



NORTHERN NEW ENGLAND
HOUSING INVESTMENT FUND

Strategic Plan

2007–2010

May 24, 2007

To our states, communities, investors, developers, operators, and other interested parties:

The Board of Directors and President of the Northern New England Housing Investment Fund are pleased to share with you our strategic plan, which sets the organization's course of action to the year 2010. Guiding the plan is our continuing, firm commitment to the mission of ensuring a sufficient supply of quality affordable housing in Maine and New Hampshire. Meeting this basic need enables individuals, communities, regions, and states to advance economically and socially.

In developing this plan, we sought input from a number of individuals and organizations. This input was invaluable to us. Overall, the planning process reinforced the importance of our role as the sole nonprofit syndicator of low income housing tax credits in the region. In spite of increasing competition from large, national syndicators, we will continue to focus on the long-term success of individual projects in Maine and New Hampshire.

In addition to our focus on low income housing tax credit projects, we understand the need to explore new ways to enhance our mission. In considering new ventures, we have identified opportunities that build on existing strengths. During the next several years we will explore these ventures with the intent to diversify our products and services.

As our external environment changes, so too does that of our clients and partners. Public agencies are struggling to find ways to overcome a steady reduction in public resources for affordable housing. Developers face an increasingly complex set of regulations, considerations, and costs. And investors are confronting new challenges in an evolving financial services industry. We are cognizant of these changes and will work closely with our constituencies to address them.

Embedded throughout the plan is an increased commitment to collaboration. Creating more and better affordable housing will require an unprecedented level of collaboration among policy makers, state and federal agencies, investors, developers, community nonprofits, and service providers.

We hope you will continue to offer your suggestions as we move forward. Your input will be crucial to our efforts to advance affordable housing in New Hampshire and Maine.

Sincerely,

Board:

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Ignatius MacLellan, Vice Chair
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The strategic plan was accomplished through the efforts of many people. First, it would not have been possible without the decision by the Board and President to undertake the planning process. External stakeholders were generous with their time and provided valuable input. They included the Director and staff of MaineHousing, the Director and staff of the New Hampshire Housing Finance Authority, investors, developers, and community organizations. The internal strategic planning team, comprised of Board members and senior staff, devoted significant time to considering the issues and developing detailed strategies to address them. Finally, valuable contributions from staff further improved the plan. Their expertise, responsiveness, and capacity are integral to the plan's success.

I. Introduction

Northern New England Housing Investment Fund (NNEHIF) is a private, nonprofit 501(c)(3) corporation providing equity capital and technical assistance to affordable housing developers in Maine and New Hampshire. In the mid-1990s, the New Hampshire and Maine housing finance authorities created NNEHIF as a vehicle to attract private capital for low income housing tax credit developments. In its first year, the Fund raised \$27 million in equity, resulting in 455 units of affordable housing. Today, NNEHIF has raised and invested more than \$250 million in approximately 2,800 units of affordable housing. To achieve its goals, NNEHIF collaborates with numerous partners, including investors, developers, community nonprofits, and state housing finance agencies. Success requires balancing both financial and social return on capital.

The Low Income Housing Tax Credit (LIHTC) program offers a financial incentive to construct, rehabilitate and operate rental housing for low-income tenants. Tax credits offer a dollar for dollar reduction in the investor's federal income tax liability. Originally created by the Tax Reform Act of 1986 as a temporary provision of the Internal Revenue Code, Congress permanently extended the program in the Omnibus Budget Reconciliation Act of 1999. The Internal Revenue Service and state housing finance authorities administer the program.

During the past several years the external environment in which NNEHIF operates has changed. Historically, NNEHIF was the principal financial intermediary for low income housing tax credits in Maine and New Hampshire. In recent years, competition for this market has increased. However, as the following examples illustrate, competition is not the only challenge. While consolidation of the banking industry and the rise of national banks creates new opportunities and pressures for investors, it also poses potential threats for NNEHIF. Public funding for affordable housing is declining while demand and costs continue to rise. Changes in federal or state policies (such as tax policy or housing priorities) also may have profound implications for NNEHIF. Finally, developers and operators are confronting emerging regulations and populations that introduce new complexities and relationships. This changing and complex environment has created a sense of urgency to develop a strategic framework to guide NNEHIF efforts. The purpose of the strategic plan is to:

- respond to emerging opportunities and challenges
- engage the full capacity of Board member expertise
- ensure that staff have optimal support to achieve goals

II. Methodology

The Board began the planning process in September 2006 with a four-hour retreat held in conjunction with the fall quarterly meeting. A planning team comprised of volunteers from the Board and the senior staff was created to guide the process. The process itself had three primary phases:

- environmental assessment of strengths, weaknesses, opportunities, and threats
- information gathering and analysis of strategic initiatives
- recommendations

Throughout the process, approximately 50 meetings were held including Board meetings, planning team meetings, staff meetings, and meetings with external stakeholders. Reports and minutes of these meetings were shared broadly with both the Board and staff.

During phase one of the process, the planning team analyzed strengths, weaknesses, opportunities, and threats (SWOT). In addition, new vision, mission, and values statements were drafted, and organizational priorities were identified.

In phase two, input was sought from external stakeholders and staff. This information was integrated into the SWOT analysis and preliminary goals were established with corresponding strategies.

Phase three of the process involved refining the strategies and developing a comprehensive set of specific actions to support each strategy. These actions form the basis of an Implementation Plan that will be monitored by staff and the Board during the next three years.

A top priority throughout the process was to keep the Board and staff fully informed about progress on the plan and to solicit their ongoing input and feedback. The Board was briefed regularly at its quarterly meetings to ensure that each step of the process was codified before the planning team proceeded to the next level of analysis. Senior staff met several times to discuss the plan. In addition, general staff met on several occasions to receive updates and to offer input.

The next two sections of this report discuss the environmental assessment and analysis that comprised the first two phases of the strategic planning effort. The remainder of the report focuses on the recommended vision, goals, and strategies.

III. Environmental Analysis

During the planning process, the Board and planning team conducted a detailed review of NNEHIF's strengths, weaknesses, opportunities, and threats (SWOT). Below is a synopsis of the full SWOT report.

Strengths

NNEHIF's strengths are vested heavily in its staff, whose expertise, knowledge, and relationships form the backbone of the organization's capacity. Similarly, the Board is recognized for the technical expertise of its members, which range from banking to housing to development. Another strength is NNEHIF's sound financial position, as well as adequate physical infrastructure headquartered in downtown Portland, Maine. As a regional nonprofit syndicator, NNEHIF also benefits from its unique understanding of the northern New England market and system. Unlike national syndicators, NNEHIF is focused on improving affordable housing exclusively in Maine and New Hampshire.

Weaknesses

A key organizational weakness is NNEHIF's relatively small size and limited geographic reach compared to national syndicators. In terms of governance, the organization could more fully and effectively employ Board expertise by better focusing members' attention on strategic issues. Finally, outreach efforts need to be enhanced to help NNEHIF better respond to growing market competition. This includes increased presence in New Hampshire comparable to the level of visibility in Maine.

Opportunities

Opportunities exist within the current low income housing tax credit (LIHTC) program as well as in new ventures. Strengthening the LIHTC syndication program is a priority. This program is a vital resource for the region and NNEHIF is committed to maximizing its potential and effectiveness. NNEHIF expertise in affordable housing and real estate provide a foundation for new products and services. Finally, opportunities exist to bolster public leadership in affordable housing.

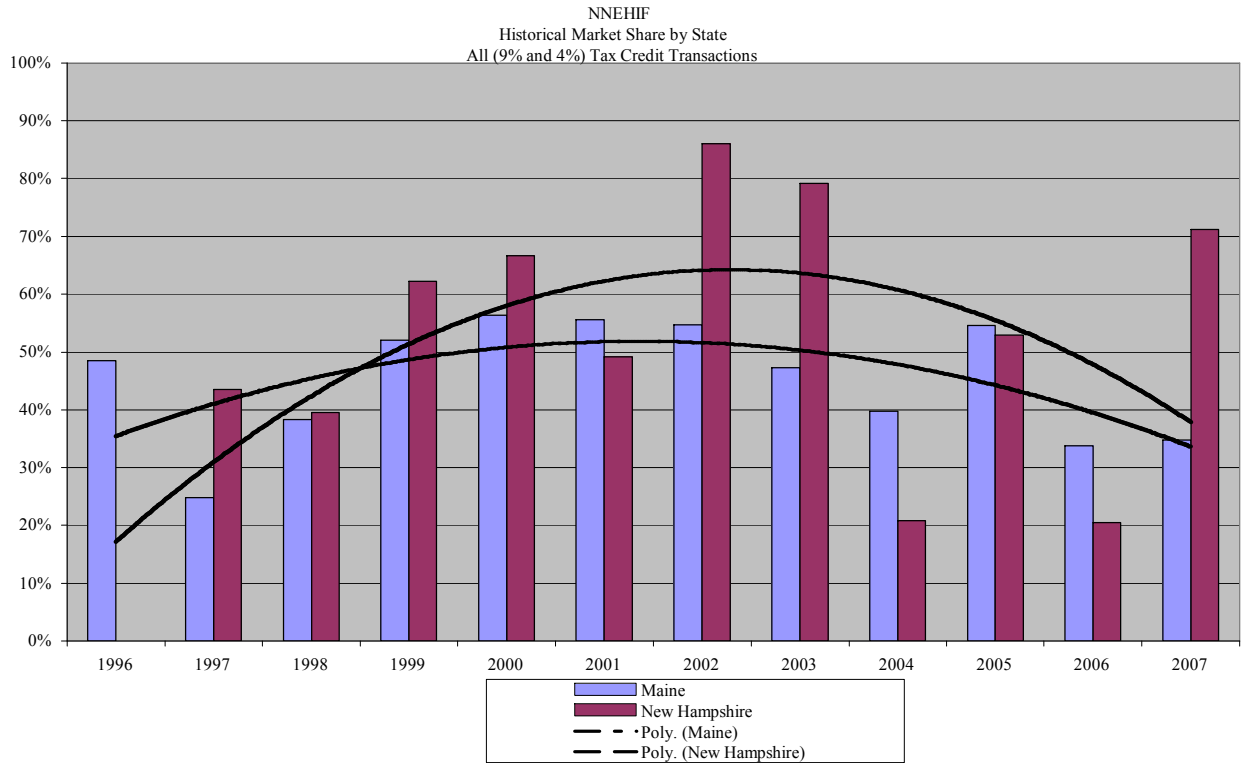
Threats

A number of threats to NNEHIF's mission and viability were identified. Many of these are related to increased competition in various sectors of the affordable housing market. Specifically, low income housing developers in Maine and New Hampshire have begun to partner with large national syndicators who offer favorable price and terms. An example of a group that has entered the northern New England LIHTC market is Boston Capital, an enterprise with an \$11 billion portfolio that has helped create 147,000 units of affordable housing in 48 states.

Also of concern is the continuing aggregation of banks, which has the potential to affect NNEHIF's LIHTC business. For example, senior banking officials are increasingly located outside the region. This is in contrast to the environment of a decade ago, when senior decision makers were located nearby, and in some instances served on the NNEHIF Board of Directors. Banks themselves, along with their Community Reinvestment Act staff, face increased competitive pressure to improve performance. National banks have the option of using proprietary, as opposed to multi-investor, funds in which they are the sole investor and therein have a high degree of control over pricing, geography, and underwriting.

Structural shortcomings in the LIHTC program itself also are cause for concern. While project level expenses continue to rise, maximum revenue potential under the program is capped. If unaddressed, this growing wedge between expenses and payments could threaten the financial viability of LIHTC-financed projects and diminish NNEHIF's ability to invest.

In terms of market share, the ramifications of the above issues are captured in the following chart.



IV. External Stakeholders

External stakeholders interviewed during the planning process included representatives from MaineHousing and the New Hampshire Housing Finance Authority, developers, community nonprofit organizations, and investors. Through these interviews a rich array of ideas and suggestions emerged. In most instances, stakeholders confirmed observations that the planning team had made in its analysis of the external environment—particularly the fact that the pressures on the LIHTC program likely will intensify in the next several years. Common themes that emerged from the interviews are:

Staff have outstanding expertise

NNEHIF staff are seen as experts, with substantial industry knowledge and excellent understanding of the regional housing market. Accolades such as “no one better,” and “topnotch” were common. Accessibility of senior staff was appreciated, as was their ability to anticipate issues and propose solutions. NNEHIF is considered a reliable, professional, and trustworthy organization with a deep commitment to the region.

New ventures are feasible

Stakeholders are aware that national syndicators are courting business in the region, and nearly unanimously agree that NNEHIF should respond to this increased competition by seeking new opportunities. Although there was no consensus on a specific option, most felt that NNEHIF should continue to focus on housing. Both the New Hampshire and Maine state housing agencies expressed the need for consulting services for nonprofits that are developing housing for people with special needs. However, others noted that while a *need* may exist for such services, it is not clear that a corresponding *demand* exists; nor that sufficient funds are available to pay for it. Finally, while stakeholders acknowledged that there were potential conflicts of interest associated with some new business ventures, few expressed concern that these conflicts should prohibit NNEHIF from considering new opportunities. For example, concern was raised regarding how NNEHIF would balance the possibility of consulting on a project and reviewing the an application for financing from that same project.

Existing LIHTC niche should be sustained

Stakeholders acknowledged that the increasingly competitive market requires NNEHIF to explore new business opportunities. However, most of those interviewed believe that NNEHIF should remain in the LIHTC business, and that more could be done to strengthen NNEHIF’s market share in that area. In this regard, comments suggesting the need for a higher profile, as well as more outreach and relationship building, were common. The value of relationships and regional knowledge was mentioned frequently. At least one stakeholder mentioned the need for greater focus in rural areas.

Nonprofit status is valuable

Most stakeholders cited NNEHIF’s nonprofit status as critically important to its commitment, mission, and knowledge of the region. Yet few stakeholders were able to quantify the *market value* of that nonprofit status. Stakeholders cited a number of reasons for using other syndicators, including price, terms, and a process that results in relatively “quick” transactions. However, several stakeholders indicated that they would consider exchanging some measure of price and terms for a quality relationship. Also, the ability to form relationships over time with key NNEHIF staff was seen as an advantage.

Investors play prominent role on the Board

Some stakeholders believe that investors on the Board have substantial influence on NNEHIF decision making. These stakeholders believe that investor influence has made the Board more “risk averse” than it was when NNEHIF was founded, and has shifted resources away from the higher risk and smaller developments that have traditionally been the focus of NNEHIF investments.

NNEHIF could develop a more efficient and consistent transaction process

While acknowledging the considerable expertise of NNEHIF staff, several stakeholders mentioned that the organization’s decision making process regarding transactions could be more efficient and less time consuming, particularly when compared to competitors. Some stakeholders mentioned that they would welcome greater consistency in both approach and communication.

NNEHIF could demonstrate a higher degree of system leadership

There was near unanimous agreement that NNEHIF could play a more visible and influential role in affordable housing policy and advocacy. The two state agencies interviewed noted that NNEHIF could be more helpful in supporting a broader range of state housing policy initiatives outside of its own operating sphere. Relatedly, most stakeholders reacted positively to the prospect of NNEHIF taking a more proactive role in coordinating, publishing, and disseminating pertinent information to stakeholders, policy makers, and the public.

V. Vision, Mission, and Principles

Vision and Mission

The Northern New England Housing Investment Fund (NNEHIF) is a private, nonprofit corporation that promotes housing and community development in Maine and New Hampshire. Our work is fueled by the vision that affordable, secure homes are the cornerstone of community life. To achieve this vision, we focus on improving regional prosperity through the long-term success of individual projects. By ensuring top quality development, we achieve stable and sustainable housing solutions for individuals, families, and communities.

- As a **financial intermediary**, we are the sole regional nonprofit syndicator of low-income housing tax credits. We locate tax credit properties, secure financing, work with developers and property managers, and manage the assets to create economic and social returns for investors.
- As a **convener**, we bring together banks, government-sponsored enterprises, developers, property managers, state and local government, quasi-governmental agencies, and nonprofit organizations around specific projects and broad policy issues.
- As a **consultant**, we help clients navigate financing, development, and management issues by providing high-value strategic and technical assistance in real estate, affordable housing, development, underwriting, and asset management.
- As an **advocate**, we collaborate with local, state, and federal policy makers, nonprofit organizations, and community leaders to advance public awareness.

Principles

Our work is guided by the principles of respect, service, value, and partnership (RSVP).

Respect. Each day we work to earn the respect of clients, partners, and staff. We care about what they think, and we encourage their input. **Service.** We must satisfy the needs of residents, state housing finance authorities, investment partners, developers, property managers, clients, communities, staff, and the Board. **Value.** We strive for superior value on many levels. For investors, this means the economic and social rewards of community investment. For developers, it means better projects through comprehensive technical assistance. For individuals and families, it means the stability of affordable housing. And for the region, it means stronger, more prosperous communities. **Partnership.** Our success depends on bringing together diverse constituencies around common goals. As a leader in affordable housing, we seek out and share information and resources to strengthen the affordable housing system as a whole.

VI. Recommendations: Goals and Strategies

Based on our mission, along with analysis of the external environment and stakeholder input, we have established **4 overarching goals, 16 strategies** and approximately **70 specific actions**. The actions are contained in a separate Implementation Plan that will be monitored during the next three years by senior staff and the Board.

After the thorough review described in the above sections, we have concluded that, overall, NNEHIF is a vibrant organization with a clear focus on bringing together both resources and talent to create more and better affordable housing. We recognize the challenges ahead involving external competition, the economics of the low income housing tax credit program, and evolving stakeholder expectations. To sustain the NNEHIF mission, we will:

- strengthen products and services
- advance affordable housing through leadership
- invest in our Board and staff to deliver outstanding products and services
- emphasize stakeholder communication

Goal I: Strengthen Products and Services

NNEHIF is firmly committed to the mission of ensuring a sufficient supply of quality affordable housing. Our first strategic goal builds on NNEHIF's knowledge and expertise as the sole nonprofit LIHTC syndicator in the region. We remain committed to this program as well as to new strategies that will help us to sustain our mission.

As mentioned above, NNEHIF is competing with national syndicators that have the ability to invest in projects nationwide, and that are able to offer favorable price and terms. This threat may be mitigated to some extent by client appreciation for NNEHIF's commitment to Maine and New Hampshire, as well as its deep expertise in regional real estate. As a result, outreach will increase to educate potential clients about the benefits of a nonprofit syndicator, and in particular, the advantages of using locally based NNEHIF.

We will also pursue strategies to address the issues of rising costs and declining resources, including strategies to better leverage existing capacity. In this regard, two new products and services are under active consideration—full service consulting and third party asset management. Several other potential growth areas also may be evaluated over the next three years, including expansion of financial intermediary services and direct development.

Strategies

A. Increase LIHTC marketing efforts

As the principal LIHTC syndicator in Maine and New Hampshire, NNEHIF was traditionally sought out by prospective clients. Today, however, prospective clients are being courted by larger for-profit syndicators who have the capacity to offer favorable price and terms. Regionally based NNEHIF offers a unique service which, in many ways, is unmatched by its national counterparts. This includes intimate knowledge of the regional real estate market, close relationships with state HFAs, and substantial expertise in both development and asset management. To ensure that prospective clients are fully aware of LIHTC products and services available through NNEHIF, we will:

- increase outreach, including personal and informational contacts, with prospective clients
- distinguish the value of a nonprofit low income housing tax credit syndicator from for-profit syndicators

B. Diversify products and services

NNEHIF has a deep reservoir of expertise in financing, real estate, development, and third party asset management. To keep pace with client needs and expectations, these strengths will be leveraged into new products and services. The purpose of creating new ventures is to ensure the long-term viability of NNEHIF's mission—to increase the quantity and quality of affordable housing in Maine and New Hampshire. After carefully reviewing the options, the development areas that best match our resources and client priorities are full service consulting and third party asset management. Expansion into these areas will improve outcomes for individual projects, for NNEHIF, and for the affordable housing system as a whole. Over the longer term, other products and services will be considered, including direct development and new financial products or services. Any real or perceived conflicts of interest associated with these ventures will be managed through rigorous internal diligence and open communication with stakeholders.

C. Align governance and corporate structures with new business ventures

Changes in the external environment and the possible development of new products and services require a fresh look at our corporate structure and governance. Our objective is to streamline internal processes, including mechanisms that enable the Board to focus on priority issues. To that end, we will:

- focus Board attention on providing overarching guidance on strategy, while project-by-project decision making remains the purview of appropriate Board committees
- consider alternative corporate models to better support new products and services
- research best corporate practices among nonprofit syndicators in other states

D. Continue system-wide influence in affordable housing and in the LIHTC program

While the creation of affordable housing is critically important to the economies and communities of Maine and New Hampshire, efforts to create such housing face significant challenges. For example:

In 2005, the New Hampshire Workforce Housing Council commissioned a study to analyze the impact of housing on the workforce and economy. The study found that up to 2,800 jobs could be lost annually unless the current housing imbalance is corrected (Dr. Lisa Shapiro, *Housing New Hampshire's Workforce*, 2005).

A white paper produced for the Greater Portsmouth Chamber of Commerce estimated that by the end of the decade, the housing deficit will result in New Hampshire having 14,000 fewer workers than it needs to sustain economic growth (Barbara Kravitz, *Housing for Everyone, What Business Leaders Can Do*, 2005).

Similar research with comparable results has been conducted in Maine. In those studies, rising property taxes, diminished public resources, time consuming and expensive permitting processes, high land and building costs, municipal indifference, regulatory burdens, and lack of developer capacity have been cited as barriers to the development of affordable housing (Maurice A. Selinger III, *Top Obstacles to Creating Affordable Housing*, 2005).

During the 1980s, federal subsidies for new construction of affordable apartments and homes were cut drastically. Between fiscal years 1981 and 1989, for example, federal housing assistance dropped from \$30 billion annually to \$7.5 billion (Fannie Mae, 1991). Aggravating these cutbacks were tax code revisions that treated apartment investments less favorably (Frank O'Hara, *Barriers and Solutions*, 2003).

These challenges make it all the more important for NNEHIF to sustain its mission. As an expert in low income housing tax credits, we will continue to strengthen the system proactively by:

- participating in the development of guidelines for the Qualified Allocation Program (QAP). This effort will help bring together syndicators, housing officials, investors, and accountants to influence the selection criteria used to determine housing credit priorities in the LIHTC program
- engaging champions to promote the value of LIHTC, as well as NNEHIF's participation as the principal nonprofit LIHTC syndicator in the region

Goal II: Advance Affordable Housing through Leadership

Nationally, the development of low income housing is facing a myriad of challenges. In Maine and New Hampshire, these issues are compounded (to varying degrees) by high energy and transportation costs, economic variances, older populations, and taxation issues. Structural issues within the LIHTC program further exacerbate these challenges, including the fact that project incomes are capped while expenses continue to rise. These issues require vigilance among affordable housing leaders.

Strategies

A. Support community advocacy efforts

Bringing stakeholders together around common objectives increases capacity to educate national, state, and local leaders about low income housing issues. In Maine, NNEHIF provides financial resources to the Maine Affordable Rental Housing Coalition, and will continue to do so. We will seek out, or encourage the development of, comparable group(s) in New Hampshire. In both cases, we will advocate for a statewide approach to affordable housing.

B. Identify and offer services, assistance, and training that supports overall system improvement

During the past several years, NNEHIF has offered periodic training and forums for partners, managers, consultants, other capital sources, and the HFAs. These forums will continue, and over time it is our intention to provide such opportunities on an ongoing basis. In addition, from time to time we will produce periodic white papers designed to advance public discourse on affordable housing.

C. Act as a “clearinghouse” for restricted properties in transition

From time to time, properties that have been used for low income purposes are abandoned from their original purpose. These properties may represent an opportunity for NNEHIF and its partners. During the next three years, we will evaluate the feasibility of establishing a clearinghouse of these properties, and disseminate the information to interested parties who may be able to utilize the available properties.

D. Increase public visibility

As stated above, we believe that affordable housing is the cornerstone of successful communities. As such, it is integral to many other public policy issues. The *absence* of affordable housing has profound ramifications on economic development. The *type* of affordable housing affects local support. The *intersection* of affordable housing with other community services is essential to the well-being of seniors, low income individuals, and others. The *integration* of affordable housing policy with transportation and health care policy may mean the difference between project success and failure. It is imperative for those involved in affordable housing to inform policy makers and the general public about the importance of incorporating progressive housing strategies into community and economic development. We will seek opportunities to champion this message in an array of venues, including print and broadcast media, speaking engagements, articles, legislative communications, and publications.

E. Seek partnerships

No one group can solve the affordable housing crisis. In addition to the coalition building described above, strategic alliances are needed to meet more targeted goals. For example, the New Hampshire Business and Industry Association has a strategic goal of improving the availability and affordability of workforce housing. Similarly, GrowSmart, an anti-sprawl coalition in Maine, has identified affordable housing as a priority. These are examples of two groups, not primarily devoted to affordable housing, who have incorporated the issue into their overall strategy. During the next three years, we will evaluate these and other opportunities to advance our mission by aligning with complementary efforts.

Goal III: Invest in Board and Staff Development to Ensure Outstanding Products and Services

NNEHIF's human resources are our greatest asset. Our success depends on a Board of Directors committed to affordable housing, with the technical and leadership ability to advance that goal. Equally important are staff who are the best in their field, and who are motivated to deliver superior service. In this regard, our focus will be on strategies to ensure staff satisfaction, professional growth, and retention. During the next three years we will enhance the effectiveness of both the Board and staff. Specifically, we will:

A. Recruit Board members who are high visibility community leaders and committed to the goals of affordable housing

The strategic planning process reinforced the need for public education regarding affordable housing. This includes the general public, business leaders, and policy makers. Advancing this goal is easier when those promoting it represent a wide variety of sectors and are well known and highly regarded.

B. Provide Board members with an annual education and training program designed to educate them on NNEHIF's work and advance their knowledge of the field

Nurturing the capacity of Board members to advance affordable housing both in their role with NNEHIF and in their respective sectors requires ongoing support. We will identify professional development opportunities that meet this goal. In addition, Board members must have a clear understanding of their roles and responsibilities. This includes an understanding of general governance processes and issues, as well as the specific responsibilities necessary to provide oversight for NNEHIF.

C. Increase opportunities for Board dialogue on strategic issues

Board meetings typically are devoted almost exclusively to financial oversight. While this responsibility must be maintained, it is important to enable the Board to focus on other strategic issues such as:

- Investors are under increasing pressure to perform. As such, NNEHIF must be vigilant regarding the participation of current investors, as well as the cultivation of new investors.
- Some external stakeholders perceive that investor interests at NNEHIF dominate decision making and diminish the ability to support worthy, but "high risk," projects. As this report describes, the factors that underlie investment decision making are numerous, varied, and complex. Board and senior staff understand the need for dialogue with key constituencies on this topic.
- NNEHIF's contributions as a nonprofit syndicator need to be clearly defined and articulated by Board members to colleagues and associates in their respective sectors.

D. Increase opportunities for Board members to interact with staff

While Board and staff play distinct roles within NNEHIF, it is beneficial for them to be acquainted with each other. To that end, we will create periodic opportunities for Board and staff interaction.

E. Identify opportunities to increase staff satisfaction

As individual professionals, staff benefit from a broad understanding of NNEHIF work. This understanding increases opportunities for professional growth and personal satisfaction, and contributes to NNEHIF in several ways. First, it is an investment in staff retention. Second, it enhances a sense of team. And third, it increases the number of people who can speak knowledgeably about NNEHIF's work to external stakeholders. As such, we will:

- seek opportunities for more targeted professional development
- review job descriptions to ensure that staff are being sufficiently challenged in terms of responsibilities and workload
- modify staff meetings to encourage communication, and to ensure that staff have the capacity to represent all aspects of NNEHIF operations

Goal IV: Communicate with Stakeholders

During the planning process, a great deal of time was devoted to the issue of improving communication. Enhancing NNEHIF relationships with key constituencies will help solidify the organization's regional profile, connections, and expertise in a market increasingly populated with large national syndicators. To this end, **NNEHIF will increase outreach to key constituency groups** including:

State Housing Finance Authorities. NNEHIF works closely with the two state housing finance authorities (HFAs): the New Hampshire Housing Finance Authority and MaineHousing. The Maine and New Hampshire HFAs are the acknowledged public sector leaders in affordable housing in their states. They have extensive expertise, as well as staff and leaders who are committed to their missions. Quasi independent, the HFAs are governed by boards of directors appointed by each state's Governor, and vary in scope and responsibility. The Maine authority, for example, has an unusually broad charter in comparison to other states. The Maine and New Hampshire HFAs were instrumental in the creation of NNEHIF almost 10 years ago. Specifically, the HFAs wanted a resource that could provide comprehensive technical assistance to developers, as well as offer a means to create smaller projects that might not otherwise be undertaken through traditional financing. Today, the two HFAs appoint members to the NNEHIF Board. The HFAs are essential to the NNEHIF mission and we will:

- periodically bring together the NNEHIF Board with officials from the two HFAs
- advance, where possible, HFA policy initiatives
- identify ways to collaborate with the HFAs on research and policy issues

Investors. NNEHIF fulfills its mission by bringing together investors and developers around specific projects. Without investors, this process cannot occur. Yet, the environment in which investors operate is changing, and those changes have implications for NNEHIF. Key among these changes is the continuing aggregation of independent banks. This affects NNEHIF in a number of ways. First, because senior banking executives and decision makers increasingly are located outside northern New England, new strategies are needed to develop relationships with them. Second, national banks are balancing their community investments across a wide geographic area, and in some cases are turning to national—as opposed to state or regional—syndicators to achieve their objectives. Finally, the competition among banks is ever increasing, which pressures them to improve performance in all areas, including investment in funds. We are sensitive to these and will:

- address, where possible, the changing needs and expectations of existing investors
- provide information to investors regarding project outcomes—i.e., community benefits
- reach out to smaller banks to understand needs relative to community reinvestment

Developers. To accomplish their goals, developers must be skilled in the acquisition, development, and operation of housing projects. In addition, they must have the capacity to navigate the syndication process, secure financing, and structure partnerships. Today, developers are conducting these operations in an increasingly complex environment of escalating costs, increased regulation, and new scrutiny from municipalities concerned about land use issues.

As such, we are exploring ways to:

- improve internal transaction processes to lessen administrative burdens on developers while maintaining appropriate underwriting and asset management standards

Nonprofits. A wide range of nonprofits are either involved, or are considering involvement, in residential services. In particular, special needs populations such as seniors, people who are homeless, and people with disabilities are placing new demands on the affordable housing system. To ensure that NNEHIF is prepared to meet future needs of a more diverse client base, we will:

- reach out to nonprofits in Maine and New Hampshire to understand their needs and determine how NNEHIF may be able to support their efforts
- provide, where possible, information and training that will be useful to these organizations

Municipalities. The need for affordable housing is not concentrated in any one sector. People who live in big cities, small towns, and rural areas have similar needs when it comes to housing. Today, developers work closely with neighborhoods and local planners to create housing that blends or enhances the community—a sharp contrast to the era of large “project-style” developments. Local governments are responsible for a range of issues affecting the quantity and quality of affordable housing. These include administrative processes; building and housing codes; fees; growth restrictions; redevelopment standards; historic preservation; and zoning, development, and construction regulations. In addition, major cities deal with an influx of people with special needs who are attracted by the availability of services. All these issues affect affordable housing, and during the next three years, we will:

- increase communication with municipal associations and with major municipalities to understand needs and to help create an environment conducive to the creation of affordable housing
- consider ways to be more responsive to affordable housing needs and developments in rural areas

VII. Conclusion

The Northern New England Housing Investment Fund (NNEHIF) is firmly committed to its nonprofit mission of ensuring a sufficient supply of quality affordable housing in Maine and New Hampshire. Historically this mission was carried out solely through the Low Income Housing Tax Credit program, and the program continues to be our core business. At the same time, we will build on existing capacity to strengthen our mission with new ventures and strategies. This includes offering comprehensive consulting services in the arena of affordable housing, as well as services related to third party asset management. Also, we will remain open to other opportunities for new ventures.

These new strategies and ventures require us to consider how best to structure NNEHIF from a corporate standpoint. As such, we will examine our corporate structure and practices to better align our governance and management with actual operations. Overall, our goal is to strengthen our position as a nonprofit leader in affordable housing, while remaining competitive in a fast changing market.

To be successful, we must maintain excellence in Board and staff. As such, we are examining new ways to enhance our development of human resources to ensure that they have the information, tools, and opportunities they need to succeed.

Of importance to us are the continuing relationships with key stakeholders, such as the New Hampshire Housing Investment Authority, MaineHousing, investors, developers, community nonprofit organizations, and public officials. The solution to the affordable housing shortage lies in the collaboration of all these groups and others. To that end, during the next three years we will increase our efforts to remain in close contact with these groups, and to understand the issues they are facing.

Fundamental to all the above strategies is a renewed focus on communication. This involves better internal communication to enable all staff to fully understand NNEHIF activities. It involves a higher degree of strategic communication between senior staff and the Board. It requires a heightened sense of the need to listen carefully to key constituencies and to be responsive to new input, concerns, or suggestions. And it requires NNEHIF to be active in communicating the importance of its mission.

The strategic planning process has reinforced our sense of purpose, sharpened the tools we employ to pursue our mission, and set a dynamic and prudent course of action. In particular, participation of the Board and staff throughout this process has strengthened NNEHIF as an organization and created a solid foundation on which to move forward.