements. If you have questions about this NOFO, please contact the staff listed at the end of this document.

Developers may submit up to two applications under this NOFO. Second applications submitted by the same developer will be reviewed and considered only after **all** other applications submitted have been reviewed and staff level recommendations are determined. If a developer submits two applications, New Hampshire Housing will consider the higher-scoring application first. If the majority or all of the funding available is being recommended for the first group of applications, New Hampshire Housing reserves the right to put any second applications on a waiting list. All applications must meet the requirements of this NOFO to be considered, including second applications and/or those put on a waiting list.

NOFO RELEASE DATE: August 29, 2024

APPLICATION DEADLINE

Applications submitted in response to this NOFO will be accepted as detailed in the Application Process section of this NOFO.

FUNDING RESOURCES

New Hampshire Housing allocates resources from the FY 2025 Program Plan, as approved by the Board of Directors. Currently, New Hampshire Housing has approximately \$18 million in capital subsidy funding resources available under this NOFO. Due to the limited funding resources, New Hampshire Housing *may* limit the total request for capital subsidy per project. This determination will be made upon receipt and review of the applications in the first application cycle (due October 31, 2024). Notice of this decision will be issued as an addendum and posted on the New Hampshire Housing website, no later than December 1, 2024.

Funding Resources available per the FY 2025 Program Plan are listed below:

- State Affordable Housing Fund;
- HOME Investment Partnerships Program; and
- National Housing Trust Fund.

Other funding may become available during the fiscal year. If that occurs, New Hampshire Housing reserves the right to include those resources in this NOFO or to allocate those resources outside of the NOFO.

Projects that receive funding resources must comply with the applicable state and federal laws and regulations for such resources, including income and rent targeting. Projects must also adhere to applicable New Hampshire Housing rules and policies, including the following.

- [Qualified Allocation Plan \(QAP\) for the Low-Income Housing Tax Credit Program \(LIHTC\) \(HFA 109\), dated March 12, 2024](#)
- [Multi-Family Bond Financing Program Rules \(HFA 114\)](#)
- [Underwriting Standards and Development Policies for Multifamily Finance, dated July 10, 2024](#)
- [Technical Design and Construction Standards](#) or [Technical Design and Construction Standards for Rehabilitation](#), as applicable
- [Design and Construction Policy Rules \(HFA 111\)](#)
- [Affordable Housing Fund Rules \(HFA 113\)](#)

PROJECT-BASED VOUCHERS (Reference 24 CFR Part 983)

In addition to the funding resources, New Hampshire Housing intends to award up to approximately 50 Project-Based Vouchers (PBVs) to projects that receive New Hampshire Housing capital subsidy through this NOFO and commit to the LIHTC Average Income Test minimum set-aside. *Units with PBVs are limited to households with incomes at or below 50% of the area median income.* PBVs will be awarded through the Threshold Criteria and Scoring Criteria by a competitive process based on applications received in each application cycle.

Applicants requesting PBVs should indicate in the application cover letter that they are applying for PBVs (in addition to the funding resources) and include the number of PBVs requested, along with selecting the Average Income Test minimum set-aside (set-asides are on the LIHTC Info tab), in the New Hampshire Housing financing application. Units with PBVs must meet the requirements of 24 CFR Part 983.

EVALUATION PROCESS

Applications will go through a two-step process.

Step 1: Projects must first meet the threshold criteria. Projects that do not meet the threshold criteria are ineligible for funding under this NOFO.

Step 2: Projects that meet the threshold criteria will then be evaluated using the scoring criteria in this NOFO.

THRESHOLD CRITERIA

Projects are required to meet the Threshold Criteria in the [QAP dated March 12, 2024](#) (see section HFA 109.06), as applicable, along with the criteria listed below.

- Project must be financed using New Hampshire Housing-issued tax-exempt bond financing in combination with 4% LIHTCs. All loans will be credit enhanced by the FHA 542(c) Risk-Sharing Program (developers will be responsible for paying the up-front and annual mortgage insurance premium).
- If intending to apply for PBVs, projects must also meet the eligibility requirements for federally funded PBVs (24 CFR Part 983), including site selection standards of 24 CFR 983.57.

SCORING CRITERIA

All applications that meet the Threshold Criteria will be evaluated based on the Scoring Criteria. Scores from the Scoring Criteria will be used to allocate New Hampshire Housing capital subsidy and to award Project-Based Vouchers. If at any time NH Housing's remaining available tax-exempt bond capacity becomes constrained, the Scoring Criteria will be used to make bond funding decisions as well.

Documentation for each scoring criteria, as noted below, must be submitted at the time of application for points to be awarded. All supporting documentation is subject to verification and New Hampshire Housing may require additional information. New Hampshire Housing may reject any documentation deemed to be insufficient and inadequate for the particular scoring requirement.

| Scoring Criteria | Description | Points |
|-------------------|--|--------|
| Prior Application | Complete applications submitted in FY 2024 under the tax-exempt NOFO that met threshold but did not receive a reservation of funding (due to a lack of available resources). | 2 |
| Twinned Projects | Projects that receive a reservation of 9% LIHTCs in FY 2025 for a proposed twinned project (4% and 9% projects to be developed concurrently) and receive points for scoring category #9.c. for the 9% LIHTC project. | 6 |

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|--|---|---|
| Extended Use Period/ Affordability Period | Developers who commit to a Land Use Restriction Agreement, LIHTC affordability period of 60 years. Indicate your commitment to a 60-year extended use period in your cover letter. | 3 |
| Local/Plan Approval and Zoning Approval | Projects that have been granted site plan approval. To be awarded points, developers must show, at a minimum, that conditional site plan approval that meets the requirements of RSA 676:4 I(i) has been granted. Additionally, all necessary local zoning permits must have been granted. A permit status letter from the developer's attorney or project engineer confirming the above must be submitted. | 8 |
| Phase 1 Environmental Site Assessment | Completion of a Phase 1 Environmental Site Assessment (ESA) dated within five years of application submission date. Submit a copy of the Phase 1 ESA. | 3 |
| Historic Review - State of NH | Completed review by the NH Division of Historical Resources (form signed by NH DHR staff). Submit a copy of the completed and signed Request for Project Review by NH DHR form. | 2 |
| HUD QCT / DDA | Projects that are located in a HUD-designated Qualified Census Tract or Difficult Development Area at the time of application. Submit documentation showing the proposed project is located in a QCT or DDA. | 2 |
| Construction Manager (CM) and Stipulated Sum / General Contractor (GC) | Developers who have selected a CM following New Hampshire Housing procurement requirements and have issued a Letter of Interest (LOI) to the CM. Submit all back-up documentation, including completed New Hampshire Housing procurement forms and a copy of the LOI. | 4 |
| | <i>Or</i> | |
| | Developers who will utilize a stipulated sum bid (GC) and provide LOIs from at least three qualified contractors who intend to participate in the stipulated sum bid process. | 4 |
| Professional Estimator | Projects with construction cost budgets that are prepared by a third-party professional estimator. The professional estimator may be a construction manager or general contractor, as well as other third-party professional estimators. In the New Hampshire Housing financing application, fully complete the cost estimation information on the Closing S&U tab and provide a copy of the contract/agreement with the third-party professional estimator. <i>NH Housing procurement requirements for the selection of a CM or GC to perform the work must be followed regardless of who the professional estimator is.</i> | 2 |

| | | |
|----------------------------------|---|-----|
| General Occupancy | Projects proposed as general occupancy. Check off the general occupancy selection on the Project Info tab in the New Hampshire Housing financing application | 2 |
| Number of Bedrooms | Projects with at least 10% of the units having two or more bedrooms. | 1 |
| | <p style="text-align: center;"><i>Or</i></p> Projects with at least 20% of the units having two or more bedrooms and at least one third of those units having three or more bedrooms. | 2 |
| Efficient Use of Capital Subsidy | Use standard rounding to determine number of units to meet the requirements of this category. Complete the unit mix section on the Project Info tab in the New Hampshire Housing financing application. | |
| | Per the New Hampshire Housing Underwriting Standards and Development Policies for Multifamily Finance (see section 2.04 Loan Amounts), New Hampshire Housing capital subsidy is limited to a total of \$100,000 per income and rent restricted unit. To encourage the most efficient use of capital subsidy, points will be awarded to projects that seek capital subsidy below the limit as follows. Total New Hampshire Housing capital subsidy proposed per income and rent restricted unit: | |
| | 5% below the limit (\$95,000 or less) | 2 |
| | 10% below the limit (\$90,000 or less) | 3 |
| | 15% below the limit (\$85,000) | 4 |
| Over 15% below the limit | 5 | |
| | The amount of capital subsidy per income and rent restricted unit as presented in the initial application that is scored, must be maintained (this does not apply to future refinancing of the property). If additional capital subsidy is requested and awarded that puts the project over the limits committed to in the initial application, then penalty points will be applied to a future application (see Penalty Points below for details). | |
| Penalty Points | If an applicant/developer commits to points in this NOFO and the commitment is not fulfilled, a points penalty equal to the applicable scoring category will be applied to the next application from the applicant/developer for New Hampshire Housing Funding Sources (<u>4% and 9% LIHTC apply</u>). Developers who document a good faith effort was made may not be penalized at the discretion of New Hampshire Housing staff. | TBD |

TIE BREAKER

In the case of a scoring tie, the project providing the greatest number of net new units is favored (for proposed twinned projects, the net new units of only the 4% LIHTC project are counted).

OTHER FACTORS

New Hampshire Housing reserves the right to consider geographical location when making funding decisions in order to avoid concentrating investment in too few communities.

EXCLUSIONS

Projects financed through indirect conduit bond issuance under New Hampshire Housing HFA 116 – Conduit Multifamily Bond Financing Program are not eligible to apply under this NOFO.

APPLICATION PROCEDURE

Applications for this NOFO will be accepted on the reservation cycle schedule below.

| Application Due Date | New Hampshire Housing Response Date |
|-----------------------------|--|
| October 31, 2024 | December 15, 2024 |
| January 31, 2025 | March 15, 2025 |

The application and all attachments/exhibits must be submitted to New Hampshire Housing by 4:30 PM on the due date. Applications shall be submitted via the New Hampshire Housing [HDS NextGen Application Portal](#) (*the application portal, along with instructions, will be available approximately 30 days prior to the application due date*).

- Applications received after 4:30 PM on the due date for the first application cycle will be reviewed in the next application cycle.
- If the majority or all funds have been reserved in the first application cycle, then the NOFO may be closed and notice will be issued.

Within 45 days of receiving an application, New Hampshire Housing will reply in writing to the applicant and will either issue a reservation of Funding Resources and PBVs, if applicable, reject the application, or ask for additional documentation or information.

Projects that receive a conditional reservation will have 120 days to satisfy project-specific progress phase requirements that will be outlined in the reservation letter. **For projects funded through the first application cycle of this NOFO, the target bond loan closing month is July 2025.** Bond transactions are generally pooled to ensure the most efficient cost for the projects. Progress phase requirements will include a requirement to submit a timeline of critical milestones to ensure a loan closing that generally aligns with the target. Failure to meet these specific requirements will result in the expiration of the reservation of resources, unless a formal request to extend the reservation has been submitted by the applicant and approved by New Hampshire Housing prior to the expiration date.

If an applicant meets the Threshold Criteria but all funding through this NOFO has been conditionally reserved, the applicant may be placed on a waiting list. Applicants on the waiting list may be eligible for funding if a project that received a conditional financing reservation fails to move forward or additional funding becomes available.

APPLICATIONS FOR TAX-EXEMPT BONDS IN COMBINATION WITH 4% LIHTCS ONLY

Developers seeking only tax-exempt bonds in combination with 4% LIHTCs (and no New Hampshire Housing capital subsidy and/or PBVs) may apply at any time during the fiscal year (July 1, 2024 to June 30, 2025). Exhibits A and B of this NOFO still apply. Projects are required to meet the Threshold Criteria of the [QAP](#) (see section HFA 109.06), as applicable, along with the criteria listed below.

- Project must be financed using New Hampshire Housing-issued tax-exempt bond financing and 4% LIHTCs. All loans will be credit enhanced by the FHA 542(c) Risk-Sharing Program.
- Developers will be responsible for paying the up-front and annual mortgage insurance premium.

If at any time NH Housing's remaining available tax-exempt bond capacity becomes constrained, the Scoring Criteria will be used to make bond funding decisions as well.

STANDARD PROVISIONS

Standard provisions are Exhibit A to this NOFO.

CONTACT INFORMATION

Questions about this NOFO can be directed to Jim Menihane, Director of Multifamily Business Development at jmenihane@nhhfa.org and (603) 310-9273 or Nate Robinson, Director of Multifamily Development and Finance at nrobinson@nhhfa.org and (603) 310-9366.

EXHIBIT A

STANDARD PROVISIONS

1. Subject to New Hampshire Housing's right to terminate earlier, this NOFO will remain open until all available funds have been reserved or April 14, 2025 whichever occurs first. This NOFO may be reopened after closing at the sole discretion of New Hampshire Housing staff.
2. Applicants are responsible for ensuring submissions are complete, accurate and comply with this NOFO. Proposals that do not comply with this NOFO may be rejected and may not be further evaluated or considered.
3. Applicants are not entitled to an opportunity to correct mistakes or deficiencies in the proposals after the deadline. Proposals that are missing required information may not be evaluated unless New Hampshire Housing staff requests the information during the review process and determines that the application will be evaluated.
4. New Hampshire Housing may discuss proposals with respondents and seek clarification or modifications.
5. This NOFO is subject to all applicable state and federal laws, regulations, and policies.
6. New Hampshire Housing assumes no obligation, responsibility or liability for any costs incurred by the applicant in preparing a response.
7. New Hampshire Housing is subject to the right to know law, RSA Chapter 91-A (RTK Law). This could mean that the RTK law might require that submissions may be made available to the public on request. Therefore, applicants are advised not to include information that they deem proprietary or confidential.

EXHIBIT B

For an application to be considered complete, all items listed below must be submitted. The documents marked “if applicable” are required if they pertain to your project.

- [Financing Application](#) (all tabs completed)
- Cover letter summarizing the project and indicating the amount of Funding Resources requested. Specify the number of PBVs requested, if applicable
- Site Information:
 - Detailed site map
 - Site photographs
 - Site location map
- Environmental information: floodplain map
- Evidence of site control
- Market study (commissioned by the developer/applicant)
- Scope of work and cost estimates
- Management Agent Questionnaire completed by the proposed management agent and Letter of Intent from the proposed management agent
- List of applicant’s other real estate projects
- Resumes of the development team (developer, architect, management agent, and any others on the team – include resume for development consultant, if applicable)
- **Back-up documentation for all relevant scoring criteria**