Senate Commerce Committee

Aaron Jones 271-2609

SB 86-FN, relative to the housing finance authority's affordable housing guarantee program.

Hearing Date: February 11, 2025

Time Opened: 10:21 a.m. **Time Closed**: 10:43 a.m.

Members of the Committee Present: Senators Innis, Ricciardi, Murphy, McGough, Fenton and Reardon

Members of the Committee Absent : None

Bill Analysis: This bill established a affordable housing guarantee program within the housing finance authority to promote affordable housing for low- and moderate-income persons.

Sponsors:

Sen. Perkins Kwoka	Sen. Altschiller	Sen. Prentiss
Sen. Lang	Sen. Innis	Sen. Murphy
Sen. Rosenwald	Sen. Fenton	Sen. Reardon
Sen. Long	Sen. Watters	Rep. D. Paige
Rep. Simpson	Rep. Stavis	

Who supports the bill: 89 individuals were in support. Full sign in sheets are available upon request by contacting the Legislative Aide, Aaron Jones (aaron.jones@gc.nh.gov).

Who opposes the bill: Cindy Kudlik, Julie Smith, Gordon Springate, Daniel Richardson, Curtis Howland, Donna McCay, James Gardner, Anthony Ferrantello, Laura Condon

Who is neutral on the bill: No one

Summary of testimony presented in support:

Senator Rebecca Perkins Kwoka

- This bill would help to address today's complicated financial landscape by adding a low risk economic tool into the state's toolbox.
- Other states have provided a similar function to assist with economic development.
- Historically, multi-family loans have been an incredibly low risk enterprise.

- This bill would enable the state to guarantee multi-family loans, while costing taxpayers pennies when compared to other General Fund expenditures. By using public dollars, private dollars could be leveraged.
- Senator Perkins Kwoka said the housing crisis affects every demographic, member of the workforce, and small business. To address the crisis, this bill would allow state agencies to support the development of additional housing in an efficient manner.
- This bill has support from a broad coalition of stakeholders, including the Business and Industry Association, New Hampshire Housing, and the New Hampshire Bankers Association.
- Senator Perkins Kwoka stated the State Treasurer suggested one language change to clarify the amount of loans that are capped at one time.

Ryan Hale, Vice President of Government Relations, New Hampshire Bankers Association

- This bill would establish a loan guarantee program within the New Hampshire Housing Finance Authority.
- The loan guarantee would cover up to 80 percent of the principal for affordable housing projects. This would reduce the financial risk to lenders, and it would encourage greater investment in projects that have struggled to get financing.
- The housing crisis has affected banks in two ways.
    - First, it has affected customers, such as families who are seeking housing or businesses who would like to grow.
    - Second, it has impacted the ability of banks to recruit and retain talented professionals.
- **Senator Murphy** asked if there were any risk of market manipulation, or could banks become more liable to make loans therefore risking a chance of default.
    - **Mr. Hale** said he would have to take another look, but this bill would enable rules to be promulgated, or it could be amended.

Abby Bronson, Director of Policy and Advocacy, New Hampshire Community Loan Fund

- The New Hampshire Community Loan Fund (NHCLF) helps manufactured home parks to cooperatively purchase their communities.
- Currently, there are over 9,000 households in 151 resident owned communities.
- This bill would create a new affordable housing guarantee program, which could help to expand opportunities for homeownership.
- Unlike other legislation, Ms. Bronson said this bill would help to make affordable housing deals happen right now.
- Last year, they helped to close 3 loans for 145 homes for a total of $9 million. There is a pending deal for a park with 144 homes, which would cost $18 million.

- Ms. Bronson said out-of-state equity firms are trying to squeeze a profit out of families who are living in manufactured home parks. Firms purchase parks, increase their rent, and forgo infrastructure improvements that are meant to protect the health and safety of families. As a result of these practices, Ms. Bronson said park purchases have only increased.
- This bill would impact individual and institutional investors who would like to invest their money for good. By guaranteeing loans, it would make it easier to attract investors to help support increasingly expensive purchases.
- This program would provide investors with additional security and assurance that their funds would be protected regardless of the outcome of a loan.
- Ms. Bronson said none of the 151 resident owned communities have failed.
- Manufactured housing remains one of the few affordable homeownership options, and without creating new financing tools, it will be harder for residents to buy their own communities.

Rob Dapice, Executive Director, New Hampshire Housing

- New Hampshire Housing does not receive operating funds from the state.
- For 25 years, in partnership with the Federal Housing Administration, they have administered a loan guarantee program for multi-family rental housing.
- While it has been a successful program, Mr. Dapice said it has a lot of strings attached to it and specific criteria, such as prevailing wage and environmental regulations, that have made it unworkable for manufactured housing or small rural properties.
- Mr. Dapice said they are looking at ways to bring capital to the market to help solve gaps.
- If this bill became law, they would engage in a collaborative and transparent rulemaking process.
- Statutorily, rules are already required to be approved by the governor appointed board of directors with opportunities for public and stakeholder input. Mr. Dapice said this process would be done proactively to ensure the program was workable.
- Some key criteria for the program would be would it bring capital to bare at discounted rates relative to the market, would it make housing developments happen, and would the program not expose the state to unnecessary risk.
- Housing supported by the loan guarantee program would be affordable, and this bill defines affordability levels. Mr. Dapice said they would work with stakeholders on the percentage of units that would be affordable, so it would achieve the public purpose without making the project restrictive.
- Their goal is to have zero defaults. Over 25 years, they have run the federal program with $484 million in assured commitments, and there have been no defaults to date.
- Loans that apply for guarantees under this program would not be eligible for the federal risk program. This is consistent with other programs, such as lead

hazard remediation. They would have to be determined to be ineligible for federal funds before they would be given an opportunity to access state funds.

- **Senator McGough** asked how many residents they helped to close housing deals for last year.
  - **Mr. Dapice** said they did over 1,000 loans through the homeownership program. A little over 90 percent of those loans were for first-time homebuyers. Through the financing of multi-family rental housing, they helped to create between 600 to 800 units. Through the voucher program, they are helping 4,000 low-income individuals pay their rent each month.
- **Senator McGough** asked how many more would be helped if this bill were passed.
  - **Mr. Dapice** responded he did not know, but he hoped it would help projects that are missing. They have helped create 4 to 6 small supportive and substance use housing projects that have served between 10 to 30 people. It also could help with larger projects, such as manufactured housing parks.

Chris Norwood, 2025 Vice Chair of the Public Policy Committee, New Hampshire Association of Realtors

- Mr. Norwood disclosed that he is on the board of the New Hampshire Housing Finance Authority.
- Currently, Mr. Norwood said the credit and lending environment is tough. Commitments towards housing and other developments have been slow because a lot more collateral and creativity are needed.
- This bill would provide a creative outlet to derisk things for banks thereby derisking things for developers.

Nick Taylor, Director, Housing Action NH

- In addition to material costs, housing is expensive to build due to the interest rate environment. For market rate housing, these costs are passed onto renters. For affordable housing, it has stopped projects from moving forward. This program would help to address these challenges, while also providing flexibility to non-profit and for-profit developers.

Krysten Evans, Director of Policy, ABLE NH

- For individuals with disabilities, Ms. Evans said the housing crisis was not a matter of affordability. Instead, it was about accessibility, independence, and basic human rights.
- Since the rental vacancy rate is below 1 percent, individuals with disabilities have been forced to live with their elderly parents into adulthood.
- A lack of accessible and affordable housing increases the risk of homelessness.
- This bill would incentivize the creation of more affordable housing through a state-backed loan guarantee program.

- By reducing the financial risk to lenders, Ms. Evans said it would help to encourage the development of housing that is affordable and accessible for individuals with disabilities.
- Other states have implemented similar programs, which has led to the creation of thousands of units that have allowed individuals to live independently.
- Ms. Evans said housing is the foundation for independence. Without housing, an individual cannot work or participate in their community.

Summary of testimony presented in opposition: None

Neutral Information Presented: None

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Date Hearing Report completed: February 18, 2025