



**CDFA**  
COMMUNITY DEVELOPMENT FINANCE AUTHORITY

# COMMUNITY DEVELOPMENT BLOCK GRANT

## APPLICATION AND PROGRAM GUIDE

For additional program details or questions contact:  
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# Program Overview

## Introduction

The Community Development Finance Authority (CDFA) is a statewide non-profit public authority focused on maximizing the value and impact of community development, economic development and clean energy initiatives throughout New Hampshire. The organization leverages a variety of financial and technical resources, including the competitive deployment of grant, loan and equity programs.

## Section 1.1: CDFA's Mission and Vision

CDFA envisions New Hampshire's future with economically and socially resilient communities that reflect and respect their natural surroundings and represent places where people want to live and work. In working towards this vision, CDFA invests in the people of New Hampshire by:

- Enabling its partners to make transformational and sustainable changes;
- Meeting the evolving needs of New Hampshire communities;
- Deploying a well-tuned, effective investment system which directly impacts local communities; and
- Taking an innovative and collaborative approach to development finance.

## Section 1.2: Program Overview

CDFA administers the State of New Hampshire's annual federal allocation of Community Development Block Grant (CDBG) funds for eligible municipalities.

The Community Development Block Grant (CDBG) Program is designed to provide assistance to units of general local government (municipalities) in improving economic opportunities and meeting community revitalization needs, particularly for persons of low and moderate income. The CDBG program has been funded through the State since 1982 by the U.S. Department of Housing and Urban Development (HUD) under the Housing and Community Development Act of 1974, as amended (Title I).

The CDBG program is governed by Title I of the Housing and Community Development Act of 1974, as amended, and implementing regulations for the State Program at 24 CFR Part 570, Subpart I. All CDBG activities must be carried out in accordance with the requirements of Title I, Subpart I, the State Consolidated Plan, created in accordance with 24 CFR Part 91, and this Program and Application Guide.

In the following sections, a description of New Hampshire's CDBG Program is presented along with the amount of funds available and the method of distribution (MOD) of those funds. Also presented are the categories of grants to be made available, selection criteria, eligible activities, and the eligibility requirements for applicants.

CDFA will conduct grant application informational sessions to assist municipalities and other interested parties in the preparation of grant applications and the administration and management of funded projects in accordance with program requirements. In addition, CDFA is available to provide technical assistance to municipalities and non-profit organizations regarding the CDBG program.

## Funding Objectives

The primary objective of the CDBG program is the development of viable communities by expanding economic opportunities, providing decent housing and a suitable living environment principally for persons of low and moderate income.

## Administration of Activities

Activities which are eligible may be undertaken by the grantee/recipient through:

- Its employees; or
- Agreements with a contractor or sub-recipient through procurement procedures governed by 2 CFR 200.318-326.

## Financial Assistance

Subject to the specific requirements of each type of grant or subcategory, the following uses may be eligible for CDBG funds:

- A direct grant to a grantee or eligible individual;
- Grants, loan guarantees, interest rate subsidies or loans to an eligible sub-recipient by the grantee;
- Interest rate subsidies or other favorable terms from a bank participating in the project with the grantee; or
- Any other innovative financing used either singly or in combination with items listed above, with permission from CDFA.

## State Rules

The New Hampshire CDBG Program serves as a catalyst for municipalities to implement programs which meet one of the three National Objectives.

Effective 7-1-2003, [Chapter 319:14 of the State Laws of 2003](#) transferred the state administrative rules (CDFA 300) governing the CDBG program from the Office of State Planning to the CDFA.

In accordance with [RSA 162-L:16, IV](#), CDFA is responsible for adopting rules pursuant to [RSA 541-A](#) for the application process, the criteria for evaluating applications and the administration of program activities and funds for CDBG that are applied for and awarded to eligible municipalities.

## Section 1.3 Implementation Guide

The CDBG Implementation Guide can be found here on CDFA's website: <http://nhcdfa.org/document/nsp/91>. The purpose of this guide is to:

- Assist grant administrators in the day-to-day administration of CDBG projects.
- Provide practical information on how to implement a CDBG project that will meet legal, financial, and program obligations.
- Provide the grant administrator with a simple step-by-step approach for the implementation of CDBG-funded projects, including grant approval, set-up, compliance with applicable requirements, audits and close-out.
- Provide tools to assist in CDBG project implementation. The tools include tips, lists, forms, and sample documents that are in the chapter or in the attachments to each chapter.

This handbook is organized by major topic. All applicable forms referred to in the handbook are located at the end of the handbook chapters. The major topics include:

1. Program Overview
2. National Objectives and Eligible Activities
3. Activity Selection and Implementation (Method of Distribution)
4. Grantee Requirements
5. Environmental Review
6. Financial Management
7. Procurement and Contract Requirements
8. Labor Standards
9. Acquisition
10. Relocation
11. Reporting and Recordkeeping
12. Monitoring and Closeout
13. Glossary (Definitions)

Note, however, that this document is intended as a guide and reference, not as a substitute for thorough knowledge of State and Federal laws and regulations referenced herein.

Though not all-inclusive, this guide covers the major areas of CDBG administration, provides required and suggested forms and instructions, and provides references for applicable State and Federal laws and regulations.

As necessary, revisions or additions to this Guide will be issued via Circulars. This guide will be retained and kept up-to-date on a yearly basis to ensure effective administration of CDBG grants. The current version of the guide can be found on the CDFA website.

## Section 1.4 Overview of Application Process

Submitting a CDBG funding application to CDFA results in either an award or a notice of non-selection. Municipalities that are selected to receive a grant are sent an approval letter. This begins the process of setting up the grant and ensuring that all contractual documents are in place. The steps in the process for newly awarded grants are described in this section.

All applications must be completed and submitted on CDFA'S Grants Management System (GMS) [www.nhcdfragrants.org](http://www.nhcdfragrants.org). CDFA announces all funding opportunities at the beginning of the program year in January by issuing a Notice of Funding Availability (NOFA). Online applications in GMS will be opened in advance to the application deadline dates listed in the NOFA.

### Steps in the Process

In general, the application and award process for CDBG funding consideration follows the steps below.

#### STEP 1 – Pre-Application Meeting with CDFA

All potential applicants contact CDFA to review the proposed project concept prior to submitting an application. CDFA will work with the municipal sponsor to review information to determine:

- There is every reasonable likelihood that the proposed project will meet a federal national objective;
- The applicant is not otherwise ineligible to apply under the program (refer to Implementation Guide Chapter 2 for more information); and
- The proposed matching funds, if any, will be secured and readily available at the time of application.

#### STEP 2 – Application Submission

If the proposed project is determined to qualify for CDBG funding, the proposed eligible applicant is invited to submit a complete application for CDBG funding consideration.

All applications must be submitted through CDFA's online grants management system and received by CDFA by the application deadline. All applications must meet State and Federal Threshold requirements including:

1. All parts of the application have been properly completed and all attachments were provided;
2. Applicant is eligible;
3. Requested amounts are within the program limits (i.e. max grant limit, grant administration, engineering/architectural, environmental review, labor standards, construction contingency etc.);
4. Financial viability of the project
5. In the case of a joint application:
  - a. Copies of all necessary intergovernmental agreements;
  - b. Relevant minutes of meetings and authorizations;
6. All applicants shall submit a housing and community development plan which shall:

- a. Identify community development and housing needs which currently exist or are anticipated during the next three years;
- b. Specify both short- and long-term community development objectives which are consistent with the national and state objectives listed in Implementation Guide Chapter 2; and
- c. State, as a matter of policy, that involuntary displacement of households from their neighborhoods shall be minimized;
- d. If a housing and community development plan is currently on file at the authority and has been adopted no more than three years prior to submission of an application, the applicant may submit a summary;
- e. If a housing and community development plan has been revised, an update shall also be submitted; and
- f. The applicant shall provide as part of the housing and community development plan, or its update, the minutes of the public hearing held to obtain citizen's comments on the plan.

**The Federal CDBG threshold review will consist of the following items:**

- ✓ All activities are eligible under the CDBG program and meet the national objective;
- ✓ Evidence of the authority it received from its local governing body, such as selectmen, town meeting, county commissioners, or city council, to apply for a CDBG grant;
- ✓ Evidence of compliance with statutory public notice and hearing requirements including minutes of at least one public hearing held to provide citizens with information and an opportunity for oral and written comment;
- ✓ Evidence of authorization by the relevant governing body to its Authorized Official to apply; and
- ✓ Subsequent to the public hearing (but before the filing of an application), the housing and community development plan shall be adopted by the municipality's governing body. The hearing on the housing and community development plan may occur at the same time as the one held on the CDBG application, or it may be held at a separate time.

**STEP 3 – Application Review, Rating and Ranking**

Once an application is received, projects will be assigned to the review team which will conduct a more in-depth assessment of the project. The first step in the review process is to determine if the application contains all the required State and Federal threshold requirements.

**When reviewing the State and Federal threshold requirements, if the application is found to be:**

- Complete - It will be forwarded to the review staff for full review. The process will consist of the application being scored against other applications in that round. CDFA staff will rank all complete applications in accordance with the criteria contained in the most current MOD.
- Incomplete - CDFA staff will provide written notification to the applicant that they have fifteen (15) calendar days to submit any necessary information to make the application complete, if federal and state laws allow.

If, at any point during the application reviewing or rating process, it is determined the project does not meet the requirements or that it needs further development (i.e. to meet the requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act or the Federal Environmental Review requirements), a recommendation will be made to the Executive Director to suspend the reviewing and rating (scoring) process. The respective staff will document areas where further development is needed to determine if the application can be submitted in the next round or is ineligible for CDBG funds.

**Upon receipt of additional information, if the application is found to be:**

- Incomplete – It will not be reviewed in that round and will require re-submittal during a future application

cycle. Staff will notify the applicant of the incomplete status.

- Complete - It will move forward in the process. The process will consist of the application being rated (scored) against other applications in that round.

The scoring criteria used to determine ranking and rating can be found in Attachment 1-1 of this implementation guide.

## **STEP 4 – Approval**

### **Duties of the Community Development Advisory Committee (CDAC)**

- As provided in RSA 162-L:15 and RSA 162-L:16, the function of the CDAC shall be to provide advice and consent to the Executive Director and the authority in awarding grants, in adopting application rules and procedures and in developing criteria for awarding the federal funds provided.
- Funding recommendation summaries are prepared by the authority staff and approved by the Executive Director for consideration by the CDAC. The summary of the recommendations will be presented to the CDAC at its' regularly scheduled meetings for review and consent.
- The authority may award a CDBG grant amount that is different from the amount requested by the applicant. Applicants are not penalized for requesting the maximum grant amount, but the authority reserves the right to award a grant amount it deems appropriate to complete the project.
- If municipalities, which have applied for CDBG funds, received no funding or fewer funds than requested, they are eligible to request an administrative review by the authority. Requests must be made no later than 15 days after the CDAC meeting and must adhere to the Administrative Review procedures listed below.
- The authority will notify applicants in writing of their funding status no later than 30 days after the decision by CDAC. In cases where an administrative review is requested, steps outlined under Program Hearing Procedures and Administrative Reviews will be followed.

### **Role of Governor, Attorney General and Executive Council**

Pursuant to RSA 162-L:16, following the Executive Director's determination of final grant awards and the consent of the CDAC, the approval of the governor and executive council shall be required. A contract between the applicant and the authority shall then be signed. In order for funds to be released, the contract shall be approved by the governor, attorney general and executive council.

### **Program Hearing Procedures and Administrative Reviews**

- **Committee Hearings.** All CDAC meetings shall be open to the public and an opportunity for public comment shall be provided at each meeting.

### **Administrative Review Procedure and Time Limits**

This section shall be applicable to municipalities which have applied for CDBG funds for housing, public facilities, economic development and urgent need grants and which either received no funds or fewer funds than requested.

1. A municipality may apply for an administrative review of the scoring of its application by filing a written request within 15 calendar days of the date that they receive their award letter from CDFA.
2. The request for an administrative review shall be signed by the Authorized Official of the municipality

and shall contain the reasons for the requested review. The request shall not introduce new information but shall only explain or clarify information contained in the application submitted.

3. The executive director shall review the written request and shall also review the evaluation process and award recommendations previously made. Within 15 calendar days of receipt of the request, the executive director, based on the information in the request as well as the scoring criteria, shall recommend to the CDAC that it affirm or modify its prior decision.
4. Within 30 days of the executive director's recommendation, the CDAC shall, based on the executive director's review of the scoring criteria affirm or modify its prior decision.

## Section 1.5 Grant Award and Agreement

The authority will notify applicants in writing of their funding status no later than 30 days after the decision by CDAC. In cases where an administrative review is requested, steps outlined under Program Hearing Procedures and Administrative Reviews will be followed.

Grantees must return the executed Grant Agreement within 30 days of receipt from CDFA.

## Other Resources and Information

It is very important to note that the applicable regulations and requirements are subject to change. Grantees are responsible for ensuring that they are in compliance with all applicable rules. This can be accomplished by periodically checking the websites listed below to see if updated or revised regulations have been issued:

### **New Hampshire websites:**

<https://www.nhhfa.org/consolidated-plan>  
<http://www.nhcdfa.org/block-grants/>

### **Guide to National Objectives and Eligible Activities for State CDBG Programs:**

<https://www.hudexchange.info/resource/2179/guide-national-objectives-eligible-activities-state-cdbg-programs/>

### **CDP Income Calculator**

<https://www.hudexchange.info/incomecalculator/>

### **HUD Office of Community Planning and Development Training:**

<https://www.hudexchange.info/trainings/>

### **HUD Office of Healthy Homes and Lead Hazard Control:**

[https://www.hud.gov/program\\_offices/healthy\\_homes](https://www.hud.gov/program_offices/healthy_homes)

### **HUD Office of Labor Standards and Enforcement (OLSE):**

[https://www.hud.gov/program\\_offices/davis\\_bacon\\_and\\_labor\\_standards](https://www.hud.gov/program_offices/davis_bacon_and_labor_standards)

### **HUD Office of Environment and Energy (OEE):**

<https://www.hudexchange.info/programs/environmental-review/>

### **Department of Labor:**

<http://www.dol.gov/>

For more information or assistance, grantees are encouraged to contact CDFA staff.

# Method of Distribution

## Section 2.1: Funding Method of Distribution

New Hampshire's Community Development Block Grant (CDBG) program is offered to eligible cities and counties for a wide range of activities as authorized under Section 105(a) of the Housing and Community Development Act (HCDA) of 1974, as amended. The state annually expects to receive new CDBG funds for distribution to non-entitlement cities and counties for eligible projects. The CDBG funds covered by this Method of Distribution (MOD) includes: new funds, unobligated program year funds, any program income received and grant funds recaptured from projects funded in prior grant years. In accordance with State of New Hampshire's Administrative Rules Cdfa 300, CDFR will manage the competitive award and funding process for eligible projects under this Method of Distribution.

### 2.1.1. Administrative Rule

The NH administrative rule 300 has been adopted to fulfill the purpose of a method of distribution per 24 CFR 91.320(k)(1). The information it provides will assist eligible entities submitting and administering CDBG grant applications.

### 2.1.2. Consistency with New Hampshire's Consolidated Plan

Priorities for CDBG funds must be consistent with the policies and priorities contained in the State of New Hampshire Consolidated Plan for Housing and Community Development. The Consolidated Plan is approved by the U.S. Department of Housing and Urban Development (HUD). The Annual Action Plan, which includes the MOD for the CDBG funds, is the annual update to the Consolidated Plan and has been developed with participation from New Hampshire Housing Finance Authority, State of New Hampshire Department of Health and Human Services, the Housing and Community Development Planning Council and the public input received during the 30-day public comment period.

### 2.1.3. Priorities

Section 106(d)(2)(C)(iii) of the Housing and Community Development Act (HCDA) prohibits a state from declaring certain statutorily eligible activities as ineligible for funding under the state's program, but allows a state to establish funding priorities among the types of eligible activities. The State of New Hampshire's funding priorities for each year will be described within the MOD. In accordance with the HCDA, the state will consider applications for funding consistent with the identified funding priorities within the MOD.

There is a broad range of activities that may be assisted with CDBG funds as defined in Section 105(a) of the HCDA, as amended. States that administer a non-entitlement CDBG program are required to establish procedures for distributing the funds and identification of the activities (priorities) which will be eligible for funding under the state's program. These priorities are described within the MOD. The priorities eligible for funding under New Hampshire's CDBG program are described below.

### 2.1.4. Priority Activities Offered through New Hampshire's CDBG Program

To accomplish the national and state objectives, there shall be 4 grant categories, as follows:

1. Community development grants, which shall consist of the following subcategories:
  - a. Housing
  - b. Public facilities
2. Economic development grants, which shall consist of the following subcategories:
  - a. Business Loan
  - b. Real Estate Development
  - c. Public Infrastructure
  - d. Grant to a non-profit
  - e. Microenterprise Development
  - f. Job Training
  - g. Business Technical Assistance
3. Urgent Need grants
4. Feasibility grants

### 2.1.5. Targets

CDFA receives an annual allocation from HUD for the CDBG program. After subtracting amounts allowed for Administration (2% plus \$100,000) and Technical Assistance (1%), CDFA intends to award available funds in the categories listed below, using the percentages shown. Funding priority target percentages may be adjusted annually to be more in line with the increased demand for certain types of projects, current trends and based on citizen participation plans conducted through the Consolidated and Action Plan process.

	Target %
Annual Allocation From HUD	
Housing / Public Facilities	46%
Economic Development	46%
Urgent Need	4%
Feasibility	1%
Technical Assistance / Administration	3%

The final fiscal year allocation amount will be posted on CDFA's website.

### 2.1.6. Program Year

CDFA's program year runs from January 1 through December 31. A draft annual Action Plan is typically available to the public in November/December. The final Action Plan is prepared and sent to HUD once there is a final federal appropriation and transmittal of the funding amount from HUD.

### 2.1.7. Funds Remaining

On January 1<sup>st</sup> of any given year, any un-obligated or recaptured funds, earlier program year funds or program income will be obligated in conformance with the proposed or HUD approved fiscal year target percentages and will be awarded in accordance with either the proposed or HUD approved MOD.

### 2.1.8. Obligating Funds

CDFA has two federal requirements which must be met: 24 CFR 570.494(b)(2) and 24 CFR Part 570.494(b)(1) which requires each state to obligate and announce (excluding state administration) 100% of each annual grant to Units of General Local Government (UGLG's) within 15 months of the state signing its grant agreement with HUD. To comply with the requirements, CDFA prioritizes its obligation and announcement of CDBG funds as follows:

1. CDBG awards will be obligated and announced from the current annual grant within 15 months of the state signing the grant agreement with HUD (24 CFR Part 494(b)(1); and
2. Any recaptured, liquidated funds and program income on hand will be expeditiously obligated and announced in accordance with (24 CFR Part 570.494(b)(2).

Any recaptured, liquidated funds and program income received by the organization will be tracked and disbursed to projects eligible for funding under the current MOD.

## Section 2.2: Citizen Participation

Every applicant and recipient of CDBG funds must comply with the citizen participation requirements provided in federal law and described in this chapter. Some of the requirements will be checked by CDFA during application review; others will be verified when grant projects are monitored.

See Implementation Guide Chapter 4: Grantee Requirements for more information about required Citizen Participation.

## Section 2.3 New Hampshire Priority Activities

### National Objectives

The authorizing statute of the CDBG program requires that each activity funded, except for program administration and planning activities, must meet one of three national objectives. The three national objectives are: Benefit to low- and moderate- income (LMI) persons; Aid in the prevention or elimination of slums or blight; and Meet a need having a particular urgency (referred to as urgent need). An activity that does not meet a national objective is not compliant with CDBG requirements and may be subject to remedial actions. All projects and the individual activities funded in whole or in part with CDBG funds must meet one of these national objectives:

1. **Benefiting Low- and Moderate-Income (LMI) Persons** – The LMI National Objective is often referred to as the primary National Objective as the regulations require that States expend at least 70 percent of their CDBG funds on activities that benefit low-and moderate-income people as defined below. In addition to ensuring that the required percentage of CDBG funds serve people in the overall LMI category, UGLGs must also ensure that the activities proposed, when taken as a whole, will not benefit moderate-income people to the exclusion of low-income people.
2. **Urgent Need** – To comply with the national objective of meeting community development needs having a particular urgency, an activity must be designed to alleviate existing conditions which the local government certifies and CDFA concurs: Pose a serious and immediate threat to the health or welfare of the community, AND are of recent origin or recently became urgent, AND the grantee is unable to finance the activity on its own, AND no other sources of funding are available to carry out the activity, as certified by both CDFA and the grantee.

- 3. Slum and Blight** – Public and/or private facilities requiring improvements that aid in the prevention or elimination of slums or blighted conditions in a designated slum/blight area may qualify for CDFA funding under the National Objective of Elimination of Slum and Blight Area Basis. Activities that qualify under the objective are either clearly eliminating objectively determinable signs of slums or blight in a defined slum or blighted area (“area blight”) or are strictly limited to eliminating specific instances of blight outside such an area (“spot blight”).

The National Objectives are described in detail in Implementation Guide Chapter 2: National Objectives and Eligible Activities.

For each national objective there are a variety of eligible activities that can be undertaken to meet the CDBG requirements.

## State Objectives

To accomplish the national and state objectives, CDFA sets priorities and goals in the State's Consolidated Plan. The Consolidated Plan is the five-year plan for the use of HUD funds block-granted to the state to address community development, housing, and homeless needs. New Hampshire's Consolidated Plan is developed by the Housing and Community Development Planning Council and is created through a citizen participation process. Through this process CDFA determines the categories and subcategories of funds to be awarded.

The following are additional objectives mandated by the state for distribution of CDBG funds:

1. Implementing the housing and community development plan and conforming to the municipality's master plan and ordinances;
2. Preserving and promoting existing neighborhoods and community centers;
3. Restoring and preserving properties which have historic, cultural, architectural or aesthetic value;
4. Solving community problems with long-term benefits and innovative solutions;
5. Successfully raising funds or securing matching funds and resources from public and private sources;
6. Funding needed projects for which other private or public funding is not available and is consistent with the national objectives;
7. Community development grants shall, at a minimum, provide improved housing in accordance with section 8 standards, public facilities or employment opportunities primarily to low and moderate income persons or households. Grants shall not benefit moderate-income persons to the exclusion of low-income persons.

## Section 2.4 Categories of Funding

### 2.4.1. Community Development Grants

#### Housing

An LMI Housing activity is one carried out for the purpose of providing or improving permanent, residential structures that will be occupied by LMI households upon completion. This would include, but not necessarily be limited to, the acquisition or rehabilitation of residential property or conversion of nonresidential property to residential.

Eligible housing activities shall include:

1. Homeowner Rehabilitation, rehabilitating housing which does not meet physical condition standards for HUD housing that is decent, safe, sanitary and in good repair as defined in 24 CFR 5.703 including:
  - a. Improving the efficient use of water and energy;
  - b. Inspecting, testing and abating lead-based paint;
  - c. Exterior painting;
  - d. Providing elderly or handicapped access;
  - e. Water, sewer, street and sidewalk improvements; and
  - f. Maintenance of a housing inspection program, including a provision for a housing inspector.
2. Rental Housing Activities, rehabilitating housing which does not meet physical condition standards for HUD housing that is decent, safe, sanitary and in good repair as defined in 24 CFR 5.703 including:
  - a. Historic preservation.
3. Infrastructure in support of housing.
4. Any other activity that CDFA determines to be consistent with the national objectives in 42 U.S.C. 5304 (b) of the federal act.

### **Housing Activities and Program Requirements**

The rent shall meet one of the criteria below:

- a. Not exceed 100 percent of the "Fair Market Rent for Existing Housing" published by HUD under 24 CFR 888 in the Federal Register for no less than 5 years following completion of the project; or
- b. For rehabilitated housing and infrastructure improvements in combination with capital from entities which target low and moderate income beneficiaries, rents (including utility allowance) for CDBG assisted units shall be as defined by HUD in 42 U.S.C. 1437a(a)(1) of the United States Housing Act of 1937, as amended for the State of New Hampshire.

### **Housing Rehabilitation – Neighborhood Revitalization Program Requirements:**

The following shall be eligible for financial assistance:

1. Landlords;
2. Low and Moderate Income Homeowners;
3. Public Housing Authorities
4. Private or Public Nonprofit entities

### **Additional Conditions for Landlord Eligibility**

Landlords shall be eligible to receive financial assistance in order to rehabilitate housing units under the following conditions:

- A. At least 51 percent of the units in the building are occupied or if vacant, shall be reserved for low and moderate income households;
- B. The landlord agrees to rent vacant units rehabilitated with CDBG funds to low and moderate income household(s) for no less than 5 years following completion of the project;
- C. The rent shall meet one of the criteria below:
  - a. Not exceed 100 percent of the "Fair Market Rent for Existing Housing" published by HUD under 24 CFR 888 in the Federal Register for no less than 5 years following completion of the project; or
  - b. For rehabilitated housing and infrastructure improvements in combination with capital from entities which target low and moderate income beneficiaries, rents (including utility allowance) for CDBG

assisted units shall be as defined by HUD in 42 U.S.C. 1437a(a)(1) of the United States Housing Act of 1937, as amended for the State of New Hampshire; and

- D. All other units in the same building meet the standards defined above whether or not all units utilize CDBG funds.
- E. To meet the requirements described above in the case of a 2-unit structure, only one of the units shall be required to be occupied by a low and moderate income household.
- F. Landlords shall be eligible to receive financial assistance for the housing unit(s) actually rented to a low and moderate income household(s) in a building in which less than 51 percent of the units are occupied by such households, provided that:
  - a. The landlord agrees to adhere to the requirements above; and
  - b. CDBG funds shall not be used to rehabilitate the units in the building that will not be occupied by low and moderate income households.
- G. Landlords shall be eligible to rent at the full fair market rent level to tenants with section 8 certificates or vouchers.
- H. Landlords shall rent at no more than the fair market rent for a one-bedroom unit for an independent group residence, shared or congregate housing unit.
- I. Landlords shall rent at no more than 60 percent of the fair market rent for an efficiency housing unit or a single room occupancy housing unit.
- J. Low and moderate income households that acquire housing units as a result of a project shall pay no more than 30 percent of their gross income on housing cost that shall include, but not be limited to, the following:
  - a. Monthly mortgage payments;
  - b. Property taxes;
  - c. Insurance; and
  - d. Heat.
- K. Housing units rehabilitated with CDBG funds shall meet the following standards:
  - a. Housing that is decent, safe, sanitary and in good repair as defined in 24 CFR 5.703, or state and municipal housing or building, electrical and plumbing codes where they exceed the HUD standards;
  - b. The state's life safety code pursuant to RSA 153:5 and SAF-C 6000;
  - c. The state energy code pursuant to RSA 155-D and PUC 1800; and
  - d. Where applicable, the state's architectural barrier free design code pursuant to RSA 275-C:10 through C:18 and ABFD 300.
- L. The relevant rehabilitation standards above shall not apply where the sole activity consists of:
  - a. Painting the exterior of residences of low and moderate income households;
  - b. Removing material or architectural barriers from the residences of the elderly or handicapped; or
  - c. Water, sewer, street and sidewalk improvements on private property in support of housing.
- M. The following funding limits shall apply to housing rehabilitated or assisted with CDBG funds:
  - a. For rehabilitation of apartment units, single family and mobile/manufactured homes, CDBG funds shall not exceed \$18,000 per unit; and
  - b. For single room occupancy housing CDBG funds shall be limited to \$7,000 per residential unit.
- N. The relevant limits above shall not apply where the rehabilitated multi-family housing shall provide a long-term benefit primarily to low and moderate income households by:
  - a. Providing housing at rent levels specified in (C)(1); or
  - b. Providing homeownership opportunities at costs no greater than those described in (J).

- O. For all buildings with either 8 or more residential units for which a minimum of \$100,000 in CDBG funds is proposed, the applicant shall submit a proforma analysis to show revenues and expenses that will be generated from the building. The proforma and supporting information shall be submitted with the application.
- P. The following funding limits shall apply to shared, group and congregate housing rehabilitated with CDBG funds:
  - a. For a building of up to 8 units, CDBG funds shall be limited to \$40,000 for the building plus \$10,000 per unit; and
  - b. For a building with 8 or more units, CDBG funds shall be limited to \$15,000 per unit after the \$40,000 base for the building provided that the applicant shall document financial solvency of the building by submission of a proforma analysis.
- Q. Exterior paint programs shall not exceed \$300 in CDBG funds per housing unit. Paint and equipment rental shall be the only allowable costs.
- R. The grantee shall place a 5-year lien on any residential building which has been rehabilitated with CDBG funds.
- S. A municipality may operate a revolving loan fund for a housing project provided:
  - a. That low- as well as moderate-income households will benefit;
  - b. At least an equal amount of matching loan funds will be available from banks and/or other financial institutions at market or below market interest rates;
  - c. The municipality has the long-term capability to administer the revolving loan fund after the grant closeout; and
  - d. Evidence of such long-term capability may be a contract with a bank or administering agency to provide such services.

## Public Facilities

The overall objective of the public facility grants is to support community development projects that primarily benefit low- and moderate-income persons or households.

Eligible Public Facility activities shall include:

1. Water and Sewer
2. Public Property
3. Public Services Requirements
4. Any other activity that CDFA determines to be consistent with the national objectives in 42 U.S.C. 5304 (b) of the federal act.

### Public Facilities Grants for Water and Sewer

Eligible activities for public facilities grants for water and sewer shall include:

1. Extending or replacing water or sewer lines;
2. Constructing water or sewer treatment facilities;
3. Constructing water storage tanks or reservoirs;
4. Digging of wells; and
5. Any other activity that CDFA determines to be consistent with the national objectives in 42 U.S.C. 5304 (b) of the federal act.

### Matching Funds Requirement

Notwithstanding any additional requirements which might apply to a specific public facilities grant for public property, all of the activities listed as eligible shall have a minimum match ratio of 1:1 of CDBG funds to non-CDBG funds. If the applicant cannot raise the required matching funds, the applicant shall not apply. Any matching funds necessary to complete the proposed CDBG project, must be in the form of cash or debt service. All project funds necessary to complete the proposed project must be available and committed at the time the application is received by CDFA.

Additional Requirements for Water and Sewer projects can be found at CDFA 310.01 threshold application requirements.

**NOTE:** Although an eligible activity, assistance for water and sewer systems serving primarily medical facilities and nursing homes shall be of low priority and shall receive 0 points when scored, as compared to the 50 points which an eligible activity otherwise shall receive.

### Public Facilities Grants for Public Property

#### Eligible activities for public facilities grants for public property shall include:

1. Constructing elderly/handicapped access to existing public buildings and property;
2. Acquiring, constructing, reconstructing, rehabilitating or installing:
  - a. Streets;
  - b. Street lights;
  - c. Sidewalks;
  - d. Parks;
  - e. Playgrounds;
  - f. Recreation areas;
  - g. Malls;
  - h. Walkways; and
  - i. Easements.
3. Acquiring, constructing, rehabilitating or renovating:
  - a. Schools for use as schools;
  - b. Libraries; and
  - c. Museums.
4. Acquiring, constructing or rehabilitating medical facilities;
5. Acquiring, constructing or rehabilitating nursing homes;
6. Developing municipal master plans; and
7. Any other activity that CDFA determines to be consistent with the national objectives in 42 U.S.C. 5304 (b) of the federal act.
  - The repair or maintenance of items listed in (2) shall be ineligible.
  - The activities listed in 3, 5, and 6 although eligible, shall be of low priority and the application shall receive 0 points when scored.

#### Matching Funds Requirement

Notwithstanding any additional requirements which might apply to a specific public facilities grant for public property, all of the activities listed as eligible shall have a minimum match ratio of 1:1 of CDBG funds to non-CDBG funds. If the applicant cannot raise the required matching funds, the applicant shall not apply. Any matching funds necessary to complete the proposed CDBG project, must be in the form of cash or debt service. All project funds necessary to complete the proposed project must be available and committed at the time the application is received by CDFA.

### Public Facilities Grant for Public Services

Eligible activities for public facilities grants for public services shall include:

1. The use of up to 15 percent of the total CDBG grant awarded to provide public services as described

in 42 U.S.C. 5305(a)(8) of the federal act, but only if the applicant:

- a. Has not provided such services during the 12 months immediately preceding the date of submission of the application; and
  - b. Submits a self-sustaining plan for continued funding of such a service once grant funds are expended.
2. Acquiring, constructing, reconstructing, or rehabilitating the community centers, homeless shelters or neighborhood facilities in which public services shall be provided; and
  3. Any other activity that CDFA determines to be consistent with the national objectives in 42 U.S.C. 5304 (b) of the federal act.

**NOTE:** The activities listed above with the exceptions of those related to homeless shelters and child care facilities, although eligible, shall be of moderate priority and the application shall receive 25 points when scored, as compared to the 50 points which an eligible activity otherwise shall receive.

## 2.4.2. Economic Development Grants

### Loans and Grants

The overall objective of economic development funds is to expand economic opportunities for low- and moderate-income individuals.

Eligible activities for economic development grants shall include:

1. Acquiring, constructing, reconstructing, or rehabilitating commercial or industrial buildings;
2. Purchasing machinery and equipment;
3. Training of employees when conducted under the following circumstances:
  - a. As a public service pursuant to the eligibility restrictions of the public service chapter; or
  - b. When new jobs are being created and there is a lack of skilled persons in the labor market to fill the new jobs.
4. Acquiring land;
5. Making public facility improvements; and
6. Any other activity that CDFA determines to be consistent with the national objectives in 42 U.S.C. 5304 (b) of the federal act.

### Eligible Entities

The following shall be eligible for financial assistance from the grantee:

1. For-profit subrecipients;
2. Non-profit subrecipients; and
3. Municipalities

### For-profit subrecipients Eligibility Requirements

- For-profit subrecipients shall be eligible to receive financial assistance under at least one or more of the following conditions:
  - a. The assistance shall meet the objectives in 24 CFR 570.482(e)(2);
  - b. The assistance is used solely for the added cost to be incurred by the business as a result of hiring unskilled workers and training them; or
  - c. The assistance is used solely for teaching higher skills to existing employees in order to retain them.

### Non-profit subrecipients Eligibility Requirements

- Non-profit subrecipients shall be eligible to receive financial assistance under the following conditions:
  - a. The assistance shall meet the objectives in 24 CFR 570.482(e)(2);
  - b. The assistance shall be for the purpose of loaning funds to a business and capitalizing a revolving loan fund with the repayments; or
  - c. The assistance shall be for the acquisition or improvement of land or buildings owned by the non-profit.

### **Municipalities without any subrecipient**

Municipalities without any sub recipient shall be eligible to receive financial assistance where the assistance is for the purpose of making public facility improvements in support of economic development. In order to be considered for an economic development grant the applicant shall:

- Document the expected rate of return to the business ownership, relative to the industry in which it is participating;
- Document through proformas and financial projections for the business that an adequate cash flow shall exist to repay the debt resulting from the project as well as any other debt that the business has incurred; and
- Include a detailed analysis prepared by a certified public accountant or a certified economic development professional documenting the cash value of the CDBG assistance to the business.
  - a. Grantees or subrecipients shall neither propose nor provide grants to for-profit businesses or organizations.
  - b. Applications shall include documentation that demonstrates that the project is feasible.
  - c. Documentation required pursuant to (j) above shall, at a minimum, include the following:
    - A description of management capabilities and qualifications;
    - Financial history that is sufficient to determine the following:
      - a. The operating cycle;
      - b. Cash flow;
      - c. Cash management;
      - d. Permanent working capital;
      - e. Use of discretionary funds;
      - f. Profit and loss projections; and
      - g. Balance sheet projections;
    - Market plans and projections; and
    - Confirmed project component costs by an engineer or an independent appraiser.

### **Selection Process**

- Applications shall be accepted on a year-round basis and shall be ranked and rated per the scoring guidelines.

### **Technical Assistance for Business**

- Municipalities shall be eligible to apply on behalf of non-profit regional development corporations in order to increase the expertise and capacity of the non-profit in order to capitalize and manage revolving loan funds for economic development. Grants may also be used in order to expand program offerings of the regional development corporations to further the delivery of economic development services in their region.
- Municipalities may apply for capacity development funds in an amount not to exceed \$20,000 per year per regional development corporation. This grant shall not count against the municipal annual funding limit established in Chapter 2 of the Application Guide.
- Funding awards to grantees shall be made based on the past performance of the regional development corporation on whose behalf the funds are being applied for. Documentation shall include, at a minimum, the following:
  - a. A statement of assets of the regional development corporation;
  - b. Profit and loss statements of the regional development corporation;
  - c. A statement by the regional development corporation on the progress made with respect to job creation;
  - d. An annual work plan to be approved by CDFA; and
  - e. A report on the outcomes of the previous year's work plan.
- Grantees shall be eligible to receive up to 15 percent of a capacity development grant award for administration.

- Non-profit regional development corporations shall use CDBG funds to develop and expand their capacity and expertise with regard to the following:
  - a. Marketing of the revolving loan fund;
  - b. Deal structuring;
  - c. Financial analysis; and
  - d. Loan servicing.
- The following activities shall be considered ineligible uses for capacity development grants for regional development corporations:
  - a. Business recruitment outside the chartered boundaries of a regional development corporation;
  - b. Rent of office space; and
  - c. General promotion of a municipality or region.
- Regional development corporations shall not substitute grant funds for existing financing of overhead costs.
- Applicants may receive funding for capacity development grants for regional development corporations provided they document that the non-profit regional development corporation meets all of the following conditions:
  - a. That loans shall create or retain at least one job for every \$20,000 received by the municipality under this subcategory;
  - b. That jobs created or retained during the term of the assistance provided by capacity development grants for regional development corporations shall be filled primarily by low and moderate income persons;
  - c. That in the event a business funded as a result of receiving a capacity development grant, involves the relocation of all or part of that business, only net jobs created shall be counted towards meeting the requirements.
  - d. The scoring criteria set forth for scoring Economic Development Grants in Implementation Guide Chapter 10 shall not apply to applications submitted for capacity development grants for regional development corporations.

## Microenterprise Development Grants

The Microenterprise Assistance Grant Program provides grant funds to assist in innovative solutions to problems faced by microenterprise businesses. Eligible activities shall include all the activities set forth in 24 CFR 570.482 (c).

- Municipalities shall be eligible to apply for up to \$500,000 for a one-year grant. This grant shall not count against the municipal annual funding limit established in Chapter 2 of the Application Guide.
- Municipalities shall be eligible to apply on behalf of subrecipients who will carry out microenterprise development activities.
- Loans made to microenterprises shall not exceed \$25,000 per business.
- Grantees or subrecipients shall neither propose nor provide grants to for-profit businesses or organizations.
- Applicants shall include documentation that demonstrates the project is feasible including, at a minimum, the following:
  - a. A description of management and project staff capabilities and qualifications;
  - b. Description of the length and scope of the services to be provided;
  - c. Financial history that is sufficient to determine cash flow, with the following documentation

- i. A pro forma budget analysis;
- ii. Matching funds available;
- iii. Fees and other income; and
- iv. Drawdowns.
- d. Permanent working capital for the project, with the following documentation
  - i. The amount of internal funds which will be used to continue the project after the budget period;
  - ii. Other sources of operating capital
  - iii. Market plans and projections;
- e. Confirmed project component costs by outside consultants, if any; and
- f. Evidence that the grantee or sub recipient has the long-term capacity to administer the project after the grant closeout.

Subrecipients shall not substitute grant funds for existing financing of overhead costs.

Applications shall be scored according to the established ranking and rating criteria.

**Demonstration of National Objective:** Applicants must demonstrate that the project meets the National Objective of 1) assisting existing or developing businesses that have five or fewer employees, one of whom owns the enterprise, and whose family income is LMI, or 2) creating up to two FTE jobs which must be taken by low- to moderate-income individuals.

### 2.4.3. Urgent Need Grants

The overall objective of the Urgent need Grant Program is to provide funding to communities to address serious and immediate threats to health and welfare which are declared state or federal disasters.

Pursuant to Section 104 (b) 3 of the Housing and Community Development Act of 1974, as amended (see 24 CFR Section 570.483(d)), the applicant must address a community development need which meets all four criteria listed below:

- Poses a serious and immediate threat to the health or welfare of the community;
- Originated or became a direct threat to public health and safety no more than 18 months prior to submission of the application;
- Is a project the applicant cannot finance on its own. “Cannot finance on its own” means, that the town’s tax burden, regulatory structure, utility user fees, bonding capacity, or previous or existing budgetary commitments, precludes it from assuming the additional financial obligation needed for this project; and
- Cannot be addressed with other sources of funding.

#### Program Requirements

- Urgent Need grant applications shall be submitted under the subcategory of housing, public facilities or economic development.
- Housing and Public Facility applications shall be scored according to ranking and rating criteria and must receive the minimum score required in order to be considered for a final grant award.
- Economic Development Grants applications shall be scored according to ranking and rating criteria and must receive the minimum score required in order to be considered for a final grant award.
- CDBG funds shall be awarded to applicants whose project shall provide immediate relief because of:
  - a. Emergencies resulting from natural disasters;
  - b. Unanticipated events which have a serious and immediate threat to public health and safety; or
  - c. Unanticipated actions which have resulted in plant closures or permanent layoffs of employees jeopardizing the economic stability of the community.

- d. The stated emergency should have occurred within the past 18 months.
- There shall be no limit on the number of applications which may be submitted except that economic development applications under this section shall only be eligible after the economic development set aside has been awarded. Urgent Need grants shall be subject to the same funding limits as community development grants.
  - a. CDBG funds awarded to a municipality in this category with a population of 10,000 or under shall not exceed \$350,000 for a one year grant(s).
  - b. CDBG funds awarded to a municipality in this category with a population above 10,000 shall not exceed \$500,000 for a one year grant(s).
- Administrative costs shall not exceed 15 percent of the grant funds awarded.
- Urgent Need applications shall be accepted on a rolling basis until set aside is expended.

#### 2.4.4. Feasibility Grants

The overall objective of a feasibility grant shall be to determine whether:

- a. The project proposed is feasible and/or to recommend specific action(s) to be undertaken; and
- b. A minimum of 51 percent of the intended beneficiaries shall be low and moderate income persons or households.

##### **Eligible Activities.**

Eligible activities shall include the study, analysis and planning of any eligible activity, including architectural and engineering redesign and energy audits, which might lead to a community development or economic development grant application.

##### **Ineligible activities shall include:**

- Final architectural and engineering designs;
- Municipal master plans;
- Construction; and
- Any other activity that CDFA determines to be inconsistent with the national objectives in 42 U.S.C. 5304 (b) of the federal act.

##### **Evidence of Low and Moderate Income Benefit; Other Requirements.**

Housing feasibility studies for rehabilitation activities shall include the following:

- A determination of area wide benefit and potential applicants by conducting an income survey of the households in the target area with at least a 67 percent random or serial response rate;
- A structural inspection of at least 10 percent of the eligible units in the proposed project documenting the condition of the electrical, plumbing, heating and venting systems and the extent of code compliance; and
- A program design including, but not limited to:
  - a. Plans for grant administration;
  - b. Verification of household income levels;
  - c. Structural inspections;
  - d. Funding mechanisms for eligible households;
  - e. Payment schedules;
  - f. Program outreach; and
  - g. Marketing.
- Public facility feasibility studies shall document a minimum 51 percent low and moderate income benefit in the service area by conducting an income survey with at least a 67 percent random or serial response rate or by using any other statistically valid method.

##### **Administrative Requirements.**

- Each application shall be submitted under the housing, public facilities, or economic development subcategory.

- Where 2 or more types of activities are proposed, the application shall be submitted and scored in the subcategory which reflects the principal activity and for which at least 51 percent of the funds have been requested.
- Applicants shall design and implement studies which can be completed within a 12-month period.
- The maximum grant award of \$12,000 shall be made only for feasibility studies which include architectural or engineering redesign, or economic analysis and a plan or approach to the study which has the potential for achieving the goals stated in the proposal.
- There shall be no yearly limit on the number of feasibility grant applications which can be submitted and received.
- The following restrictions shall apply to the funds awarded for feasibility studies:
  - a. Eligible administrative costs shall not exceed 20 percent, or \$2,000 where the maximum of \$12,000 has been awarded;
  - b. Consultant fees for writing and preparing grants shall qualify as administrative costs, but shall not exceed \$500 per application; and
  - c. Any subcontract for non-administrative services over \$2,000 shall be bid in accordance with the competitive negotiation procurement process described in 24 CFR 85.36(d)(3).
- Upon completion of the study, a public hearing with opportunity for oral and written comment shall be held to discuss its recommendations and conclusions.