

NEW HAMPSHIRE QUALIFIED ALLOCATION PLAN HFA 109

MARCH 2, 2022



LOW-INCOME HOUSING TAX CREDIT PROGRAM



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**NEW HAMPSHIRE
QUALIFIED ALLOCATION PLAN
LOW-INCOME HOUSING TAX CREDIT PROGRAM
Program Rules
HFA 109**

HFA 109.01 INTRODUCTION

The Low-Income Housing Tax Credit (LIHTC) program is currently the single largest source of federal capital subsidy to create and preserve affordable rental housing. The program was added to Section 42 of the Internal Revenue Code (IRC §42) in 1986. Under IRC §42, the Internal Revenue Service allocates LIHTCs to states on a per capita basis. States in turn designate an agency to allocate LIHTCs using competitive criteria established in accordance with IRC §42. The State of New Hampshire has designated New Hampshire Housing Finance Authority (NHHFA) as the agency to allocate LIHTCs. NHHFA has developed this Qualified Allocation Plan (QAP) to establish the criteria and process for the allocation of LIHTCs in New Hampshire.

This QAP is in effect until repealed or replaced.

HFA 109.02 PRIMARY ALLOCATION PRIORITIES

NHHFA uses the U.S. Department of Housing and Urban Development's (HUD) Consolidated Plan process to assess New Hampshire's affordable housing and community development needs and market conditions. The Consolidated Plan is also used as a tool to coordinate several federal housing resources that are administered at the state level. The priorities of this QAP are based on conclusions contained in the 2021-2025 Consolidated Plan, public forums on QAP priorities, and extensive discussions with the affordable housing community. These priorities are:

- New construction (adding new units to housing markets)
- General occupancy housing
- Readiness to proceed (i.e., ability to get to construction in a relatively short period)
- Non-profit sponsored housing
- High quality of construction, including energy efficiency
- Projects that achieve broad community development objectives, including "smart growth" and neighborhood revitalization
- Cost containment
- Projects that benefit underserved populations and communities
- Projects that benefit communities that have been disproportionately impacted by the housing shortage including persons with disabilities and persons experiencing homelessness

HFA 109.03 LIHTC AVAILABILITY AND SET-ASIDES

A. LIHTC Availability

New Hampshire's annual allocation authority for 9% LIHTCs is determined by the U.S. Department of the Treasury based on a fixed rate per resident, adjusted for inflation. This "Housing Credit Ceiling" will be published as an Internal Revenue Service Revenue Procedure and a link will be posted on NHHFA's website.

B. Non-Profit Set-Aside

IRC §42 requires that at least 10% of New Hampshire's annual LIHTC allocation be set aside for qualified non-profit organizations that:

- Meet the tax-exempt requirements of IRC 501(c)(3) or (c)(4);
- Own a controlling interest in a project and materially participate in the development and management of the project throughout the compliance period; and
- Have exempt purposes including the fostering of low-income housing.

Wholly owned affiliates of a non-profit are eligible as qualified non-profit organizations.

C. Supplemental Set-Aside

\$60,000 of the annual LIHTC allocation shall be set aside for projects returning for supplemental LIHTCs after having received a reservation or allocation of LIHTCs. Requests made under this set-aside can be up to \$30,000 per project. The decision to award supplemental LIHTCs will be made by NHHFA in its sole discretion. To be eligible for supplemental LIHTCs, a project must meet one or more of the following criteria:

- It incurred or faces substantial and unforeseen cost increases;
- It is subject to an unanticipated reduction in equity yield on the sale of the LIHTCs;
- Supplemental LIHTCs would reduce the level of NHHFA capital subsidy funding;
- Supplemental LIHTCs would improve the project's financial feasibility and keep it consistent with NHHFA's Underwriting Standards and Development Policies for Multi-Family Finance.

Any amounts of the supplemental set-aside pool remaining after September 1 of each year, will be made generally available. However, if tax credits are still available after the reservations are approved, NHHFA can make additional supplemental reservations under the same program guidelines.

HFA 109.04 PRIMARY PROGRAM POLICIES

A. Maximum Amount of LIHTC per Project

The maximum LIHTC allocation that any single general occupancy project may receive in any single funding round is \$880,000. The maximum LIHTC allocation that any single age-restricted project may receive in any single funding round is \$660,000. Allocation amounts for projects funded with "Out-of-cap" 4% LIHTCs and tax-exempt bonds are not limited.

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B. Maximum Number of Applications and Projects

No applicant (defined as a general partner, property owner and/or development agent) may submit more than one 9% project application in a LIHTC round, unless it is a supplemental application for a previously approved project.

NHHFA will not accept a new application if an applicant (including any general partner) has two or more LIHTC projects that have not yet been completed. A complete project is one for which the municipality has issued a Certificate of Occupancy for all buildings, NHHFA has signed off on construction completion inspection, and IRS form 8609 has been issued. “Out of cap” 4% LIHTC and tax-exempt bond financed projects will not be considered as outstanding LIHTC projects. NHHFA reserves the right to limit 4% LIHTC resources based on NHHFA underwriting criteria.

C. Per Unit Cost Standards/Housing Investment Limits

Project applications will be evaluated for cost reasonableness. Applications which indicate unreasonably high total or specific line-item development costs may be rejected. Cost reasonableness will be evaluated using an index, which is the weighted average of the Total Development Cost (TDC) per net new unit and the TDC per bedroom. For mixed-use projects, TDC for only the residential portion of the project, including common areas, will be used for this calculation. The weighted average will be calculated as follows:

$$([2 \times \text{TDC/unit}] + [\text{TDC/bedroom}]) \text{ divided by } 3$$

The product of this calculation will be referred to throughout this document as the “TDC weighted average.” An application will be rejected if the TDC weighted average exceeds \$280,000.

For projects using Historic Rehab Tax Credits (HRTCs) in conjunction with LIHTCs, projects with increased costs due to a Brownfield location, projects designed and built to meet Passive House or Net Zero standards, or projects with an inadequate bidder pool to achieve a competitive bid, as determined by NHHFA in its sole discretion, the TDC weighted average may not exceed \$300,000. Projects in Grafton, Carroll, and Coos counties are automatically qualified for this category.

The total development cost per unit (not weighted) may not exceed \$330,000.

The investment limit for all projects of combined NHHFA capital subsidy funds and LIHTC equity is \$230,000 per unit with the exception of projects targeting households earning at or below 30% of Area Median Income (AMI), which will be evaluated on a case-by-case basis.

The investment limit is evaluated based on projected equity pricing and NHHFA subsidy at the time of application; subsequent changes in equity pricing will not trigger a re-evaluation of a project’s compliance with this limit. NHHFA reserves the right to evaluate equity pricing included in an application for reasonableness and consistency with the market. NHHFA, at its sole discretion, may allow the investment limit to be exceeded after application due to other circumstances determined to be beyond the control of the developer (i.e., HUD Income Limit or Utility Allowance fluctuations). If a supplemental or additional credit allocation is made to a project in this or subsequent years, NHHFA has the authority to use the most recent investment limits in evaluation and allocating tax credits and other NHHFA resources to the project.

D. Preservation/Recapitalization Project Initiative

The Preservation/Recapitalization Project Initiative will be a maximum of \$450,000 in LIHTCs per LIHTC round for Preservation Projects. Preservation Projects are existing housing properties that have been funded with federal subsidies and are currently subject to recorded regulatory documents limiting unit rents and/or tenant incomes. In the case of a scoring tie, the project with the most points from the Preservation Scoring Matrix is favored. Preservation projects must submit both a 9% and 4% application at the time of preliminary application (HFA 109.05.A) to establish the need for 9% credits. Projects that are determined by NHHFA to be feasible using 4% credits may be converted in accordance with HFA 109.08.C.

Preservation/Recapitalization Projects are eligible to compete for points under the scoring criteria listed in HFA 109.07 as well as the points listed in the Preservation Scoring Matrix (Appendix L). In order to be eligible for a reservation of 9% LIHTCs, a preservation project must meet the minimum points threshold specified in HFA 109.06.L.

E. Developer Fee

The maximum developer fee allowed is calculated in accordance with the Developer Fee Schedule, which may be found in NHHFA's Underwriting Standards and Development Policies for Multi-Family Finance www.nhhfa.org/developer-financing/underwriting-and-development-policies/.

F. Basis Boost

The 130% basis boost will be applied to projects located in official Difficult to Develop Areas (DDA) or Qualified Census Tracts (QCT). Additionally, projects applying for 9% LIHTCs, which require the 130% basis boost to be financially feasible and that reserve 25% of the total units to households with incomes at or below 50% of AMI, will also qualify for the boost. Projects funded with 4% LIHTCs and tax-exempt bonds will qualify for the basis boost only if they are located in a DDA or QCT unless federal law changes to allow for a more flexible application of the basis boost in 4% LIHTC projects, in which case, NHHFA may allow additional projects to use the basis boost in accordance with the law.

The list of Difficult to Develop Areas and Qualified Census Tracts eligible for the basis boost may be found at www.huduser.gov/portal/datasets/qct.html. The most current lists available at the time of application must be used to determine if a project is located in a DDA and/or QCT.

HFA 109.05 APPLICATION PROCESS

A. Preliminary Applications

Preliminary applications are mandatory for all projects in each LIHTC round regardless of whether they were submitted in a previous round. NHHFA requires the submittal of a preliminary application for 9% LIHTCs.

The submission of a preliminary application will trigger NHHFA to commission an abbreviated HUD Environmental Checklist to be completed by a third-party professional, selected by NHHFA. There will be a fee due at the time of final application for this checklist (refer to HFA 109.09).

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B. Application Deadline

The application deadlines for both the preliminary and final LIHTC applications will be posted to NHHFA's website no later than May 1 of each year.

C. Application Submittals

Instructions about how to submit both the preliminary and final LIHTC applications and related documentation will be published on NHHFA's website no later than May 1 of each year.

D. Healthy Housing

Sponsors are required to outline a brief plan (300 words maximum) on how they will incorporate healthy housing development principles in the project. Healthy housing is a broad concept defined by innovative design to improve occupant health outcomes. Some examples of ways to incorporate healthy housing in a project are listed below:

- Strategies that improve indoor air quality
- Features that encourage physical activity
- Common space, community gardens, and playgrounds
- Exercise facilities and walking paths

HFA 109.06 THRESHOLD CRITERIA

Projects must meet the threshold criteria listed below at the time of application to qualify for a reservation and allocation of LIHTC. Projects may be rejected at any time during the allocation process for failure to meet threshold criteria.

A. Feasibility and Appropriateness

The proposed project's characteristics and location must be considered feasible from a financial and regulatory standpoint per NHHFA's Underwriting Standards and Development Policies for Multi-Family Finance found here: www.nhhfa.org/developer-financing/underwriting-and-development-policies/.

B. Market Demand

Potential market demand must be proven by a market study and the proposed project must not negatively affect an existing publicly-assisted affordable rental property. All market studies will be commissioned by NHHFA, at the developer's expense, and be conducted by a disinterested party who is approved by NHHFA. All project sponsors are required to submit a written request no later than the preliminary application due date to have a market study performed. For phased projects, in addition to a market study, the experience of the prior phase(s), will be taken into consideration when determining adequate market demand.

C. Capacity

The project's developer/sponsor, general partner and management agent must:

- Have the capacity, and experience and/or ability to successfully complete the project;
- Have started construction within six months from the date of the carryover allocation on a current project;

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- Be compliant or otherwise not in default with this or any other NHHFA program as determined by NHHFA;
- Not have a history of noncompliance in LIHTC or other NHHFA programs;
- Have met the specific requirements of the Land Use Restriction Agreement (LURA) for previous projects; and
- Not have any significant negative LIHTC history with other state allocating agencies.

D. Completion of Prior Phase

Completion of Prior Phase is a threshold requirement for all 9% LIHTC projects (projects funded with 4% LIHTCs and tax-exempt bonds are exempt from this threshold criteria). If a phased project, the earlier phase(s) of the project must be complete and rent-up must be substantially completed (meaning that at least 50% of units have been leased). Renovation of existing projects that are already leased up are excluded from this requirement.

E. Site Control

Applicant must have secure site control.

F. Cost Reasonableness

Proposed development and operating budgets must not be unreasonably costly or otherwise unsatisfactory per NHHFA's Underwriting Standards and Development Policies for Multi-Family Finance and other data available. The project application must meet the QAP's investment limit and overall per unit development cost limit (HFA 109:04.C).

G. Readiness

Project applications for 9% LIHTCs must be able to satisfy the criteria of the Progress Phase Requirements by the deadline specified in Appendix A. Project applications for 4% LIHTCs and tax-exempt bonds must meet project-specific Progress Phase Requirements. Refer to the Notice of Funding Availability Tax-Exempt Bond Program on the NHHFA website for more details.

H. Service Coordination

Service Coordination is a threshold requirement for all 9% LIHTC projects (projects funded with 4% LIHTCs and tax-exempt bonds are exempt from this threshold criteria) to provide residents the opportunity to access appropriate services, which promote self-sufficiency and maintain independent living. Service Coordinators connect residents to needed services, develop and implement strategies to build community among diverse residents, and develop partnerships to bring programs and services onsite to meet the needs of groups of residents. Incorporating Service Coordination into the ongoing management of the project assists in maintaining the fiscal and physical viability of the project. In lieu of submitting a Service Coordination Plan and Budget, sponsors may opt to obtain the CORES Certification (<https://coresonline.org/certification>). See Appendix I for Service Coordination specifications.

I. Year 15 Investor Exit and Aggregators

1. Sponsors must commit to selecting a syndicator and/or investor acceptable to NHHFA. Such syndicator/investor cannot have been involved in any "aggregator" activity in New Hampshire seeking to undermine the exercise of a LIHTC right of first refusal or right of first option, including, without limitation:

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- Refusal to honor a LIHTC right of first refusal or right of first option in favor of a non-profit sponsor executed with the initial tax credit equity closing for a LIHTC project,
 - Lawsuit against a general partner and/or a non-profit sponsor challenging the exercise of the LIHTC right of first refusal/right of first option, or
 - Lawsuit seeking to remove the general partner or managing member of the LIHTC limited partnership, absent clear evidence of fraud or serious mismanagement on the part of the general partner or managing member. For purposes of this provision, actions taken to preserve affordability of a LIHTC property and/or management in furtherance of the charitable mission of the non-profit sponsor shall not constitute “serious mismanagement.”
2. Sponsors are required to disclose whether any member of the development team, including the investor, has been involved in transfers of ownership or interest, including qualified contract requests, that resulted in affordable housing being converted to market rate prior to the end of the original period of affordability in New Hampshire.
 3. Sponsors are required to disclose whether any member of the development team, including the investor, has been involved in litigation related to the transfer of ownership or interest of affordable housing in New Hampshire prior to the end of the original period of affordability.
 4. All partnership agreements must contain the following provisions:
 - An acknowledgement and agreement from the investor that the right of first refusal permitted by the Internal Revenue Code § 42(i)(7) is different from the common law right of first refusal and is not conditioned upon the consent of the investor or receipt by the owner of a bona fide offer from any party, including any third parties;
 - An acknowledgement and agreement from the investor that its return on investment is primarily in the form of the tax benefits conferred by the Internal Revenue Code and will not, upon the exercise of the nonprofit’s right of first refusal, include any cash proceeds attributable to the project’s appreciation in value;
 - A right of first refusal term of at least 24 months from the end of the compliance period;
 - A maximum purchase price of the sum of the principal amount of outstanding indebtedness secured by the building and all Federal, State, and local taxes attributable to such a sale;
 - A provision that in the event IRC Section § 42(i)(7) is amended by Congress to permit a nonprofit to hold a purchase option after year 15, the terms of the Right of First Refusal agreement will be converted to a purchase option permitting a transfer through acquisition of partnership interests and including all partnership assets for an amount equal to the statutory minimum purchase price; and,
 - A provision requiring the limited partner to obtain the consent of the general partner before there is any transfer of the limited partnership interest.

J. Environment

Consistent with NHHFA’s programmatic and policy focus on creating healthy residential settings for all residents and cost-efficient property management operations, all projects must be smoke free within the building(s).

K. Public Housing Waiting Lists

Sponsors must commit in writing to the following: prior to occupancy, the sponsor will provide written notice to the local Public Housing Authority with jurisdiction over the project location (or, where there is no local Public Housing Authority, the Section 8 Administrator for the State of New Hampshire) that the project will accept tenant-based vouchers.

L. Projects Intended for Eventual Tenant Ownership

Projects may be structured to transfer to tenant ownership after the initial 15-year compliance period, through the Right of First Refusal provided for in Section 42(i)(7) of the Internal Revenue Code. Projects structured to allow for eventual tenant ownership must submit a Tenant to Homeowner conversion plan with their application, which is subject to review and approval by NHHFA. The conversion plan must include, at a minimum:

- Tenant protections, including protections for tenants who do not wish to purchase their homes.
- Tenant training, counseling, and support services.
- Financial plan addressing the limited partner's exit, disposition of mortgage debt (including subordinate loans), and plan for project reserve accounts.
- Plan to assess and address physical needs for each unit prior to transfer of title to tenant.
- Estimate of year fifteen purchase price. Total monthly housing costs after taking title must be less than or equal to their total monthly housing costs before taking title.

If the Tenant to Homeowner conversion plan submitted with an application is not acceptable to NHHFA, NHHFA will give the Sponsor an opportunity to revise the plan so that it can be approved by NHHFA, or to revise the project so as to remove provisions for eventual tenant ownership.

M. Minimum Scoring Requirements

Applications for 9% LIHTCs are scored and ranked in accordance with the Scoring Criteria in HFA 109.07.A. Projects are recommended for a reservation of LIHTCs based on the competitive scoring results, the project funding requirements of the QAP, and the amount of LIHTCs available. However, as a threshold requirement to be eligible for a LIHTC reservation, a general occupancy project must receive a minimum of 100 points, an age-restricted project must receive a minimum of 95 points, and a preservation/recapitalization project must receive a minimum of 110 points with at least eight of those 110 points awarded pursuant to the Preservation Scoring Matrix (Appendix L).

HFA 109.07 SCORING AND TIEBREAKERS

A. Scoring Criteria

Each project application submitted for 9% LIHTCs will be scored using the criteria listed below. Each project application submitted for tax-exempt bonds with 4% LIHTCs will be scored in accordance with the scoring criteria in Appendix N.

Documentation for each scoring criterion must be provided at time of application for points to be awarded. Information included in the cover letter without any additional supporting documentation will not be sufficient unless otherwise stated in the QAP. Any supporting documentation is subject to verification, and NHHFA may require additional information as a condition of awarding points. NHHFA may reject any documentation deemed to be insufficient, unsupported, or inadequate for the particular scoring criteria. Partial points will not be awarded unless specifically provided for in the

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description of the points category. Use conventional rounding (half round up) for all calculations, unless otherwise noted.

1. General Occupancy Units

Projects cannot have a senior or other age-restricted designation.

- a. General Occupancy projects with greater than or equal to 25% of the units having two or more bedrooms. A project that has occupancy restrictions or preferences that favor tenants with disabilities and can demonstrate the need for one-bedroom units exclusively will be given the ten (10) points.

10 points

2. Income Targeting

- a. Greater than or equal to 20% of the total number of units are reserved for very low income ($\leq 50\%$ AMI).

5 points

- b. Greater than or equal to 10% but fewer than 100% of the total number of units are reserved for extremely low income ($\leq 30\%$ AMI). Units in this category will count towards the calculation of very low-income units for 2a above.

5 points

- c. At least 25% of non-LIHTC units in the project, including market rate/unrestricted units, reserved for households earning more than 80% AMI but less than some other income targeting level such as 140% of AMI, or some combination of non-LIHTC unit types.

5 points

3. Supportive Housing

An application can be scored points in only one section in this category, a or b.

- a. For general occupancy projects only serving homeless or Veterans⁽¹⁾: Each and every household must be homeless or at imminent risk of homelessness immediately prior to tenancy or include a veteran, have unstable housing, and be identified as needing services to maintain housing. Certification of homeless or veteran status and housing instability must be obtained from the household. See Appendix J for sample. Eligible projects may be either transitional or permanent supportive housing and may use the single room occupancy (SRO) model. Service coordination may be provided by the management company, but supportive services must be made available for residents through a third-party provider, unless the sponsor can provide documentation showing that they have the expertise within their organization to perform such services and that they are an existing supportive services provider. Supportive services must include at a minimum:

⁽¹⁾ “Veteran” shall be as defined in RSA 21:50, I, except that minimum service of 4 years shall not be required for active-duty personnel.

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- An initial assessment of each resident’s housing stabilization needs prior to or within one week of move-in and a written service plan developed to address each need.
- Regular case management, including ongoing assessments of residents’ housing stability and the efficacy of the services being coordinated or provided in meeting the needs identified in their service plan.
- Onsite services targeted to housing stabilization. Participation in services may be encouraged but must be optional for residents.

For populations that require on-site caretakers, caretaker units will be counted as part of the 100% count.⁽²⁾

25 points

- b. For both age-restricted and general occupancy projects: Greater than or equal to 10% up to 25% of all units are reserved for households that include a household member who has an intellectual or physical disability, severe mental illness (must also participate in the 811 program – general occupancy projects only), a veteran, or is homeless or at imminent risk of homelessness immediately prior to tenancy and be identified as needing services to maintain housing. Service requirements are the same as those specified in 3a above.

For populations that require on site caretakers, caretaker units will be counted as part of the 10% to 25% count.⁽³⁾

20 points

4. Service Enriched Housing for Age Restricted Units

Contracting with a VNA/homecare agency to provide onsite health clinics at no cost to residents (although Medicare and other insurances may be billed for services) for a minimum of ten years from initial occupancy. Health clinics may include, but are not limited to flu shots, blood pressure, cholesterol and diabetes screening, and foot care. Clinics must be provided by a licensed healthcare professional. A minimum of 1/16 hour, per unit, per month is required to be provided no less frequently than bi-monthly. Onsite health clinics cannot be used to meet Threshold Requirements for Service Coordination per HFA 109.06.H and Appendix I.

5 points

5. Community Based Supported Housing/Existing Rental Housing Properties – 811 Project Rental Assistance Program (General Occupancy only)

⁽²⁾ Units may not count as LIHTC units in the applicable fraction calculation and/or costs related to these units may not be included in eligible basis. Consult with a tax professional or attorney for more information.

⁽³⁾ Units may not count as LIHTC units in the applicable fraction calculation and/or costs related to these units may not be included in eligible basis. Consult with a tax professional or attorney for more information.

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Developer/owners willing to commit existing units⁽⁴⁾ through a formal memorandum of understanding (MOU) with the State of New Hampshire and agree to enter into a Section 811 Project Rental Assistance contract with NHHFA for the units committed. The [MOU](#) executed by the sponsor must be submitted with the application to receive points towards new projects being proposed in the Rental Production Program. The project cannot be located within the Federal Emergency Management Agency (FEMA) 100 or 500-year floodplain or impact a wetland. The project cannot convert existing farmland and cannot cause the “taking” of an endangered species (under the definition in the Endangered Species regulations). Requirements differ for new construction and rehabilitation for these conditions Units shall be committed on an as available basis subject to the “next available unit” rule.

For this category, round down in all cases to calculate the percentage of units.

- a. Developers committing 10% or 2 units, whichever is greater, of the total units in the existing rental housing property. 2 points
- or-
- b. Developers committing 25% of the total units in the existing rental housing property. 6 points

Developers who entered into a MOU in 2015 or 2016 and did not commit to an 811 Project Rental Assistance contract may do so now for the existing qualifying units included in the 2015/2016 MOU.

3 points

6. Community Based Supported Housing/Proposed Projects – 811 Project Rental Assistance Program (General Occupancy only)

Developers committing units for individuals with disabilities and agreeing to enter into an 811 Project Rental Assistance contract upon construction completion. A [MOU](#) executed by the sponsor must be submitted with the application to be considered for points in this category. The project cannot be located within the Federal Emergency Management Agency (FEMA) 100 or 500-year floodplain or impact a wetland. The project cannot convert existing farmland and cannot cause the “taking” or an endangered species (under the definition in the Endangered Species regulations). Requirements differ for new construction and rehabilitation for these conditions. Units shall be committed on an as available basis subject to the “next available unit” rule.

For this category, round down in all cases to calculate the percentage of units.

- a. Projects committing 10% or 2 units, whichever is greater, of the total units. 5 points

-or-

⁽⁴⁾ Units must have funding through any of the following: Federal Low-Income Housing Tax Credits or other state, federal or local funding sources. The project must include 5 or more units under a single ownership entity and must be for general occupancy. For these categories only, round down in all cases to calculate the percentage of units.

b. Projects committing 25% of the total units.

7 Points

7. Location (applies to General Occupancy Projects only)

Projects in cities and towns with no other previously approved affordable general occupancy housing. See list of qualified cities/towns on NHHFA's [website](#).

10 points

-or-

NHHFA developed the New Hampshire Housing Opportunity Index (Index) using data collected from each census tract to evaluate the economic opportunities and quality of life for New Hampshire residents. The Index relies on economic, educational, health, and housing-related indicators of opportunity in each census tract in comparison to the statewide average. The Index, as well as information and instructions related to the Index, can be found on NHHFA's [website](#). Once a project address is entered into the Index, the Index will specify how many points the project will be awarded.

- Education 0 to 2 points
- Health 0 to 2 points
- Prosperity 0 to 2 points
- Housing 0 to 2 points

8. Project Grants and Assistance

An applicant can score points in any of the sections in this category, a and/or b.

- a. Projects which have a new rental assistance subsidy for at least 66% of the units for at least five years. PHA project-based vouchers are not eligible, unless the rent subsidies are a new allocation to the PHA specifically for the proposed project.

This point category is not available to existing projects requiring minimal rehabilitation.

15 points

-or-

Projects which have a commitment of new rental assistance subsidy for at least 33% of the units for at least five years. Public Housing Authority project-based vouchers are not eligible unless the rent subsidies are a new allocation to the PHA specifically for the proposed project.

10 points

-or-

Projects which have a new commitment of project-based vouchers for 20% of the units for at least five years. Public Housing Authority project-based vouchers ARE eligible for points under this category.

5 points

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- b. This category is intended to encourage applicants to obtain commitments of other funding sources, to extend the reach and augment the impact of NHHFA resources for creating and preserving affordable housing. Projects which have a proposed and likely contribution of permanent sources of funds can receive points. Eligible sources of funds include:

- Historic Tax Credit Equity;
- Land donation or long term lease at below market value;
- Community Development Block Grant;
- Affordable Housing Program;
- Neighborhood Housing Services;
- Rural Development;
- Other permanent loans, including sponsor loans, and grants.

Subsidy administered by NHHFA, deferred developer fee, resubordinated, restated, or existing debt and LIHTC equity are not eligible for consideration. In order to score points for donated land, the value will be determined by an appraisal acceptable to NHHFA in its sole discretion. NHHFA will commission an appraisal; the sponsor must coordinate with NHHFA no later than 75 days prior to the application deadline. All units are counted.

Greater than \$29,999/unit	20 points
\$20,000 to \$29,999/unit	15 points
\$10,000 to \$19,999/unit	10 points
\$5,000 to \$9,999/unit	5 points
Less than \$5,000/unit	0 points

Projects which have a firm written commitment for one or more of the eligible sources of funding noted above will be awarded additional points as follows. All units are counted.

Greater than \$29,999/unit	10 points
\$20,000 to \$29,999/unit	8 points
\$10,000 to \$19,999/unit	6 points
\$5,000 to \$9,999/unit	4 points
Less than \$5,000/unit	0 points

9. Advanced Projects

Points will be awarded for advanced progress of the development per the following schedule:

Phase 1 Environmental completed	3 points
Submittal of Historic Project Review materials to State	3 points
State Historic Review completed	5 points
Projects that demonstrate no requirement for a Historic Review	8 points

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Prior phase of project was approved for LIHTC (50% of units in prior phase must have been leased at the time of application). 5 points

- or -

Points will be awarded to projects that include a 4% and a 9% phase being developed concurrently. To be considered for points, a letter of interest from an investor must be submitted with the application that outlines the basic terms of the agreement, including the estimated equity rate. The application for 4% LIHTCs must meet the requirements outlined in this QAP for such projects. Additionally, the 4% phase of the project must comprise at least 55 total units.

10 points

- and -

Projects that have been granted site plan approval. To be awarded these points, sponsors must show that all necessary local planning and zoning permits are in hand including site plan approval, or that no local approvals are necessary as a condition of building permit issuance, as evidenced by a permit status letter from the sponsor's attorney, project engineer, or town planning official.

15 points

10. Community Development Component

- a. Projects that fall into one of these three categories may score up to a maximum of 10 points:
 - i. Projects located within a Community Center Area (CCA). CCAs are areas in each town or city in NH that prioritize key characteristics, including high-density and mixed-use (residential/commercial/public use) developments, core main street areas, and historic areas. Cities/towns may have more than one CCA if more than one area in a municipality meets the above criteria. Contact NHHFA to request documentation to find out if your project is located in a CCA. 10 points
 - ii. Walkscore of 40 or higher. Projects with public sewer and water or within ¼ mile of fixed route public transit may receive these points if the location of the proposed project or an immediately adjacent site receives a Walkscore of 36 or higher. Projects with public water and sewer and also located within ¼ mile of fixed route public transit may receive these points with a Walkscore of 32 or higher. 10 points

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iii. Smart Growth Components. Projects with the following components will be awarded points as follows for a maximum total of 10 points:

Public water supply	3 points
Public sewer	3 points
Appropriate zoning without variance	2 points
Municipally-maintained off-site sidewalks accessible from the site and leading within ¼ mile to a Community Center Area (see (i) above), to fixed route public transportation, or to a grocery store (a self-service retail establishment that primarily sells food).	2 points

- b. Projects that are in Qualified Census Tracts and the development of which contributes to a Concerted Community Revitalization Plan. ⁽⁵⁾ 3 points
- c. Projects approved for points in part a. that preserve and renovate existing housing. 1 point
- d. Preservation or restoration of a historic building. The building must be on or eligible for the State or National Register of Historic Places, or officially designated as a local historic property by town, state and/or federal agencies, with rehabilitation to be completed so as to be eligible for and use federal historic rehabilitation tax credits. 5 points
- e. Projects approved for points in part a. that are located in an Opportunity Zone (established by the Tax Cuts and Jobs Act of 2017). A list of opportunity zones by state and by census track can be found at www.irs.gov, Notice 2018-48 (www.irs.gov/pub/irs-drop/n-18-48.pdf). 2 points

⁽⁵⁾ A Concerted Community Revitalization Plan is a plan adopted by a municipality or a community-oriented nonprofit with the following characteristics:

- Is geographically specific and provides a clear direction for implementation;
- Includes a strategy for obtaining commitments of public and private investment in non-housing infrastructure, amenities, or services beyond the Credit development;
- Demonstrates the need for revitalization;
- Includes planning document elements such as setting goals for outcomes, identifying barriers to implementation, establishing timelines and benchmarks, and identifying community partners.

11. Project Cost

Refer to HFA 109.04.C for definition of TDC weighted average.

The four criteria referenced in this section for higher development cost standards are:

- Historic rehabilitation project which plans to use Historic Rehabilitation Tax Credits;
- Located on site which meets the Environmental Protection Agency definition of a brownfield site;
- Designed and built to meet Passive House or Net Zero standards; and,
- Inadequate bidder pool to achieve a competitive bid.

Supporting documentation must be provided with the final application for the applicable criteria listed above. After reviewing the documentation, NHHFA will determine whether a project is eligible for higher development cost standards.

Projects that have a projected TDC weighted average of 5% over the average of all application's TDC weighted averages (and do not meet any of the four criteria for higher cost standards).

-2 points

-or-

Projects that have a projected TDC weighted average of 10% over the average of all application's TDC weighted averages (and do not meet any of the four criteria for higher cost standards).

-4 points

-or-

Projects that have a projected TDC weighted average of 25% over the average of all application's TDC weighted averages (and do not meet any of the four criteria for higher cost standards).

-6 points

-or-

Projects that have a projected TDC weighted average of 10% over the average of all application's TDC weighted averages (and meet one of the four criteria for higher cost standards).

-2 points

-or-

Projects that have a projected TDC weighted average of 10% over the average of all application's TDC weighted averages (and meet two or more of the criteria for higher cost standards).

no penalty

12. Sponsor is a Public Housing Authority (PHA) or a NHHFA-approved Community Housing Development Organization (CHDO)

CHDO designation is defined in 24 CFR Part 92. In order to qualify for these points, the general partner/managing member of the LIHTC project ownership entity must be the project sponsor or a wholly owned subsidiary of the project sponsor.

3 points

13. Management Experience

To receive points for this category, the proposed management agent must submit a letter of interest and the Management Questionnaire (sheet with this title is in spreadsheet application). Applications are scored based on specific point scoring shown on the Management Questionnaire. The scoring gives preference to management agents based on experience, performance, and satisfaction of LIHTC training requirements.

0 to 10 points

14. Developer Experience

a. The developer or associated entity that is part of the development team:

- Has any outstanding obligations (including compliance fees) on any NHHFA-financed or NHHFA tax credit project that is more than 30 days in arrears;
- Is involved in or has had other tax credit or NHHFA-financed projects which have non-compliance issues;
- Is or has been non-compliant or otherwise in default with this or any other NHHFA Program (as determined by NHHFA) or with another state housing finance agency; and/or
- Has been awarded credits in the past that were subsequently returned or otherwise unused (unless for good cause).

Such determination will be made by NHHFA at its sole discretion.

0 to -20 points

- b. In the event that a sponsor does not fulfill a points commitment made in a previous LIHTC application, a points penalty for an amount equal to that scoring category will be applied to the sponsor's next application. Sponsors who can document a good faith effort to satisfy the commitment will not be penalized. Such determination will be made by NHHFA at its sole discretion.

0 to -25 points

- c. A sponsor who has pursued a qualified contract in New Hampshire in the last five years will have a points penalty applied to their application, in NHHFA's sole discretion. Upon the receipt of sufficient documentation evidencing that the pursuit of the qualified contract is driven by the investor and not the general partner, NHHFA, in its sole discretion, may waive this points penalty.

0 to -10 points

15. Community Room

Points will be given to projects with at least one community room that is separate (or separable by a partition) from building entrances, stairwells, and elevators and meets the requirements below.

In order to qualify for points, the community room size will be calculated as follows:

- Total number of bedrooms in the project times 12 sq. ft. equals the minimum community room size.
- No matter how small the project is, the community room must be at least 250 sq. ft. in order to qualify for points.
- No matter how large the project is, the community room need not be larger than 600 sq. ft. in order to qualify for points.

5 points

Points will be awarded to projects that provide free password-protected Wi-Fi in the property's community room(s).

2 points

16. Energy Efficient Design and Construction

Project achieves Passive House Certification or The Institute for Living Futures Net Zero certification. 5 points

-or-

Project achieves LEED Gold certification, NGBS Gold certification, or Enterprise Green Communities certification. 2 points

-and-

Projects that participate in an energy charrette via the NH Saves Program to learn about energy audits/energy plans and possible participation in energy assistance programs. Projects located in a municipal electric department service area (Ashland, Littleton, New Hampton, Wolfeboro, and Woodsville) will automatically receive these points. Please indicate your commitment to participating in an energy charrette in your cover letter to receive points.

1 point

17. Accessible Design and Construction

New construction projects that design and construct a minimum of 15% of the total units as fully accessible units in accordance with ICC/ANSI A117.1, Type A, Fully Accessible guidelines. Please indicate your commitment to do so in your cover letter.

2 points

-or-

Rehabilitation/preservation projects that design a minimum of 10% of the total units as fully accessible units in accordance with ICC/ANSI A117.1, Type A, Fully Accessible guidelines. Please indicate your commitment to do so in your cover letter.

1 point

B. Tiebreakers

In the case of a scoring tie, the tiebreakers shall be:

- The project providing the greatest number of net new housing units is favored.
- If still tied, the lowest amount of LIHTCs per rent-restricted unit (most efficient use of LIHTCs) is favored.
- If still tied, the project intended for eventual tenant ownership is favored.

HFA 109.08 ALLOCATION PROCESS

A. Reservation of LIHTC

All applications are reviewed for completeness. Incomplete applications will be rejected, though minor variances may be deemed acceptable. NHHFA may reject any documentation deemed to be insufficient, unsupported, or inadequate for the particular scoring criteria. NHHFA is not required to notify the applicant of inconsistencies or missing information.

In administering the LIHTC program, NHHFA is entitled to full discretion allowed by the law, and particularly IRC §42, in making interpretations and decisions that arise in the allocation of LIHTCs and other capital subsidy.

At least one age-restricted project and two general occupancy projects will be funded per 9% LIHTC round as long as threshold criteria and minimum score requirements are met. Projects may be selected over higher scoring applications to meet this requirement. However, in order for an age-restricted project to be selected over higher-scoring applications, that age-restricted project must achieve a score of at least 100 points. For a project to be defined as age-restricted, all units must be restricted to households whose members are all age 62 or over.

The non-profit set-aside is generally satisfied through the QAP scoring system. However, since the state's entire allocation authority is predicated by IRC §42 on meeting the minimum 10% non-profit allocation, one or more non-profit projects may be selected over higher scoring applications until the 10% allocation requirement is met.

When only partial LIHTCs and/or NHHFA capital subsidy are available for the next highest scoring project, NHHFA retains the right to bypass that project and give LIHTCs to other projects lower in the scoring ranking which can effectively use the remaining LIHTC amount.

If a partial allocation is offered, NHHFA must be convinced that a project can be appropriately phased or restructured, that the project's feasibility is not conditioned upon receipt of a future reservation, and that the project can retain its scoring criteria ranking. The Applicant must demonstrate the ability to meet these criteria within 21 days of notification.

If credits remain available after all projects that met threshold have been offered a reservation of LIHTCs, NHHFA reserves the right to reserve credits for a project that did not meet threshold at the time of application, but that does meet threshold requirements, and all other requirements in the QAP, at the time of subsequent review by NHHFA.

Additionally, unused credits that are returned to NHHFA will be made available to other projects.

- Unused credits that are returned to NHHFA prior to 60 days before the next preliminary application due date may be offered to projects that applied in the funding round immediately prior to the return of credits. Decisions on the allocation of unused credits to projects that submitted applications in the previous funding round will be at the sole discretion of NHHFA.
- Unused credits that are returned within 60 days of the next preliminary application due date will be rolled over and made available for the upcoming funding round.

B. Appeal Process

Applicants may appeal NHHFA's decision, solely with regard to their application. Applicants must submit a formal request for an appeal within five business days from the date of receipt of written notification that LIHTCs will not be awarded. NHHFA will send denial letters to the Developer/Sponsor via email within two business days of Board action. The appeal request is considered by NHHFA's Multi-Family Housing Committee, which makes a recommendation to the Board of Directors.

C. Conversion from a 9% LIHTC Project to a 4% LIHTC "Out-of-Cap" Project

In the interest of making the most efficient use of New Hampshire's housing related resources, NHHFA reserves the right to remove a project from the competitive process for 9% LIHTCs, regardless of potential score, and convert the project to an "out-of-cap" 4% LIHTC and tax-exempt bond financed project. This would be premised on project feasibility under a tax-exempt bond financed scenario (construction and/or permanent) as determined by NHHFA. However, once removed from the application round, NHHFA cannot guarantee successful bond financing for the project.

D. Post Reservation Processing

Progress Phase Requirements (applicable to 9% LIHTC projects only)

- Within 120 days of notification of a reservation of LIHTCs the Applicant must complete and submit all requirements listed in Appendix A Progress Phase Requirements. Upon request extensions to the deadline may be granted at the sole discretion of NHHFA.

Carryover Allocation Requirements (applicable to 9% LIHTC projects only)

- Projects that will not be placed in service by December 31 of the year in which their reservation of LIHTCs became effective must complete and submit the items listed in Appendix B Carryover Allocation Requirements by October 1 of that same year.
- A cost certification must be submitted within 12 months of the date of the carryover allocation agreement to document that the project has met the "10% test" (at least 10% of the reasonably expected basis must be incurred). The cost certification must be completed by a professional Certified Public Accountant (CPA) in accordance with generally accepted auditing standards and IRC §42.

Final Allocation Requirements

- Upon project completion, the Applicant must complete and submit the items listed in Appendix C Final Allocation Requirements. Cost certifications are required for a final allocation. The cost certification must incorporate a professional CPA audit in

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accordance with generally accepted auditing standards and IRC §42. The line items used in the certification must correspond with NHHFA's application spreadsheet. The certification must include all sources and uses of funds.

- In cases where there is an identity of interest between the developer and either the general contractor or construction manager, the submission of either a general contractor or construction manager cost certification will be required.

E. LIHTC Exchange

NHHFA will permit exchanges of LIHTCs to be granted at the discretion of NHHFA when all of the following apply:

- The appropriate amount of LIHTCs are available;
- The sponsor provides evidence of an inability to meet the placed-in-service, 10% expenditure, or other funding deadline;
- The situation results from litigation, municipal approval delays, or other unforeseeable circumstances beyond the sponsor's control; and
- The project continues to be financially feasible and meets the threshold criteria and other eligibility requirements in effect at the time the LIHTCs were originally awarded.

NHHFA has the authority to re-issue a reservation letter for LIHTCs in the same (or lesser) amount without further Board action.

F. Project Representations

Representations made about the project relating to ownership or management, or factors that are used in the selection and scoring criteria, including sources and uses, may not be changed without the express written permission of NHHFA. LIHTC reservations may be rescinded if the project changes in a way that reduces the competitive score.

At each stage in the development process, all project sources and uses must be disclosed to NHHFA. Failure to disclose sources or uses that are known to the developer, or have been applied for, may result in a LIHTC reservation being rescinded or a project being deemed ineligible.

HFA 109.09 FEES TO NEW HAMPSHIRE HOUSING

A. Program Fees

The LIHTC fee is 7% of the final allocation amount for all applications, with 1% due at the time of final application. The final 6% is due prior to the issuance of IRS form 8609. The final application fee may be refunded, less \$1,000, if a project is withdrawn or otherwise fails to secure a reservation. No fees are refundable after a reservation has been approved.

B. Compliance Monitoring Fees

The monitoring fee will be assessed as both an upfront fee and an annual fee. The upfront fee is \$690 per LIHTC unit for projects awarded 9% LIHTCs and \$530 per LIHTC unit for projects awarded 4% LIHTCs. The upfront fee is due prior to the issuance of IRS form(s) 8609. The annual fee will be assessed over a 15-year period upon NHHFA's receipt of IRS form(s) 8609 Part II from the owner. The fee will be determined based on the owner's election on line 8b of the form(s). NHHFA reserves

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the right to make adjustments to annual monitoring fees due to increased monitoring requirements and/or costs.

C. HUD Environmental Checklist Fee

A fee of \$700 for an abbreviated HUD Environmental Checklist is due at the time of final application (see HFA 109.05.A for details).

HFA 109.10 LONG-TERM AFFORDABILITY AND COMPLIANCE

A. Recorded Affordability Commitment

Prior to issuance of final allocation, the owner of the LIHTC project must execute and record a Land Use Restriction Agreement (LURA). The LURA sets forth the conditions wherein the owner and the project must comply with IRC §42. The owner is required to waive their right to submit a qualified contract as a condition of receiving a LIHTC allocation. The written waiver is included in Section 9 of the LURA. The Applicant must show that the LURA has been recorded and has precedence over any permanent financing or other liens.

The LURA shall remain in effect for a 60-year affordability period for projects awarded 9% LIHTCs and for a 30-year affordability period for projects awarded 4% LIHTCs with tax-exempt bond financing.

B. Right of First Refusal

Owners (except ownership entities ultimately controlled by a qualified non-profit or local housing authority) must sign a Right of First Refusal (ROFR) in favor of a qualified non-profit, local housing authority, or NHHFA. The ROFR, a sample of which can be found in Appendix D, shall be executed and recorded in the appropriate County Registry of Deeds prior to final allocation.

C. Compliance Monitoring

In accordance with Treasury Regulation 26 CFR §1.42-5 NHHFA is required to monitor project compliance with IRC §42 and the LURA, and to notify the IRS when it becomes aware of any noncompliance. NHHFA's monitoring responsibilities begin at the time the first building is placed in service. Additional information regarding compliance monitoring can be found in Appendix K.

HFA 109.11 MISCELLANEOUS NEW HAMPSHIRE HOUSING PROVISIONS

A. Waiver Authority

NHHFA reserves the right to waive any of these Rules (HFA 109) within the constraints of IRC §42. Applicants or potential applicants must submit a written request for a waiver. A hearing will be scheduled within 45 days of the request by NHHFA's Multi-Family Housing Committee. Upon a finding of good cause, a waiver may be granted on a case-by-case basis by the Board of Directors. A waiver of the rules can be initiated by the Board, in which case no hearing is necessary.

B. Authority to Approve Amended Regulatory Documents

The Multi-Family Housing Committee is authorized to approve amended project regulatory documents relative to the scope and delivery of services, age, and income targeting, including matters that may have been part of the original scoring evaluation of the project, in circumstances in which NHHFA determines that market conditions and/or changes in public funding policies warrant such

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changes. The Multi-Family Housing Committee will report quarterly to the Board on all such amendments.

C. Compliance with Federal, State and New Hampshire Housing Regulations

All projects receiving LIHTC allocations (including 4% LIHTC “out-of-cap” allocations) must comply with all relevant NHHFA, state, and federal regulations, including but not limited to:

- IRC §42
- Federal Uniform Physical Condition Standards
- Federal Fair Housing Act 42 USC §3601 et seq.
- NHHFA Design and Construction Policy Rules (HFA 111)
- NHHFA Technical Design and Construction Standards
- NHHFA Underwriting and Development Policies for Multi-Family Finance

The owner shall not discriminate against voucher holders or refuse to lease a rental unit to a family solely because of the family’s participation in a Section 8 tenant-based program.

D. Warranty and Liability

NHHFA is charged with allocating no more LIHTCs to any given project than are required to make the project economically feasible. This decision is made solely at the discretion of NHHFA but does not represent or warrant to any applicant, developer, partner, investor, lender, or others that the project is feasible or risk free.

NHHFA’s review of application documents in connection with this QAP is for its own purposes. NHHFA makes no representations to the applicant or anyone else as to compliance with the IRC §42, Treasury Regulations, or any other laws or regulations governing the LIHTC Program. To the extent any information in the QAP is inconsistent with IRC §42, the provisions of IRC §42 shall govern.

No Board member, officer, or employee of NHHFA shall be personally liable concerning any matters arising out of or in relation to the allocation of LIHTCs or compliance monitoring.

NHHFA’s obligation to monitor for compliance does not make NHHFA liable for an owner’s noncompliance.

E. Amendments to the QAP

NHHFA reserves the right to modify the QAP periodically, with the consent of the Governor. NHHFA may make technical clarifications or revisions to comply with changes in federal law at its sole discretion.

F. Board Role

Unless otherwise specified, NHHFA’s Board of Directors delegates LIHTC program administration to the Executive Director. Pursuant to NHHFA’s operating policies, the Executive Director may delegate the administration authority to staff. Use of the term “staff” elsewhere in HFA 109 means the Executive Director. The responsibilities of the Board’s Multi-Family Housing Committee are delineated in Sections HFA 109.11.A (Waiver Authority) and HFA 109.08.B (Appeals). The reservation or rejection of LIHTCs shall be recommended by the Multi-Family Housing Committee

and decided upon by the Board of Directors. Supplemental LIHTCs (HFA 109.03.C) and LIHTC exchanges (HFA 109.08.E) are determined by NHHFA in its sole discretion.

G. Consistency with IRC §42

To the extent any information in the QAP is inconsistent with IRC §42, the provisions of IRC §42 shall govern. This QAP is not intended to present all the rules and regulations of the LIHTC program. It is strongly recommended that applicants consult with competent legal and tax counsel.

H. New Hampshire Right to Know Law

NHHFA is subject to RSA Chapter 91-A, which is known as the “Right-to-Know Law.” Under the Right-to-Know Law, certain records are considered “governmental records” that are open to public inspection. Documents and data created under this Program by NHHFA or by the Applicant may be subject to public inspection. Other documents and data, such as confidential financial information, may be considered nonpublic records and thus would not be subject to public inspection. NHHFA and the Applicant shall comply with the Right-to-Know Law. The Applicant shall provide NHHFA with all Right-to-Know requests, and NHHFA will determine how to comply with the Right-to-Know Law. Nevertheless, a court may disagree with NHHFA’s decision, in which case the court’s decision would prevail. NHHFA shall not be liable to the Applicant or to any party for NHHFA’s decisions or a court’s decisions related to the Right-to-Know Law.

HFA 109.12 PROJECTS FINANCED BY TAX-EXEMPT BONDS

Projects financed with tax-exempt bonds may apply for “out-of-cap” 4% LIHTCs at any time pursuant to the requirements of Appendix N. “Out-of-cap” applicants must satisfy the requirements for allocation in accordance with the QAP, unless noted otherwise.

Carryover allocations are not required for projects financed with 4% LIHTCs and tax-exempt bonds. NHHFA issues a determination letter (in compliance with IRC §42(m)) stating the estimated amount of tax credits that the project is eligible for prior to the bond closing transaction, assuming all other LIHTC Program requirements have been or will be met.

Fees for tax-exempt bond funded projects are the same as 9% allocations (HFA 109.09), except that 1% of the application fee is due no later than the construction loan closing.

**APPENDIX A
PROGRESS PHASE REQUIREMENTS**

The documents listed below must be submitted to NHHFA within 120 days of notification of a reservation of LIHTCs or 30 days prior to the deadline for carryover allocation (i.e., December 1), whichever is sooner.

Projects must meet the requirements of the progress phase to be eligible for an allocation of tax credits. Progress phase requirement extensions may be granted at the sole discretion of NHHFA. The tax credit reservation may be rescinded at the sole discretion of NHHFA for not meeting the progress phase requirements or for a failure to meet the criteria in HFA 109.06.

1. Letter requesting commitment of tax credits and updated application
2. Exhibit 2 – Environmental site assessment and related reports (lead, asbestos, historic, archeological, if required by NHHFA)
3. Exhibit 16 – Appraisal (if required by NHHFA)
4. Exhibit 19 – Evidence of zoning/local approvals
5. Exhibit 20 – Permanent financing letter of commitment or letter of interest with terms and conditions specified
6. Exhibit 21 – Construction financing letter of commitment or letter of interest with terms and conditions specified
7. Exhibit 22 – Equity investment letter of commitment or letter of interest with terms and conditions specified
8. Exhibit 24 – Construction period sources and uses by month (required only for projects seeking NHHFA construction financing)
9. Evidence of continued site control
10. Soils and/or structural engineering report (if applicable)
11. Copy of the architect contract
12. An executed tenant services agreement binding on both parties
13. Cost estimates (or bids if available) by schedule of value. Must comply with 14% limit for general contractor's or construction manager's overhead, profit, and general conditions
14. Copy of contract for consultant services (if applicable)

**APPENDIX B
CARRYOVER ALLOCATION REQUIREMENTS**

1. Updated application
2. Evidence of limited partnership existence, including federal tax identification number, Certificate of Good Standing for Limited Partnership from New Hampshire Secretary of State or copy of the Certificate of Limited Partnership stamped by Secretary of State
3. Copy of partnership agreement or offering summary (draft acceptable)
4. Evidence of continued site control
5. Copy of construction bids and executed construction contract. Projects with a construction management contract must have a GMP amendment. Include a copy of schedule of values showing contractor general or construction manager conditions, overhead and profit breakdown.
6. Election of gross rent floor (if the developer chooses to make a selection. The developer should seek guidance from a tax professional or lawyer) (see Appendix H)

The 10% expenditure carryover cost certification must be completed within twelve (12) months of the date of allocation (which is the date that NHHFA signs the Carryover Allocation Agreement) and submitted to NHHFA.

**APPENDIX C
FINAL ALLOCATION REQUIREMENTS**

1. Updated application (the sources and uses and LIHTC section, including the eligible basis, must match the final cost certification)
2. Final cost certification for the project (see required format: www.nhhfa.org/developer-financing/low-income-housing-tax-credits-lihtc/). In addition, in cases where there is an identity of interest between the developer and either the general contractor or construction manager, the submission of either a general contractor or construction manager cost certification will be required.
3. Developer's Certification of Development Costs (see Appendix E for required format)
4. Developer's Certification of Equity Proceeds (see Appendix F for required format)
5. As-Built Architect's Certification (see Appendix G for required format)
6. Recorded Land Use Restriction Agreement (LURA) and evidence of its existence in the land records
7. Executed Amended and Restated Agreement of Limited Partnership (LPA)
8. Final allocation fee (total due is 7% of LIHTC allocation amount)
9. Tax credit upfront monitoring fee (total due is \$690 per affordable unit for projects funded with 9% LIHTCs and \$530 per affordable unit for projects funded with 4% LIHTCs)
10. Copy of Certificates of Occupancy and placed in service date for each building
11. Copy of deed including legal description of property
12. Certification of tax credit management designation and training (see training requirements for new tax credit properties: www.nhhfa.org/asset-management/staying-in-compliance/low-income-housing-tax-credit/).
13. Construction close-out approval by NHHFA's Senior Construction Analyst
14. Ten percent (10%) cost certification completed within one year of carryover allocation agreement (if not already submitted)
15. Recorded Right of first refusal to nonprofit (required for for-profit developers only, see Appendix D for example)
16. Election of gross rent floor (if the developer chooses to make a selection. The developer should seek guidance from a tax professional or lawyer) (see Appendix H)

**APPENDIX D
SAMPLE RIGHT OF FIRST REFUSAL**

This Agreement is entered into this ____ day of _____, 20__ , between _____ (the Owner), having an address of _____, County of _____, and State of _____ and the New Hampshire Housing Finance Authority, having an address of 32 Constitution Drive, Bedford, County of Hillsborough and State of New Hampshire (hereinafter referred to as NHHFA), and _____ (hereinafter referred to as the Qualified Non-Profit Entity), having an address of _____, County of _____ and State of _____ and the parties agree as follows:

1. The Owner owns _____ (hereinafter referred to as the Property). See attachment for legal description.
2. A Qualified Non-Profit is defined as meeting the requirements of the Internal Revenue Code (IRC) Section 42(h)(5)(C).
3. The Owner and its successors and assigns in interest (as may be approved by NHHFA as per HFA 109.10.B of the Qualified Allocation Plan) are bound to the Low Income Housing Tax Credit (LIHTC) rent and income limits set forth in the Land Use Restriction Agreement (LURA) for the term stated in the LURA (60 years for projects allocated 9% LIHTCs and 30 years for projects allocated 4% LIHTCs with tax-exempt bond financing). However, if the Owner chooses to sell the property before the end of the applicable LURA term, the following procedure must be followed:

The Owner must make a bona fide offer to sell the Property to the Qualified Non-Profit Entity or its successor and assigns for a price equal to the minimum set forth in IRC Section 42(i)(7)(B). The offer shall be in writing delivered to the Qualified Non-Profit Entity, with a copy to NHHFA. The Qualified Non-Profit Entity may accept the offer to sell by notifying the Owner in writing within ninety (90) days of its receipt of the offer. If the Qualified Non-Profit Entity accepts the offer, then the Owner and the Qualified Non-Profit Entity shall close the sale of the Property at the offices of NHHFA within 180 days after the acceptance of the offer.

If the Qualified Non-Profit Entity does not accept the offer to purchase the Property or exercise its right under this Right of First Refusal (ROFR) to purchase the Property as set forth above, then the Owner shall offer to sell the Property to NHHFA for the same price at which it offered to sell the Property to the Qualified Non-Profit Entity. The offer shall be in writing and delivered to NHHFA. NHHFA may accept the offer by notifying the Owner in writing within ninety (90) days of its receipt of the same. If NHHFA gives written notice of its intent to accept this offer, NHHFA and the Owner shall close the sale of this Property at the offices of NHHFA within 180 days after receipt of NHHFA's written notice of acceptance of this offer. NHHFA may purchase

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this Property for its own purposes or on behalf of another Qualified Non-Profit Entity. If NHHFA purchases the Property, either for its own purposes or on behalf of another Qualified Non-Profit Entity, NHHFA may discharge the original LURA or negotiate a new LURA. In the event that NHHFA negotiates a new LURA, it shall use its best efforts to maintain low-income residency and affordability substantially the same as the existing LURA to the extent reasonably possible.

If NHHFA declines the offer to purchase the Property or to otherwise exercise its right under this ROFR, either for its own purposes or on behalf of another Qualified Non-Profit Entity, the Owner may sell the Property to a third party, which shall be bound by the requirements of the LIHTC LURA for the remainder of its term. This Agreement may be assigned by the Owner, subject to the written approval of NHHFA, which approval shall not be unreasonably withheld.

IN WITNESS WHEREOF, the parties have caused this Right of First Refusal to be executed by their duly authorized representatives, as of the day and year first written above.

(the Owner)

Witness

By: _____
Name: _____
Title: _____

(Non-Profit)

Witness

By: _____
Name: _____
Title: _____

NEW HAMPSHIRE HOUSING FINANCE AUTHORITY

Witness

By: _____
Name: _____
Title: _____

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THE STATE OF NEW HAMPSHIRE
COUNTY OF _____

On this ____ day of _____, 20__, before me the undersigned officer, personally appeared _____, who acknowledged himself/herself to be _____, of _____ a New Hampshire _____, and that he/she being authorized so to do, executed the foregoing instrument on behalf of said _____.

Justice of the Peace/Notary Public
My Commission Expires:

THE STATE OF NEW HAMPSHIRE
COUNTY OF HILLSBOROUGH

On this ____ day of _____, 20__, before me the undersigned officer, personally appeared _____, who acknowledged himself/herself to be the _____ of _____, a New Hampshire _____, and that he/she being authorized so to do, executed the foregoing instrument on behalf of said _____.

Justice of the Peace/Notary Public
My Commission Expires:

THE STATE OF NEW HAMPSHIRE
COUNTY OF HILLSBOROUGH

On this ____ day of _____, 20__, before me the undersigned officer, personally appeared _____, who acknowledged herself/himself to be the _____ of New Hampshire Housing Finance Authority, a public instrumentality and body politic and corporate duly created, organized and existing under the laws of the State of New Hampshire, and that she/he being authorized so to do, executed the foregoing instrument on behalf of said instrumentality and body politic and corporate.

Justice of the Peace/Notary Public
My Commission Expires:

APPENDIX E
DEVELOPER'S CERTIFICATION OF DEVELOPMENT COSTS

I _____ (“Developer”), developer of
_____ (the “Project”) located at
_____ in _____, New
Hampshire, hereby certify that the accompanying Sources and Uses of Funds with the Total
Development Cost totaling \$ _____, dated _____, Accountant’s Certification of
Costs (including developer fee), Qualified Basis and Applicable Fraction are a true and accurate
representation of the Project funding and total costs. I certify that all current financing terms have
been disclosed, and I will further inform NHHFA of any future changes to project financing.
I certify that any additional amounts received by me or any related party for syndication fees, debt
placement fees, guaranty fees, or other fees have been disclosed and that the purchase price of the
site and its allocated cost to the partnership has been disclosed. I further state that the Qualified
Basis and Applicable Percentage were calculated in a manner consistent with the regulations set
forth in IRC §42. I recognize that any changes or misrepresentations from this certification may
warrant notification to the IRS of a LIHTC Program violation via IRS Form 8823.

Date: _____

Duly Authorized: _____

**APPENDIX F
DEVELOPER’S CERTIFICATION OF EQUITY PROCEEDS**

I _____ (“Developer”), developer of
_____ (the “Project”) located at
_____ in _____, New
Hampshire, hereby certify that the gross equity investment in the Project gained from the sale of
_____ % interest in the Limited Partnership entitled _____ Limited
Partnership Agreement dated _____ totaled \$ _____. This gross equity
investment is based on a final allocation of Low-Income Housing Tax Credits of
\$ _____ annually for a period of ten years.

Date: _____

Duly Authorized: _____

**APPENDIX G
AS-BUILT ARCHITECT'S CERTIFICATION**

I have inspected the development known as _____ (Project name) located in _____ (city, state) and hereby certify that the development has been built in accordance with the construction documents dated _____ prepared by _____.

Based upon previous inspections and the final inspection, to the best of my knowledge, information, and belief, the development has been constructed in conformance with all applicable local, state and federal laws designated as the development standard for the project, including, but not limited to, applicable portions of the Americans with Disabilities Act (ADA); Fair Housing laws as they pertain to accessibility and adaptability; all state and local health, safety and building codes; and those requirements as set forth in NHHFA's Design and Construction Policy Rules (HFA 111), Technical Design and Construction Standards, and, when applicable, the Technical Design and Construction Standards for Rehabilitation.

Date

Architect

(Seal)

APPENDIX H ELECTION OF GROSS RENT FLOOR

Pursuant to Internal Revenue Service (IRS) Regulations, an Owner of a Low-Income Housing Tax Credit project may designate the date that the Gross Rent Floor takes effect prior to the date the building is placed in service. The Gross Rent Floor establishes the initial permitted maximum rents for the Project. The Gross Rent Floor also limits potential future rent reductions due to decreases in the applicable median area income limits. The IRS will treat the Gross Rent Floor as taking effect on the date the New Hampshire Housing Finance Authority (NHHFA) initially allocates tax credits to the building. However, the IRS will treat the Gross Rent Floor as taking effect on a building's placed in service date if the Owner designates that date as the date the Gross Rent Floor takes effect for the building. The Owner must make this designation to use the placed in service date and inform the IRS no later than when the building is placed in service.

Please make the following designation:

- If this box is checked, the Owner hereby elects, pursuant to IRS Revenue Ruling 94-57, to fix the applicable Gross Rent Floor in accordance with Section 42(g)(2)(A) at the date the building is placed in service. This document must be submitted to NHHFA prior to the Project's placed in-service date.

- If this box is checked, the Owner has made no election pursuant to IRS Revenue Ruling 94-57, and the applicable Gross Rent Floor for a building shall be set at the date NHHFA initially allocates Low Income Housing Tax Credits, which shall be earlier of 1) the date of the Carryover Allocation, or 2) the date of the Final Allocation (IRS Form 8609).

A decrease in the median area income limits will not require a reduction in rents below the Gross Rent Floor.

APPENDIX I SERVICE COORDINATION

Specifications

Residents' participation in any of the activities described below (assessments, services, follow-up, survey) is entirely optional. Under no circumstances will the owner, management company, or service coordinator make participation a formal or implied condition of enjoying a right of tenancy.

Owners are responsible for providing a minimum of fifty-two (52) hours per quarter of onsite Service Coordination for properties up to 20 units with an additional thirteen (13) hours for every five (5) units over 20. Properties without an onsite office may provide service coordination remotely with a minimum of monthly onsite visits.

Service Coordination must be provided by a person who does not also collect rent, inspect units, make determinations on requests for reasonable accommodation, investigate lease violations, or issue eviction notice.

Projects must have adequate space to meet with residents that provides for confidential conversations and maintenance of secure records. Meeting with residents in their homes is acceptable.

Projects must provide access to a telephone and the internet when meeting with residents for the purpose of coordinating services. Use of a smart phone or tablet is acceptable.

The service coordinator must provide information on the purpose and availability of service coordination and offer to assess every resident's service needs within 60 days of move-in and annually thereafter.

The service coordinator shall provide referral information to residents based on their needs as identified in the service needs assessment and when requested by the resident. The service coordinator shall assist the resident in contacting the service provider if requested. When service needs are identified, the service coordinator must offer to provide follow up as needed to address residents' needs as identified in their service plans.

The service coordinator shall develop and implement strategies to build community among diverse residents.

The service coordinator must coordinate a minimum of two services/programs to be offered onsite, online, or in close proximity to the project (within a ½-mile suitable walking distance or with free transportation provided). Services must be provided to residents at no cost or at a nominal or discounted fee. Appropriate services will do one or more of the following.

- a. Increase resident knowledge of and access to available services.
- b. Help residents maintain stability and prevent eviction.
- c. Build life skills.

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- d. Increase household income and assets.
- e. Increase health and wellbeing.
- f. Improve the educational success of children and youth.

The services listed below meet this threshold requirement; however, any service that meets residents' needs may also be acceptable. One of the two required services must be provided no less than quarterly.

- a. Wellness education or general, non-specialized health clinic (flu shots, blood pressure clinics, cholesterol and diabetes screening, etc.)
- b. Literacy/language training
- c. Personal safety (fire, identity theft, scams, self-defense, drug awareness)
- d. Financial fitness (budgeting, money management, credit counseling)
- e. Income and asset building (job coaching, IDAs, homebuyer education)
- f. Business center
- g. Transportation*
- h. Meals*
- i. Childcare*
- j. After school program*

* A nominal or discounted fee is allowed for these services.

Alternatively, a sponsor with CORES Certification (<https://coresonline.org/certification>) or who contracts with a CORES third-party entity will meet this threshold requirement for the duration of the CORES Certification.

To qualify, services may not be provided by the Service Coordinator or other management company staff. Services being scored must be available at the property to residents in a format and/or at a reduced fee because they are residents of the project, not simply because they meet the financial eligibility requirements for the service. If people can receive the same service or benefit when they live in privately financed housing, then the service is not eligible for scoring in this section.

If service coordination or any services will be contracted, a letter of intent (LOI) to contract must be provided with the application containing:

- a. The type(s) of service and number of hours per week or month each will be provided
- b. The location(s) where the service(s) will be provided
- c. The fee, if any, for providing the service(s)

The LOI must be on letterhead and signed by a duly authorized person. A fully executed MOU signed by and binding on both parties will be required within 120 days of notification of a reservation of LIHTCs or 30 days prior to the deadline for carryover allocation, whichever is sooner.

The project Owner, or its agent, must conduct an annual survey of all residents regarding their need for and satisfaction with the service coordination and coordinated services.

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Reporting Requirements

1. Project Owners will be required to submit an annual certification of:
 - a. The number of hours of onsite Service Coordination and coordinated services provided;
 - b. The number of residents served by each; and,
 - c. The results of the annual resident satisfaction survey.

2. Additionally, project owners will be responsible for ensuring that property managers maintain:
 - a. Agreements for services on file (if any); and,
 - b. Evidence that the services are being provided (e.g. sign-in sheets, letters/memos to tenants advertising the event/service, service logbook and/or activity reports).

SERVICE COORDINATION PLAN AND BUDGET (submit with application)

Project name: _____ Number of units: _____

Contact person for service coordination plan: _____

Email: _____ Phone: _____

Service Coordination

of hours/week? _____ Contracted? No Yes (attach letter of intent)

Onsite? Yes No – Reason: _____

Coordinated Service #1: _____

Frequency of Service: _____ Cost to Resident: _____

Onsite? Yes No – Location: _____

Brief Description:

Coordinated Service #2: _____

Frequency of Service: _____ Cost to Resident: _____

Onsite? Yes No – Location: _____

Brief Description:

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The Service Coordination Plan may be amended at any time with written notification to NHHFA as long as it continues to meet the requirements of this section.

Budget

Revenue Sources	\$ Amount					
	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Property operating budget						
Management company budget						
Owner contribution						
Grant:						
Other:						
Other:						
Total						
Expense	Annual \$					
	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Personnel (salary/fringe)						
Training						
Office Supplies						
Transportation						
Total						

Budget Narrative (Include detail below on expenses and sources of funds other than operating funds for the service coordination to be provided for this project):

APPENDIX J
SAMPLE - HOMELESS, AT RISK OF BECOMING HOMELESS, OR VETERAN STATUS
CERTIFICATION

Head of Household Name

Please check the appropriate box below.

- Homeless Family:** (does not include an individual imprisoned/detained pursuant to an Act of Congress or State law.) **Check the one that applies:**

I am currently homeless, meaning that:

- I/We live in a shelter and lack a fixed, regular and adequate nighttime residence and also have a primary nighttime residence that is supervised publicly/privately operated shelter designed to provide temporary living accommodations (including welfare hotels, congregate shelters and transitional housing), or
- I/We live in a hospital or institution that provides a temporary residence for individuals intended to be institutionalized, or
- I/We live in a public/private place not designed for, or ordinarily used for sleeping by human beings.

Please provide the following if you have checked one of the above choices:

Name of Shelter or institution

Contact Person

Phone Number

- At Risk of Becoming Homeless:** Check the one that applies:

I am at risk of becoming homeless because:

- I pay more than half of my gross income towards rent or
- I/we live with friends or relatives due to an emergency or homeless situation. This is a temporary living arrangement. My name is not on the lease. If I were not in this current living arrangement, I would otherwise be homeless, or
- I am temporarily living in a substandard living situation, i.e. a campground or other temporary placement.

- Veteran:** Check all that apply

- A household member meets the definition of “Veteran” in RSA 21:50. Provide a copy of one of the forms of documentation listed in RSA 21:50.
- I/We would benefit from services that help with maintaining our housing.

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Tenant Certification and Release of the Information.

The head of household and spouse or other adult must sign and date this certification. Your signature means that you agree with the above certification and allow release of verification from the individuals named. I/We certify that the above information I/We have provided is true and complete to the best of my/our knowledge and belief.

Head of Household

Date

Spouse/Other Adult

Date

APPENDIX K

LIHTC Compliance Monitoring Requirements

Section 42 of the Internal Revenue Code requires LIHTC allocating agencies to monitor for noncompliance with the provisions of that section and notify the Internal Revenue Service of such noncompliance which such agency becomes aware of and monitor for noncompliance with habitability standards through regular site visits.

A. Recordkeeping and Record Retention

Under the recordkeeping provision of Treasury Regulation § 1.42-5(b), the owner must keep records for each building of the project for each year of the compliance period. Such records include the following:

- (i) The total number of residential rental units in the building.
- (ii) The percentage of residential rental units in the building that are low-income units.
- (iii) The rent charged on each residential rental unit in the building (including any utility allowances).
- (iv) The number of occupants in each low-income unit.
- (v) The low-income unit vacancies in the building and information that shows when, and to whom, the next available units were rented.
- (vi) The annual income certification of each low-income tenant per unit.
- (vii) Documentation to support each low-income tenant's income certification.
- (viii) The eligible basis and qualified basis of the building at the end of the first year of the credit period.
- (ix) The character and use of the nonresidential portion of the building included in the building's eligible basis under section 42(d).

Under the record retention provision, §1.42-5 (b)(2), owners are required to keep all records for each building for a minimum of 6 years after the due date (with extensions) for filing the federal income tax return for that year. The records for the first year of the credit period must be retained for at least 6 years beyond the due date (with extensions) for filing the federal income tax return for the last year of the compliance period of the building, bringing the total retention for the first year records to 21 years.

Under the inspection record retention provision, §1.42-5(b)(3), the owner of a low-income housing project must be required to retain the original health, safety, or building code violation reports or notices that were issued by the State or local government unit for NHHFA's inspection.

B. Certification and Review Provisions

Certification

The owner of the LIHTC project must certify at least annually to NHHFA that for the preceding 12-month period the project met the requirements outlined in Treasury Regulation §1.42-5(c)(1). In addition, NHHFA requires owners to submit annually the Management Agent Certification of Training and the Annual Certification of Service Coordination and complete an upload of all tenant

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data to NHHFA’s LIHTC system. The required reports, certifications, and forms can be found on NHHFA’s website. The tenant data upload and all annual certifications are due March 1 of each year and must be submitted throughout the Extended Use Period of the project.

Review

In accordance with Treasury Regulation §1.42-5(c)(2), NHHFA must conduct on-site inspections and review low-income certifications of all buildings in the project by the end of the second calendar year following the year the last building in the project is placed in service and at least once every three (3) years thereafter.

The minimum number of low-income units that must be included in the random samples on which the NHHFA conducts physical inspections or low-income certification review is the lesser of 20 percent of the low-income units in the project, rounded up to the next whole number, or the number specified in the following table.

Number of low-income units in the low-income housing project	Number of low-income units selected for inspection or for low-income certification review (minimum unit sample size)
1	1
2	2
3	3
4	4
5-6	5
7	6
8-9	7
10-11	8
12-13	9
14-16	10
17-18	11
19-21	12
22-25	13
26-29	14
30-34	15
35-40	16
41-47	17
48-56	18
57-67	19
68-81	20
82-101	21
102-130	22
131-175	23
176-257	24
258-449	25
450-1,461	26
1,462-9,999	27

NHHFA will randomly select which low-income units and certifications are to be inspected and reviewed. The review of tenant records may be undertaken wherever the owner maintains or stores the records (either on-site or offsite). The units and tenant records to be inspected and reviewed must be chosen in a manner that will not give owners of low-income housing projects advance notice that a unit and tenant certifications for a particular year will or will not be inspected and reviewed. However, NHHFA will give an owner advance notice that an inspection of the building and low-income units or tenant record review will occur so that the owner may notify tenants of the

inspection and assemble tenant certifications for review. Such notice will be provided no more than 15 days in advance.

Alternative Means of Conducting On-Site Inspections

NHHFA may satisfy the on-site inspection requirements if the inspection is performed under the Department of Housing and Urban Development (HUD) Real Estate Assessment Center (REAC) protocol and the inspection satisfies the requirements of §1.42-5(c)(2)(iii)(C)(4).

Exception for Certain Buildings

NHHFA may choose to enter into an agreement with the Rural Housing Service or the state's tax-exempt bond issuer, under which those agencies agree to provide information concerning the income and rent of the tenants in buildings that they finance.

C. Inspection Provision

As the allocating agency, NHHFA has the right to perform on-site inspections throughout the term of the Land Use Restriction Agreement. For the on-site inspections of buildings and low-income units required by Treasury Regulation §1.42-5(c)(2)(ii), NHHFA must review any local health, safety, or building code violation reports or notices retained by the owner under paragraph (b)(3) of Treasury Regulation §1.42-5 and must determine—

- (i) Whether the buildings and units are suitable for occupancy, taking into account local health, safety, and building codes (or other habitability standards); or
- (ii) Whether the buildings and units satisfy, as determined by NHHFA, the uniform physical condition standards for public housing established by HUD (24 CFR 5.703). The HUD physical condition standards do not supersede or preempt local health, safety, and building codes. A low-income housing project under Section 42 must continue to satisfy these codes and, if NHHFA becomes aware of any violation of these codes, NHHFA must report the violation to the IRS. However, provided NHHFA determines by inspection that the HUD standards are met, NHHFA is not required to determine by inspection whether the project meets local health, safety, and building codes.

D. Notification of Noncompliance

NHHFA will provide prompt written notice to the owner when NHHFA does not receive the required certifications and other forms, does not receive or is not permitted to inspect the tenant income certifications, supporting documentation and rent records or discovers by inspection, review or in some other manner that the project is not in compliance with the provisions of Section 42. The correction period established by NHHFA is 30 days from the date of the notice. NHHFA may extend the correction period for up to 6 months, but only if NHHFA determines there is good cause for granting the extension. All requests for an extension must be made in writing.

NHHFA is required to file Form 8823, "Low-Income Housing Credit Agencies Report of Noncompliance," with the Internal Revenue Service no later than 45 days after the end of the correction period (as noted above, including extensions) and no earlier than the end of the

correction period, whether or not the noncompliance or failure to certify is corrected. NHHFA must explain on Form 8823 the nature of the noncompliance or failure to certify and indicate whether the owner has corrected the noncompliance or failure to certify. Any change in either the applicable fraction or eligible basis that results in a decrease in the qualified basis of the project under section 42(c)(1)(A) is noncompliance that must be reported to the Internal Revenue Service. If NHHFA reports on Form 8823 that a building is entirely out of compliance and will not be in compliance at any time in the future, NHHFA need not file Form 8823 in subsequent years to report that building's noncompliance. If the noncompliance or failure to certify is corrected within 3 years after the end of the correction period, NHHFA is required to file Form 8823 with the Service reporting the correction of the noncompliance or failure to certify.

NHHFA must retain records of noncompliance or failure to certify for 6 years beyond NHHFA's filing of the respective Form 8823. In all other cases, NHHFA must retain the certifications and records described above for 3 years from the end of the calendar year the Agency receives the certifications and records.

E. Delegation of Authority

Treasury Regulation §1.42-5(f) permits NHHFA to retain an agent or other private contractor ("Authorized Delegate") to perform compliance monitoring. The Authorized Delegate must be unrelated to the owner of any building that the Authorized Delegate monitors. The Authorized Delegate may be delegated all of the functions of NHHFA, except for the responsibility of notifying the IRS under Section D above. For example, the Authorized Delegate may be delegated the responsibility of reviewing tenant certifications and documentation, the right to inspect buildings and records, and the responsibility of notifying building owners of lack of certification or noncompliance. The Authorized Delegate must notify NHHFA of any noncompliance or failure to certify.

Should NHHFA delegate compliance monitoring to an Authorized Delegate, NHHFA must use reasonable diligence to ensure that the Authorized Delegate properly performs the delegated monitoring functions. Delegation by NHHFA of compliance monitoring functions to an Authorized Delegate does not relieve NHHFA of its obligation to notify the Internal Revenue Service of any noncompliance of which NHHFA becomes aware.

NHHFA may delegate all or some of its compliance monitoring responsibilities for a building to another Agency within the State. This delegation may include the responsibility of notifying the IRS under Section D above.

F. Liability

Compliance with the requirements of Section 42 of the Internal Revenue Code is the responsibility of the owner of the qualified low income building for which the credit is allowable. NHHFA's obligation to monitor for compliance with the requirements of Section 42 of the Code does not make NHHFA liable for an owner's noncompliance.

G. Other

NHHFA reserves the right to revise compliance monitoring policies and procedures as required by Section 42, including other guidance published by the IRS.

Please refer to NHHFA's website for further information and required documents.

**APPENDIX L
PRESERVATION SCORING MATRIX**

		Tier 1 (Add 8 points)	Tier 2 (Add 4 points)	Tier 3 (Add 2 points)
Top-tier Eligibility Category	Expiring Affordability Covenants/ Risk of Market Conversion	No legal impediments to market-rate conversion (such as affordability restrictions) in the next four years.	No legal impediments to market-rate conversion (such as affordability restrictions) in the next eight years.	No legal impediments to market-rate conversion (such as affordability restrictions) in the next fifteen years.
	Project-based Rental Assistance (PBVs, RD, etc.)	100% of units have rental assistance for at least five years	50% of units have rental assistance for at least five years	20% of units have rental assistance for at least five years
		Tier 1 (Add 6 points)	Tier 2 (Add 3 points)	Tier 3 (Add 1 point)
Second-Tier Eligibility Category	Risk of Loss due to Physical Condition	Probable loss of the property in the next 2-4 years due to condemnation or government action. Significant code and safety issues.	Significant code and safety issues that present a risk to tenants and/or threaten the long-term viability of the property.	Extensive capital needs
	Risk of Loss Due to Financial Viability Analysis based on 3 years of financials.	Lender has declared or threatened to declare a default due to a payment default by the current owner	Property income is insufficient to pay debt service and basic operating expenses plus required reserve deposits, requiring contributions from other sources.	Property is financially troubled, but able to maintain loan payments and basic operating expenses plus required reserve deposits.
	Unique Acquisition Opportunity	Unique opportunity to purchase a project at a below-market price due to seller motivations.	Sale price based on present value of reduced income stream – value will increase as expiration date approaches.	Property for sale – no particular economic benefit to purchase at this moment.
	Leveraged Funds	Greater than \$29,999 per unit	\$20,000 to \$29,999 per unit	\$10,000 to \$19,999 per unit

Leveraged Funds: existing debt, debt that is transferred, resubordinated, rolled over, restated or reissued, as well as existing or transferred reserves as development sources.

**APPENDIX M
CONDUIT BOND PROVISIONS**

In accordance with its Conduit Bond Rules, New Hampshire Housing will allocate such volume cap to developers for the issuance of conduit bonds to support the creation or preservation of eligible housing developments. Sponsors of projects using Conduit Bonds may access the 4% LIHTC in accordance with IRC 42.

The following sections of the QAP shall apply to projects financed with Conduit Bonds and 4% LIHTCs.

QAP Section	Provision
109.01	Introduction
109.04.G	Basis Boost
109.06.A	Feasibility and Appropriateness
109.06.B	Market Demand
109.06.J	Public Housing Waiting Lists
109.06.K	Projects Intended for Eventual Tenant Ownership
109.08.D.3	Final Allocation Requirements
109.09	Program Fees
109.10	Long Term Affordability and Compliance (entire section)
109.11	Miscellaneous NHHFA Provisions (entire section, except for applicability of NHHFA Underwriting Standards and Design and Construction Rules)
Appendix C	Final Allocation Requirements
Appendix D	Right of First Refusal
Appendix E	Developer's Certification of Development Costs
Appendix F	Developer's Certification of Equity Proceeds
Appendix G	As Built Architect's Certification
Appendix H	Election of Gross Rent Floor
Appendix K	LIHTC Compliance Monitoring Requirements

**APPENDIX N
4% LIHTC THRESHOLD AND SCORING CRITERIA**

THRESHOLD CRITERIA

Projects will be required to meet the Threshold Criteria of this QAP (see HFA 109.06), as applicable, along with the criteria listed below:

- Project must be financed using NHHFA-issued Tax-exempt bond financing and 4% LIHTCs. All loans will be credit enhanced by NHHFA through the FHA 542(c) Risk Sharing program.
- If intending to apply for Project Based Vouchers, 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 award Project-Based Vouchers and to allocate funding from the Notice of Funding Availability if the applications submitted for funding exceed the available resources. The factors listed in the Scoring Criteria may be used to guide funding decisions even if the applications submitted for funding in a given month do not exceed the available resources.

Preference will be given to projects that have all the necessary zoning and site plan approvals in hand, with all appeal periods having passed without any appeal by adverse parties.

5 points

Preference will be given to projects that have conducted appropriate environmental site assessment and are either free from identified environmental issues or are able to demonstrate that any necessary environmental permits or approvals will be received within a reasonable time period as determined by the NHHFA.

2 points

Preference will be given to projects that can demonstrate the most efficient use of NHHFA resources per affordable unit.

2 points

Preference will be given to mixed-income projects over projects that are 100% income and rent restricted.

2 points

Preference will be given to general occupancy projects over age-restricted housing.

2 points

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Preference will be given to projects that offer a high quality of housing including energy efficiency.

2 points

Preference will be given to projects that offer supportive housing services.

2 points

Other factors:

The factors below will not be awarded points in the Scoring Criteria. However, they may be used on a comparative basis to make funding decisions.

Preference may be given to projects that can demonstrate broad community development objectives including “smart growth” and neighborhood revitalization.

Preference may be given to projects located in regions of the state with lower rates of vacancy or higher rates of cost burden.

NHHFA reserves the right to consider geographical location in order to avoid concentrating investment in too few communities.



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As a self-supporting public corporation created by the state legislature, New Hampshire Housing Finance Authority promotes, finances, and supports affordable housing.