

**EXECUTIVE SUMMARY**  
**2008 NCSHA Annual Awards for Program Excellence**

**THE PROGRAM**

Do you remember purchasing your first home? Did you buy a modest home in which you spent many weekends performing do-it-yourself projects that left you beaming with pride or did you purchase your ideal home with four bedrooms and two baths? What if the homes on the market at that time carried an average price tag of \$300,000? Would you still have been able to attain your dream of home ownership?

In an effort to empower borrowers in a market that lacks opportunities for first-time home buyers, New Hampshire Housing recently created the New Production Initiative. This initiative offers down payment and closing cost assistance to first-time home buyers, while also enabling developers to build affordable housing that complies with targeting requirements such as those which may be placed on projects by municipalities.

**RESPONDING TO HOUSING NEEDS**

In New Hampshire, few “starter homes” have been constructed for first-time home buyers for more than a decade, or even for older people looking to down-size. In fact, construction of new homes in New Hampshire consisted almost entirely of homes with price tags of \$300,000 and up, which is well out of the range affordable for most first-time home buyers.

In response to these conditions, New Hampshire Housing began a two-pronged effort to promote the construction of home ownership units throughout the state targeted to buyers trying to purchase their first home. While the Authority worked on increasing housing awareness and promoting legislative changes to help ease the barriers to the construction of affordable housing, the organization also began designing a program to provide down payment and closing cost assistance to low- and moderate-income home buyers within newly constructed housing developments. The goal was to increase the pool of potential home buyers, so developers would be encouraged to produce more units.

New Hampshire Housing committed \$1 million to the New Production Initiative. Both for profit and nonprofit developers submitted project applications in a competitive allocation process, and more than 50 units of affordable housing in six new construction developments throughout the state were awarded subsidy assistance. The subsidies do not go to developers, however. The subsidies are awarded to qualified home buyers.

Up to \$20,000 per qualified buyer is available for down payment and closing cost assistance associated with the purchase. The assistance is provided in the form of a 0% non-amortizing second mortgage. The buyer must be using a New Hampshire Housing first mortgage and meet

## **New Hampshire Housing Finance Authority**

Home ownership: Empowering new buyers

New Production Initiative

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all requirements of the Single Family Mortgage Program. All of the units with available subsidies fall within the mortgage program's purchase price limits.

As part of the initiative, New Hampshire Housing provides first mortgages to qualified buyers, a deferred payment second mortgage in the amount of the subsidy, access to our network of participating lenders, and the opportunity for developers to list affordable units available in the qualified project on our Web site.

### **EFFECTIVELY EMPLOYING PARTNERSHIPS**

Scoring criteria for project applications reflected program goals. Examples of preferences were for mixed-income family projects, targeting objectives, inclusion of barrier-free units, conservation of resources through thoughtful site planning, Energy Star ratings, super-insulation, etc.

Demonstration of community support was another important criterion. Successful projects included collaborations between regional grass-roots housing advocacy groups, municipalities, and area businesses such as a large medical center that will employ many targeted home buyers. Community Action Programs, local NeighborWorks and other nonprofit housing organizations, and the regional workforce housing coalitions are also involved, and developers – both nonprofit and for profit, have also contributed to help increase affordability.

### **HOW DOES IT ACHIEVE STRATEGIC OBJECTIVES?**

By making newly constructed homes affordable to low- and moderate-income first-time home buyers, the New Production Initiative provides access to a market segment that would otherwise be closed to them. The program empowers buyers by providing them with down payment and closing cost assistance, which can be taxing obstacles on the path to home ownership. Today's market is particularly challenging with mortgage insurance companies making changes to their policies that can translate to requiring even larger down payments. So far the program has reserved 11 second mortgages, with six closed and five in process. There are more people waiting to take advantage of the program, but developers can't build the units quite fast enough!

The program process itself promotes interaction between developers and New Hampshire Housing staff, as well as with local housing providers and other community groups concerned about housing issues. In turn, this helps to promote public awareness and encourage discussion on new ways to create affordable home ownership units.