



MEMORANDUM

TO: Senator Chuck Morse, Chair, GOFERR Legislative Advisory Board (LAB)
FROM: Dean J. Christon
DATE: May 15, 2020
SUBJECT: Housing Stakeholder Feedback on CARES Act Funding

In response to the GOFERR Stakeholder Advisory Board's (SAB) effort to get broad feedback, NHHFA circulated the SAB questionnaire to a variety of housing stakeholders, including housing developers, property owners and managers, real estate professionals, lenders, and housing service providers. We received over 20 responses from individuals and organizations that collectively identify a series of critical housing needs related to the severe economic impact of the coronavirus emergency.

Housing stakeholders have also identified possible solutions and funding requests. These solutions range from responding to and attempting to relieve the immediate effects of this crisis on New Hampshire families to efforts designed to support the recovery of the state's economy and housing market. Below, I have outlined these issues and potential solutions.

I. Residential Rent Stabilization

There are approximately 152,000 renter households in New Hampshire, which represents roughly 322,000 people, or 24% of the state's population. An estimated \$2.06 billion is paid by residential tenants annually within the state. While state and federal unemployment assistance will be available to residents who have lost their jobs, many will still struggle to pay rent. We estimate that renters are twice as likely as homeowners to have lost their jobs. Many stakeholders anticipate that thousands of New Hampshire renter households will be unable to pay their rent and could face eviction after the expiration of Governor Sununu's emergency order prohibiting eviction for non-payment.

Many stakeholders have proposed a program of temporary direct rental assistance. This proposal is intended to protect renter households from the potential loss of their housing, provide relief to thousands of property owners (most of whom are small businesses or individuals) who are facing significant loss of income due to non-payment of rent, ensure that resources are available to address their financial obligations to municipalities, and avoid the impact that large-scale eviction actions will have on the court system. Such a program would provide payments directly to property owners on behalf of tenants in need who have received unemployment benefits due to a COVID-19 related loss of employment, who do not live in a rent-subsidized apartment or receive tenant-based rental assistance, and who have past due rent or who are unable to pay current rent. Depending on program structure estimates are that such a program could require as much as \$70 million over the next six months.

NHHFA has extensive experience in administering rental assistance programs and has the administrative capacity, working in conjunction with partners such as the Community Action Agencies and local non-profit housing organizations, to operate this program.

II. Foreclosure Intervention

Approximately 71% of New Hampshire households own their homes, and many of them have experienced devastating financial impacts from the current crisis. While forbearance is an option for those with federally backed mortgages, those borrowers will still face substantial financial difficulties when forbearance ends. Up to one-third of homeowners in New Hampshire have a mortgage that is not federally backed, including most owners of manufactured housing.

Ten years ago, using funds from the National Mortgage Servicing Settlement, New Hampshire established “HomeHelpNH,” a program designed to help homeowners facing foreclosure. Over a three-year period, this program counseled over 2,500 homeowners and provided intake and referral services to over 4,000 households; the counseling resulted in a 92% success rate at preventing foreclosure.

The HomeHelpNH structure could be used to provide counseling over the next year to help homeowners avoid foreclosure. This program could also provide a framework for direct assistance for at-risk homeowners who have mortgages that are not federally backed. Funding of \$5 million would provide foreclosure prevention counseling for approximately 2,000 homeowners, including intake and referral services using the 2-1-1 system, and provide direct mortgage assistance for up to 1,000 New Hampshire families. NHHFA has the capacity to administer the counseling program and has extensive experience providing direct assistance to homeowners.

III. Homeless Shelter Adaptation

Current experience has made it clear that the state’s homeless shelters do not have adequate physical structures or operational resources to effectively address the current crisis, which requires physical distancing among people. Some funding has been provided to address some of the immediate operational and physical needs of the shelters, including additional funding for staff and opportunities for “decompression” sites to reduce the concentration of people in a single location. While these measures are helpful, there is a need for long-term changes.

Information from homeless shelter providers identifies an opportunity to fund a capital improvement program and ongoing operational support for homeless shelters. This will provide the resources necessary for the shelters to adapt their physical spaces and operations to accommodate the changed needs of the population they serve and to help reduce the likelihood of ongoing transmission of coronavirus as well as other communicable diseases.

An allocation of up to \$25 million has been requested for these purposes. NHHFA is fully prepared to administer the capital improvements portion of this request; it is likely that the

Department of Health and Human Services (DHHS) would be most appropriate to administer ongoing operational support with these funds, but NHHFA is prepared to assist with that as well.

Conclusion

These requests address some of the most critical housing needs that are a direct result of the COVID-19 crisis.

It is important to note that New Hampshire has a strong and experienced network of organizations with the capability to administer programs such as those outlined here. In addition to NHHFA, which already has systems in place that administer approximately \$100 million annually in federal funds, the network includes the DHHS, CDFR, the state's Community Action Agencies, the NH Community Loan Fund, and numerous housing-focused community development organizations.

This network has the capacity and experience to implement these housing programs effectively, quickly and in full compliance with federal oversight requirements.