

2006 Action Plan

Introduction

Of the three major components in the Consolidated Plan (Needs, Strategic Plan, and Action Plan) the Action Plan must be updated and submitted to HUD annually. The Action Plan serves as the basis for distributing State Community Development Block Grant, Emergency Shelter Grant, and HOME Investment Partnerships grant funds in the upcoming program year. The Action Plan also serves as the State's application for those funds.

In addition to published invitations to review the draft 2006-2010 Consolidated Plan including the 2006 Action Plan, a public hearing was held on September 29, 2005 as well.

A. HOME Investment Partnership Funds

1. Distribution of Funds and Assistance Goals

The federal allocation of HOME funds to the state for fiscal year 2006 is projected as \$5,227,174 including \$198,135 in American Dream Downpayment Initiative (ADDI) funds. The cities of Manchester and Nashua receive additional allocations directly from HUD. HOME investment will be matched in accordance with regulatory requirements. Match will be generated primarily from New Hampshire Housing and private investment of resources that are leveraged by HOME investment in multifamily projects. Up to 10% of the allocation excluding ADDI may be used for administrative costs. The following initiatives are planned.

a. Rental Housing Development

New Hampshire Housing will operate a rental housing development program to provide nonprofit and for-profit developers and owners with access to acquisition and/or rehabilitation assistance with HOME funding. New Hampshire Housing, in its discretion may sub allocate funds under this program to a municipality with demonstrated capacity to undertake a similar program. This initiative is described as follows.

- The entire 2006 allocation excluding ADDI will be used to support rental housing development activities.
- Nonprofit and for-profit entities are eligible applicants. A minimum of 15% of the total HOME allocation excluding ADDI will be reserved for CHDO's through their rental housing development activities.
- Up to 25% of the rental housing development funds shall be used for projects meeting the needs of housing for families and persons with special needs sponsored by nonprofit entities. These funds are intended to be blended with other New Hampshire Housing funds.
- New Hampshire Housing will directly administer all funds allocated to rental housing development (with the exception of any sub allocation).
- \$1,000,000 in rental housing development funds will be set aside as subsidy for non-competitive award to large scale rental production projects financed by NH Housing with

bonds and 4% Low Income Housing Tax Credits. These funds will be reserved for family projects for the first nine months of the program year, after which any remaining set aside funds could be utilized for senior housing projects.

- New Hampshire Housing shall implement program rules that, at a minimum, shall ensure that all applicable federal regulations are met.
- Applications, except those for the Special Needs Housing Program below, will be accepted two times per year in accordance with the following schedule:

<u>Round</u>	<u>Application Deadline</u>	<u>Funds Allocated</u>
1	February 3, 2006	Up to one half of competitive rental housing allocation
2	June 30, 2006	Up to one half of rental housing allocation and any unused, returned or additional HOME funds available for the program year.

- Applications received in the February and June rounds shall be reviewed and approved with associated Low Income Housing Tax Credit applications. Nonprofit and for-profit entities are eligible applicants.
- In order to limit the amount of additional over 55 age restricted affordable housing developed in New Hampshire, a limit of \$450,000 in Low Income Housing Tax Credits for over 55 age-restricted housing is being established as a set-aside this year.
- Applications for the Special Needs Housing Program funds will be accepted two times per year in accordance with the following schedule:

<u>Round</u>	<u>Application Deadline</u>	<u>Funds Allocated</u>
1	March 31, 2006	Up to 75% of Special Needs Housing allocation
2	September 30, 2006	The remainder of the set-aside.

- Review and approval of Special Needs Housing Program funding requests will be coordinated with other New Hampshire Housing-administered housing development resources and the State CDBG Program.
- All applications will be reviewed with consideration of the appropriate strategic priorities and funding availability.
- Projects meeting the needs of housing for families and persons with special needs will receive priority.
- All rental units assisted by HOME must be occupied by households that have incomes at or below 60 percent of the median income for the area, as determined by HUD with adjustments for smaller and larger families.
- All rental housing supported with HOME funds shall, where feasible, provide for a minimum of a 20-year commitment to targeted groups. Furthermore, programs proposing to commit to terms beyond the minimum requirements shall be given priority.
- Projects shall be required to maintain the specified commitment period independent of the status of the original financing. Transfers of property are allowable to parties willing to maintain the respective commitment to affordable housing. Failure to maintain the specified commitment to affordable housing shall constitute a default under the project mortgage and regulatory agreement.

- Funding can be provided to viable proposals in any area of the state where needs are demonstrated. In communities that receive a direct allocation of HOME funds from HUD, New Hampshire Housing shall provide assistance to projects only when local programs do not address the specific need identified, or if local HOME funds are insufficient to support the proposed development.
- An amount up to 5% of the total HOME allocation may be provided in the form of operating assistance grants to qualified Community Housing Development Organizations. Approximately 3 CHDO's may receive operating assistance grants.
- Pre-development/feasibility loans may be made to qualified CHDOs that receive a reservation of HOME funds from New Hampshire Housing. The total amount of these loans shall not exceed 10% of the total amount of funds reserved for CHDOs.
- Approximately 70 rental housing units will receive funding commitments during the year.

b. Home Ownership Assistance

Up to 1/3 (33%) of the HOME Allocation excluding ADDI has previously been made available to assist homeowners through rehabilitation of their property. Due to a shortfall in subsidy dollars necessitating the use of \$1,000,000 in HOME funds to operate the New Construction and Housing Preservation Program and the Rental Production Program, the single family rehabilitation program has been suspended until further notice.

c. Home Acquisition

1) American Dream Program

New Hampshire Housing anticipates assisting approximately 19 low income first time homebuyer households with closing cost and down payment assistance. Assistance will be provided in the form of a non-amortizing loan which will erode at a rate of 10% per year for 10 years as long as the borrower household owns and occupies the property as their primary residence. Low income for this purpose is defined as meeting the HUD low income (80% MAI) limits adjusted for family size and area. Program funds will pay mortgage insurance in full as well as other closing and down payment costs as needed. Relief from monthly mortgage insurance premiums as well as subsidy of other closing and downpayment costs will enhance housing affordability and allow low income households better access to a competitive housing market. A total of \$198,135 in FFY 05 ADDI funds will be available this year. Assistance will be distributed based upon need, first come, first served. Borrowers must meet all requirements of and be obtaining a first mortgage through New Hampshire Housing's Single Family Mortgage Program, and be first time homebuyers as defined in American Dream Downpayment Initiative Interim Rules. The program will be operated in accordance with HFA:324, American Dream Program Rules (see in Appendix A).

Plan to identify suitable buyers/qualifying buyers:

New Hampshire Housing operates a comprehensive, HUD approved home buyer education program targeted to low and moderate income first time home buyers. Relationships exist statewide with a network of housing service providers, including non-profit housing developers, local housing authorities, credit counselors and the Community Action Programs.

Aspects of the program that will help identify suitable buyers for ADDI include:

- First Time Home Buyer Seminars offered at locations throughout the state (approximately 60 per year.)
- Individual counseling designed to help people who need one-on-one guidance in order to become mortgage ready. This is offered through partners in the local community, such as Consumer Credit Counseling Services, and local non-profit housing providers such as Neighborhood Reinvestment affiliates. Many of these are located in inner-city areas with larger immigrant populations.
- New Hampshire Housing currently administers a counseling program to help Housing Choice Voucher holders prepare for home ownership.
- Participants in the FSS program who identify home ownership as one of their goals receive counseling targeted to their needs.
- The Home of Your Own Program provides home ownership counseling focused on addressing the needs of persons with disabilities.
- New Hampshire Housing mortgages are originated through a network of participating lenders. These lenders are experienced in dealing with the low and moderate income population served by regular New Hampshire Housing programs, and in the past they've enthusiastically embraced new programs like the Housing Choice Voucher Assisted Mortgage that help lower income buyers.
- Applications for ADDI funds will reviewed by a New Hampshire Housing underwriter with direct experience in the administration of specially targeted homeownership programs .

Outreach to residents and tenants of public housing and manufactured housing:

The Home Ownership Division of New Hampshire Housing has worked directly with local PHAs to identify and educate clients and help them purchase homes since the counseling program began in 1985. This process was enhanced when New Hampshire Housing developed the Housing Choice Voucher Assisted Mortgage loan for voucher holders. As with all of New Hampshire Housing's targeted programs, local PHAs will receive information about ADDI that will help them identify potential recipients and refer them for further screening and program information.

In regard to manufactured housing, the Home Ownership Division of New Hampshire Housing has a close working relationship with the New Hampshire Community Loan Fund's Manufactured Housing Division. NHCLF has successfully assisted residents of 71 manufactured housing parks in New Hampshire accomplish cooperative ownership, and has begun developing new parks as well. Additionally, they have extensive contact with the residents of the other parks within the state, so we will publicize the American Dream Program through their established network through notices, newsletter articles, and other means.

Policy on Manufactured Housing:

New Hampshire Housing currently offers financing for the purchase of manufactured homes through its regular mortgage program. This applies to single and double wide units located on

their own land or in a manufactured home cooperative. Homes must be manufactured in accordance with the National Manufactured Housing Construction and Safety Standards Act of 1974, and Home Investment Partnership Programs Rule 92.251(a) (4.)

- A) HOME Recapture Provisions applicable to the American Dream Program – In the event of sale of the property prior to full forgiveness of the loan at the ten year anniversary, American Dream Program assistance must be repaid from net proceeds of the sale. Net proceeds are the selling price minus the seller’s closing costs and repayment of loans other than American Dream Program funds. Net proceeds will be distributed in the following order:
- (i) The home owner may recover the amount of their down payment and any capital investment made since purchase;
 - (ii) The American Dream program loan will be repaid. If proceeds from the sale are insufficient to pay the loan in full, any unpaid balance will be forgiven;
 - (iii) Funds remaining after the full repayment of the loan shall accrue to the home owner’s equity payment.

d. HOME Tenant Based Rental Assistance

New Hampshire Housing may use up to \$1.2 million in HOME funds to provide Tenant Based Rental Assistance as needed to supplement Section 8 Housing Choice Voucher Program funds. Funds spent on this activity will directly reduce funds available for the rehabilitation of single family homes as outlined in *Section A 1. b. Home Ownership Assistance* above. HOME-funded Tenant-Based Rental Assistance will be used to allow New Hampshire Housing to serve households who would be denied assistance due to funding constraints.

All aspects of program design and operation including but not limited to eligibility, tenant selection, use of preferences, contract terms, portability of assistance, rent reasonableness, tenant protections, housing quality standards, payment standards, etc. shall be administered in a manner consistent with New Hampshire Housing’s applicable Annual PHA Plan and Housing Choice Voucher Program Administrative Plan as well as HOME Tenant Based Rental Assistance regulations. Tenant households will be enrolled in HOME TBRA if their calculated per unit cost for the Section 8 Housing Choice Voucher Program is above the frozen per unit cost as adjusted by HUD.

2. HOME Other Forms of Investment

No forms of investment other than those specifically permitted in the regulations (grants, amortizing loans, deferred loans, etc.) are proposed. If and when New Hampshire Housing identifies a need for non-standard form of investment it shall seek approval from the U.S.

Department of Housing and Urban Development. Final action will be reviewed by the HCDPC and will require review and approval by the New Hampshire Housing Board of Directors.

3. HOME Affirmative Marketing

The following actions will be taken by New Hampshire Housing and its HOME sub-recipients to meet the requirements for affirmative marketing and minority and women business participation as defined in the HOME regulations at 92.350 and 92.351.

a. Minority and Women Business Outreach Plan

New Hampshire Housing shall establish and carry out a minority and women owned business outreach program to enhance the participation of women and minorities and entities owned by women and minorities in the HOME program. The following types of firms and expertise shall be included without limitation to other types of services needed: real estate firms, underwriters, accountants, management firms, financial institutions, investment banking firms, appraisal firms, providers of legal services, and construction and related trade firms.

The following efforts shall be made to enhance participation:

- collection of existing lists of minority and women owned enterprises
- outreach to new or previously un-contacted business groups for such lists
- annual update and publication of a minority and women owned business solicitation list (which shall also contain listings of Section 3 firms)
- distribution of business solicitation lists to applicants for HOME resources for multifamily projects
- require project sponsors to use such lists in their construction bid processes
- require project sponsors to track and report on minority and women business enterprises and Section 3 businesses

Information about these and more specific requirements imposed through the New Hampshire Housing's HOME program shall be provided to potential applicants through the application. Program rules and separate description of MBE/WBE requirement and Section 3 are included in the application package.

b. Affirmative Marketing

New Hampshire Housing shall impose requirements on HOME funded projects to meet compliance with affirmative marketing regulations. Pursuant to regulations requirements will apply to HOME-assisted housing containing five or more housing units.

The following actions shall be made:

- Tenants of buildings assisted with HOME funds will be notified of New Hampshire Housing's policy for affirmative marketing.
- The Equal Housing Opportunity Statement or logo will appear in all published notices of fund availability, solicitations of bids, signs and other public notices related to HOME fund investment

- Within the Owners' Performance Agreement executed for every HOME-assisted rental project, the owner will be required to take specific steps with respect to affirmative marketing. These include: notifying public housing authorities and other social services, housing assistance and/or fair housing groups in the vicinity of the project about available vacancies. The owners shall maintain records of agencies contacted and whether households or individuals referred to the project occupied the available unit(s). All advertisements for units available shall contain the "Equal Housing Opportunity" logo or statement. An annual report of affirmative marketing activities including copies of advertisements published will be required to be submitted to New Hampshire Housing or its sub-recipient. Failure of owners to comply with these requirements will be considered a breach of the owners' obligation subjecting the owners and property to appropriate measures of action set forth in the contracts
- All HOME sub-recipients using HOME funds for multifamily housing shall certify that they will comply with affirmative action requirements of the HOME regulations.
- Instructions for developing a project specific affirmative fair housing marketing plan shall be distributed with the program applications
- Each project awarded assistance shall be required to submit for review and approval, a fair housing marketing plan.
- Potential applicants shall be informed of New Hampshire Housing's resident selection policy for the HOME program through information provided in the application packet.
- Periodically, New Hampshire Housing shall review its affirmative marketing policies to determine the success of its actions.

4. HOME Program Income

HOME Program Income received during 2006 will be added to the available funds in the general program area which generated the income. For example, if the HOME acquisition assistance program recaptures funds, they would increase the funds available for programs that benefit homeowners who meet HOME eligibility requirements.

B. Emergency Shelter Grant

1. Distribution of Funds

The allocation of HUD McKinney Emergency Shelter Grant funds to the state is \$484,000. Of this amount, \$384,000 will be matched with funds provided by the nonprofit sub-recipients.

Federal regulations require each state to make Emergency Shelter Grant funds available to recipient organizations within 65 days of the date of the grant award. Since the state contracting process can take longer than 65 days, the RFP process begins months ahead of the receipt of the grant award. This year the RFP will be made public in August 2005 via Public Notice published for three consecutive days in three statewide newspapers. An application for HUD McKinney ESG funds is considered to be a request for Emergency Shelter State Grant-In-Aid funds, and this state program, designed to compliment the McKinney ESG, is funded at a level of \$3.07 million per year. Completed applications are received at the Office of Homeless, Housing and Transportation Services.

Immediately following receipt of all applications, staff and expert external reviewers commence the review of applications. All responsible and responsive proposals received by the submittal deadline will be evaluated on the basis of evaluation factors set forth below:

- 1) Program design and need for project (20 points)
- 2) Performance and outcome measures (15 points)
- 3) Cost effectiveness and leveraging of resources (20 points)
- 4) Local Service Delivery Area coordination/collaboration (20 points)
- 5) Soundness of (Program) Approach (10 points)
- 6) Compliance with rules, statutes, and life safety codes (5 points)
- 7) Staff experience and credentials (10 points)
- 8) Increase in bed capacity and/or services (10 Bonus Points)

Increase in bed capacity and/or Reviewer ratings of applications establish funding recommendations for both McKinney ESG and Emergency Shelter State Grant-In-Aid allocations. Because HUD McKinney ESG regulations include the limitations of no more than 30% each of the total award to go toward Essential Services and Preventions Activities, regulatory restrictions have some impact on distribution of the federal funds. These recommendations are presented to the State of New Hampshire Emergency Shelter and Homeless Coordination Commission, a body appointed by the Governor and Executive Council, the Speaker of the House of Representatives, the President of the NH Senate, and the Commissioner of the Department of Health and Human Services. The Commission meets to review staff recommendations and advise the Commissioner on a distribution plan. From there, state contracts are drawn up and submitted to the Governor and Executive Council for approval. The McKinney ESG funds are awarded pending the approval, by HUD, of this Action Plan.

Emergency Shelter Grant funds will be used to support initiatives in the following areas:

- a. Homeless Prevention/Intervention activities/programs designed to prevent the incidence of

homelessness including (but not limited to):

- short-term subsidies to defray rent and utility arrearages for families that have received eviction or utility termination notices;
- security deposits for an amount representing the first month's rent to permit a homeless family to move into its own apartment;
- mediation programs for landlord-tenant disputes;
- legal service programs for the representation of indigent tenants in eviction and service access proceedings;
- payments to prevent foreclosure on a home; and
- other innovative programs and activities designed to prevent the incidence of homelessness.

b. Essential Services concerned with employment, health, drug use and education and may include (but are not limited to):

- assistance in obtaining permanent housing;
- medical and psychological counseling and supervision;
- employment counseling;
- nutrition counseling;
- substance abuse treatment counseling;
- assistance in obtaining other federal, State and local assistance including mental health benefits, employment counseling, medical assistance, veteran's benefits, and income support assistance such as SSI, AFDC, General Assistance and Food Stamps.

c. Operations of any facility, the primary purpose of which is to provide temporary or transitional shelter for the homeless in general or for specific population of the homeless, including:

- Payment for shelter maintenance, operation, rent, repairs, security, fuel, equipment, insurance, utilities, food, and furnishings.

d. Renovation, major rehabilitation, or conversion of buildings for use as emergency shelters for the homeless;

Funds awarded with state funding under State Grant-In-Aid will be used to support the initiatives in the following areas:

a. prevention/intervention of homelessness

b. operation of emergency and transitional shelter programs

c. essential services

d. other programs identified as service gaps in a continuum of care

Applications must include a summary of the activities proposed including the dollar amount requested for each, whether the initiative is new or a continuation, the projected number of

persons served and the types of populations served.

It shall also include more narrative describing the activities and use of funds, identification of the continuum existing in the community and the relationship of proposed activities to the continuum and a budget describing ESG funds, State Grant In-Aid, full operating budget and matching resources.

Grants will be awarded within 65 days from the date of formal notification of the grant approval by the U.S. Department of Housing and Urban Development.

In addition to activities funded through ESG, the state will continue to develop its continuum of care system which includes undertaking the following actions:

- a. Identify and assess capacity development needs of non-state funded homeless service providers.
- b. Implement the Homeless Management Information System's reporting system for shelter providers.
- c. Increase services provided to the chronically homeless.
- d. Refine identification of gaps in the service delivery system.
- e. Improve the collection of service data by the homeless provider groups.

2. Assistance Goals

- a. Stabilize or reduce the approximately 6,000 persons sheltered in 2004.
- b. Stabilize or increase the number served with prevention services from 2004 levels.
- c. Stabilize or reduce the average length of stay at shelters from 2004 levels.
- d. Reduce the number of chronically homeless individuals by 10% a year.

C. Community Development Block Grant (CDBG)

1. Distribution of Funds and Assistance Goals

The 2006 federal allocation is anticipated to be \$10,000,000 which corresponds to the housing, community development and delivery system needs identified in this document.

DISTRIBUTION OF 2006 CDBG FUNDS BY ACTIVITY

Anticipated 2006 Allocation:	\$10,000,000
Feasibility Grants (up to two percent of the allocation, not to exceed \$100,000)	\$100,000
State Administration (two percent of the allocation plus \$100,000)	\$300,000
State Technical Assistance to Municipalities and Non-profits (up to one percent of the allocation)	\$100,000
Emergency Grants	\$500,000
Economic Development Grants [Up to 33% (\$1,552,860) for Economic Development capacity development grants for regional development corporations and Up To \$500,000 for Microenterprise Development]	\$4,500,000
Housing and Public Facilities Grants	\$4,500,000

The Housing and Community Development Act Amendments of 1983 provide that up to \$100,000 plus two percent (2%) of the state's allocation may be used for State administration. The federal law also requires the state to match the federal funds dollar for dollar for the two percent (2%) portion of the administrative costs. State funds must pay for all administrative costs over the \$100,000 plus the two percent (2%) limit. The Community Development Finance Authority has proposed a budget of \$200,000 in state general funds from the Legislature to match the federal funds for its administrative budget for the 2005 and 2006 program years. Federal regulations limit the maximum funds which can be used for OSP administrative costs, municipal administrative costs and Feasibility Grants to twenty percent (20%) of the total allocation to the state for each grant year. The state allocation of resources for administration serves as match.

2. Administration and Method for Allocation

The following describe the objectives, projected use and method for allocating funds during the 2006 program year.

- a. Pursuant to state legislation and the state Administrative Procedures Act, the Community Development Finance Authority (CDFA) and the Community Development Advisory Committee have adopted regulations as required for fund distribution and program administration. These rules were adopted pursuant to the state Administrative Procedures Act. Specific fund distribution criteria are published in Appendix A - CDBG Grant Categories and Selection Process and include references to additional information in appendices available from the Community Development Finance Authority (CDFA). Economic Development projects may use up to \$20,000 of CDBG funds per job created and must have \$1 of matching non-CDBG funds for every \$1 of CDBG funds.
- b. The Community Development Finance Authority anticipates the award of funds under its third year of administering this program. CDFFA will be in a position to accept applications for Community Development Grants (which includes housing and public facility activities) by the close of business on January 30, 2006 (first round) and on July 31, 2006 (second round). Economic Development and Emergency Grant applications will be accepted continuously until all set-aside funds are allocated. Any remaining funds shall be carried forward as of January 1, 2007. Feasibility Grant applications will be accepted during two rounds in 2006, ending April 30, 2006 and October 31, 2006. Program Income shall be distributed in the Community Development Grants round immediately following its receipt. Other funds carried forward from previous federal fiscal years (including unused Emergency Grant and Economic Development Grant funds, Housing and Public Facility Grant funds, and recaptured funds, returned to the State) shall be distributed in the Community Development Grants round immediately following its receipt, but a portion may be held and distributed in the second round following its receipt for the purpose of balancing the amounts available in each round. A portion may also be held in order to fund Economic Development applications that are under consideration by CDFFA. Administrative or Technical Assistance funds carried forward from previous federal fiscal years shall remain in their respective categories.
- c. The state legislation requires that CDFFA solicit applications from all eligible municipalities and to award funds through a competitive allocation system (RSA 162-L:17, Procedures for Administration). The intent is to increase the number of municipalities participating in this program.
- d. Five (5) New Hampshire cities are currently eligible to receive funds directly from HUD under the Metropolitan Cities CDBG entitlement program and, therefore, are not eligible under the state administered State CDBG program. These cities are: Dover, Manchester, Nashua, Portsmouth, and Rochester. The remaining 229 incorporated New Hampshire municipalities and the ten (10) county governments are eligible for the State CDBG Program. The CDBG Grant Categories and Selection

- Process published in Appendix A provides a detailed method of fund distribution to eligible applicants.
- e. Joint applicants may apply where there is an inter-municipal cooperative agreement pursuant to RSA 53:A.
 - f. Title I of the Housing and Community Development Act at Section 104(b)(3) provides that each activity funded shall meet one of the three (3) national objectives. Federal regulations at 24 CFR 570.483 define standards for each of the three national objectives:
 - Benefit low/moderate income persons.
 - Eliminate slums or blighted areas.
 - Eliminate an urgent need (serious and immediate threat).
 - g. CDBG Rules require that at least fifty-one (51) percent of the funds requested for Housing and Public Facilities and sixty (60) percent for Economic Development shall be used for direct benefit to low and moderate income persons. Low and moderate income is defined as the most current low and moderate income determinations of the Department of Housing and Urban Development for eligibility under the Section 8 Housing program. CDFA may accept applications for projects where the majority of the funds requested will be used to eliminate a threat to the health and welfare of one or more municipalities jeopardizing the economic stability of a region.
 - h. All grants awarded under the program must be in contract form approved by the Attorney General's Office, the Comptroller's Office and the Governor and Executive Council. The legislation establishes a ten (10) member Community Development Advisory Committee to include the Chair of the board of directors of the Community Development Finance Authority as Chairman; the Director of the Division of Economic Development of the Department of Resources and Economic Development; the Executive Director of the New Hampshire Housing Finance Authority; Director of the Office of Energy and Planning; and six (6) public members, at least three (3) of whom are municipal officials, who shall be appointed by and serve at the pleasure of the Governor. The major duties of the Advisory Committee shall be to review and to concur with the proposed rules regarding the administrative process, particularly the selection process criteria for Community Development Grants and Feasibility Grants, and to review and to concur with all grant awards recommended by the executive director of the Community Development Finance Authority. The legislation requires that funds be awarded through a competitive process.
 - i. The executive director of the Community Development Finance Authority is responsible for the administration of this program and has authority to withhold or seek the return of funds due to non-compliance with the grant requirements or with State and federal laws, rules, and regulations.

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- j. A municipality or county may apply for an administrative review of its application as provided in the State Administrative Rules, except that Feasibility Grants are not subject to review.
- k. Grant applications for housing and public facilities projects may not be subject to ranking or scoring if:
- Federal funding for the fiscal year plus any additional funds carried forward from previous years (including unused Emergency Grant and Economic Development Grant funds, recaptured funds and program income returned to the state) equals or exceeds the aggregate amount requested by qualified municipalities or counties, and
 - The grant applications meet the statutory required thresholds, pursuant to RSA 162-L:14, as well as the Housing and Community Development Act of 1974, as amended, 24 CFR 570.483 and the CDBG Program Rules.
 - It can be expected that requests for Community Development Block Grant funds will exceed the total amount available. The limited resources of the CDBG Program require the setting of program priorities so that the merits of all applications can be measured. Priority will be given to applications which address as many of the following eight (9) factors as appropriate:
 - 1) those projects and activities which provide direct benefits in the form of improved housing, public facilities and employment opportunities to low and moderate income individuals and households;
 - 2) those community development activities for which existing public or private programs or sources of funds are not otherwise available;
 - 3) those activities which preserve and promote existing neighborhoods and community centers i.e “Smart Growth”;
 - 4) those activities which protect and preserve historically and culturally valuable structures and sites;
 - 5) those projects and activities which successfully raise or match dollars and resources from other public and private sources;
 - 6) those projects which solve community problems with long-term benefit and innovative solutions;
 - 7) those activities which eliminate slums and blight; and
 - 8) those projects which are part of a long-range community development strategy, conform to the municipality's master plan and ordinances, and implement the municipality's housing and community development plan.
 - 9) Those projects that utilize energy efficiency and/or conservation measures including compliance with New Hampshire Energy Codes.
- l. Municipalities and counties shall show evidence of at least a fifty-one (51) percent direct benefit to low and moderate income people (determined by using Section 8 income standards) for counties and metropolitan areas or evidence of a threat to the regional economic stability (where Economic Development Projects are considered

- under the Urgent Need National Objective), indicate they will be capable of administering the grant, and certify compliance with all applicable federal and State laws and regulations in their application in order to receive funding. Important additional federal and State requirements for applicants include a housing and community development plan, minimizing displacement, citizen participation, affirmatively furthering fair housing, and adequate performance on prior CDBG grants, if any.
- m. More specifically, during the next three years, the State CDBG program is expected to create or retain 112 jobs using federal fiscal year 2006 funds. This is based on the requirements of Appendix A, and the amount of the 2006 federal allocation set-aside for Economic Development (\$4,500,000). The microenterprise portion of the Economic Development funds will primarily provide technical assistance to low and moderate income beneficiaries and therefore the final estimated number of jobs to be created or retained is not affected by this amount. Since New Hampshire requires that, within one to three years, one job be created or retained for every \$20,000 awarded to a municipality, the estimated maximum number of jobs would be 200. This number was then adjusted downward by 20% based on an estimate rate of failure of projects and/or business funded and again adjusted downward by 30% to reflect any potential under-utilization of the Economic Development set-aside. (As in past years, the Community Development Advisory Committee may re-allocate unused Economic Development funds to Housing/Public Facility projects.) This results in an estimate of jobs created amounting to 112. A review of the current projects in the "pipeline" confirms this as a reasonable number.
- n. Assuming level funding of the CDBG program and the continued level of need for Economic Development in relation to other needs, the average annual job creation or retention for the next five-year period would be 112.

3. Ineligible Activities

The following are examples of activities which are ineligible to receive CDBG program funds under federal law and regulations: buildings used for the general conduct of government (except for the removal of architectural barriers), general government operating and maintenance expenses, political activities, most equipment and vehicles (except fire and solid waste equipment and vehicles), most furnishings and personal property, and construction of new housing and income maintenance (except in very limited circumstances).

4. Program Income

Federal regulation defines program income at 24 CFR 570.489(e) and CDFA 311.01(c) of the rules governs the use of program income as follows:

- a. Project Use. The grantee shall use program income for project activities when it becomes available before drawing down other funds or shall deposit this income into a revolving loan fund approved by CDFA.

- b. Semi-Annual Reports. Active CDBG projects shall include a semi-annual financial report identifying disposition and use for all program income received during that reporting period.
- c. Use After Project Completion. After completion of the project, but before closeout, the grantee shall use program income only for eligible activities approved in writing by CDFA.
- d. Use After Closeout. The CDFA-grantee project closeout agreement shall specify how the grantee shall use program income. At a minimum, such income shall be used for eligible activities, especially those benefiting low/moderate income persons and households.

5. Administrative Rules Changes

CDFA has initiated a number of proposals for changes to CDFA 300, the State Administrative Rules pertaining to the state's Community Development Block Grant program. The intent of these proposals is to update the community needs evaluation by increasing the number of socio-economic variables that are evaluated in scoring all projects, modernize the economic development program application and scoring process, allow economic development entities other than state-sponsored regional development organizations access to CDBG funding under certain circumstances and provide core support for the regional economic development organizations.

These proposed changes have been discussed and approved by the Community Development Advisory Board following a public hearing and the board of directors of the Community Development Finance Authority and await an additional public hearing prior to submission to the Joint Legislative Committee on Administrative Rules in the fourth quarter of 2005.

D. Geographic Distribution

ESG, CDBG, HOME, LIHTC and other available resources are distributed primarily by competitive application processes therefore it is impossible to predict the ultimate geographic distribution of funds. However, programmatic responses are developed and coordinated to assure that the shelter, housing, and community development needs identified in urban and rural areas may be addressed through efficient and appropriate models. For example, the HOME and Tax Credit application scoring systems allow for added points for projects in municipalities which have a lower percentage of rental housing (see Appendix A).

E. Other Actions

During the coming year the State plans to take the following actions:

Meet Under-served Needs

Continue to seek funding for priority needs, finance the development affordable family housing, continue a security deposit guarantee program and a security deposit grant program, and continue to train staff and contractors in concepts and techniques of building and maintaining healthy housing.

Foster and Maintain Affordable Housing

Expand the affordable housing supply giving families and individuals a stable and secure place to live. Maximize the term of affordability for housing developments. Continue to coordinate the use of Low Income Housing Tax Credits (LIHTC) with HOME, CDBG and other resources to achieve affordable housing development.

Remove Barriers to Affordable Housing

Across New Hampshire regulatory means of restricting housing opportunities are in part the result of the reliance on property taxes for local revenues. This dependence often creates community resistance to development that is perceived as not paying its proportional costs for community services and school support. Within this environment the housing programs now operated by the State agencies will continue to work to increase the supply of affordable housing. This will include participation in the Smart Growth Initiative with emphasis on the development of a balanced housing supply to match the needs of the people of the State. New Hampshire Housing has assumed a leadership role in providing concerned citizens and public officials with information on the state's housing needs and conditions and on the factors which contribute to these circumstances. Publications including The State of Housing in New Hampshire, "Deconstructing the Myths: Housing Development Versus School Costs", "Housing New Hampshire's Workforce", and "Housing Solutions for New Hampshire" have been developed for and distributed to these groups in an effort to provide them with the information and tools they need to reduce local regulatory barriers and encourage the many different types of housing needed. New Hampshire Housing will continue to operate a single family mortgage program, a down payment assistance program, a reverse equity mortgage program, a home ownership counseling program, the Section 8 program and a family self sufficiency program. New Hampshire Housing will also continue to participate with other financial institutions in the Northern New England Housing Investment Fund (\$12 million equity pool for the purchase of Tax Credits).

Evaluate and Reduce Lead-based Paint Hazards

All rehab work funded with CDBG or HOME must include remediation of any lead-based paint hazards per 24 CFR 35, the HUD Lead Regulation. New Hampshire Housing's construction standards require full abatement of all lead-based paint encountered in the course of rehab work, which in some cases is a higher standard than is required under federal law. New Hampshire Housing remains an active partner with the NH Childhood Lead Poisoning Prevention Program, the NH Asthma Program, and the Asthma Regional Council of New England in advancing the prevention of housing-based health problems through proper design, rehab, and maintenance through education and

training.

Reduce the Number of Poverty-level Families

CDBG funds will be used to expand economic opportunities for low and moderate income households through assistance to regional development corporations fostering job growth and through assistance to micro-enterprises.

Develop Institutional Structure to Enhance Coordination Between Housing and Social Services

As in the past year, State agencies and interest groups will continue to work together in areas such as affordable and special needs housing. In addition, the Department of Health and Human Services, New Hampshire Housing and New Hampshire Community Development Finance Authority will attend various continuum of care meetings in the State to discuss funding priorities, service needs and gaps and sources of funding while the Housing and Community Development Web page facilitates communication between the groups.

Plan Monitoring

Monitoring for compliance with the Consolidated Plan and applicable federal and state laws and regulations will generally be the responsibility of each federal resource administrator.

The New Hampshire Community Development Finance Authority will be responsible for compliance and monitoring with respect to the Community Development Block Grant program. In addition to requiring semi-annual reporting by all sub-recipient municipalities, NHCDFFA will conduct annual monitoring visits to each active project. Checklists covering each major area of compliance will be used to assist in the reviews by NHCDFFA and as a technical assistance tool for municipal staff. Finally, desk reviews of each payment request will continue to be conducted by NHCDFFA Grant Representatives assigned to each project.

The Office of Homeless, Housing, and Transportation Services shall be responsible for compliance and monitoring with respect to the Emergency Shelter Grants. OHHTS staff will conduct site visits. A checklist will be employed to assist in the monitoring and interviews with clients and staff will be conducted.

New Hampshire Housing shall be responsible for compliance and monitoring with respect to HOME Investment Partnerships resources. Staff construction analysts monitor all multi-family construction financed directly by NHH. Multi-family construction conducted by sub-recipients is monitored by the sub-recipient and annual reports are submitted to NHH. Following the completion of construction, multi-family projects are turned over to the Housing Management Division of New Hampshire Housing. That division works closely with property managers and employs a system to determine long-term compliance with all the requirements (including federal) applicable to the projects. This would include income certifications and on-site inspections for compliance with Housing Quality Standards and lead-based paint standards.

New Hampshire Housing shall coordinate compliance certifications for other federal resource applications required by regulation to be consistent with this plan.

New Hampshire Housing shall be responsible for coordinating information necessary for performance reporting, although it, together with the Office of Homeless Housing and Transportation Services and New Hampshire Community Development Finance Authority shall be responsible for developing plan performance reports. The Housing and Community Development Planning Council shall review annual reports. Other activities and recommendations established in this plan (e.g. actions with respect to regulatory and fair housing issues) shall be coordinated among the three agencies.

Performance Measurement System

Awaiting final regulation from HUD. Once received, 2006-2010 Consolidated Plan and 2006 Action Plan will be amended to incorporate the required system.

Table - Resources Available For Housing, Community Development And Economic Development Activities

PROGRAM	TARGETING & USE	LOCAL SOURCE	RESOURCES
FEDERAL PROGRAMS -HOUSING AND URBAN DEVELOPMENT			
Community Development Block Grant (formula grant)	Supporting local community development and housing activities	<u>State CDBG</u> New Hampshire Community Development Finance Authority <u>Entitlement CDBG</u> Dover Nashua Portsmouth Rochester Manchester	<u>FFY 05</u> \$10,258,723 <u>FFY 05</u> \$402,593 \$843,086 \$745,656 \$349,073 \$2,106,693
HOME Investment Partnerships Program (formula grant) ADDI dedicated funds	Wide spectrum of housing assistance activities Downpayment assistance for first time homebuyers	New Hampshire Housing City of Manchester City of Nashua New Hampshire Housing	<u>FFY 05</u> \$5,029,039 \$875,017 \$554,021 <u>FFY 05</u> \$198,135
McKinney-Vento Emergency Shelter Grant (formula grant)	Assistance to homeless and those at risk of being homeless	Office of Homeless, Housing and Transportation Services City of Manchester	<u>FFY 05</u> \$484,189 \$76,000
Section 8 Rental Vouchers	Rental assistance to very low income households	New Hampshire Housing and 18 local public housing authorities	<u>CY 05</u> Approximately 9,002

PROGRAM	TARGETING & USE	LOCAL SOURCE	RESOURCES
Supportive Housing For The Elderly (Section 202)	Provides capital advance grants and rental assistance to develop housing and supportive services for the low income elderly.	U.S. Dept. HUD <u>Project Locations</u> Manchester – 28 units Nashua– 43 units	FFY 2004 funding for acquisition, construction, and operating subsidy was awarded for a 13 unit project in Berlin, a 17 unit project in Littleton, and a 33 unit project in Loudon.
Supportive Housing For Persons With Disabilities (Section 811)	Provides capital advance grants and rental assistance to develop housing and supportive services for the low income disabled.	U.S. Dept. HUD <u>Project Location</u> No awards this year	New Hampshire received no FFY 04 811 awards, although there was one known applicant.
Public Housing	Units managed by local housing authorities to assist low income households with affordable units.	Local Housing Authorities	As of 2000 Assisted Housing Survey, 4521 units total (3280 elderly, 1241 family)
Shelter Plus Care	Housing assistance combined with supportive services funded from other sources to maximize independence for disabled homeless people.	Office of Homeless, Housing, and Transportation Services	<u>FFY 04</u> \$714,780 awarded to Southwestern Community Services
Low Income Housing Preservation	Preservation of 221d3 and 236 projects	U.S. Dept. HUD	Approximately \$50,000/yr.
FHA Multi-Family Risk Sharing	Partial loan guarantees for multifamily units.	New Hampshire Housing	Guarantees, not cash.

PROGRAM	TARGETING & USE	LOCAL SOURCE	RESOURCES
MCKINNEY - Supportive Housing	Grants to assist the homeless through the provision of transitional housing, permanent housing for homeless with disabilities, supportive services, and innovative approaches to assisting homeless persons in transition from homelessness.	U. S. Department of HUD Balance of State Continuum of Care Manchester Continuum of Care Nashua Continuum of Care	Competitive application process, <u>FFY 04</u> \$2,746,327, \$1,224,000 \$5,668,611 All 1-3 yr. awards
MCKINNEY - Surplus Housing To Assist The Homeless	Homeless providers may obtain the use of unutilized federal properties (land or buildings) through lease or permit (for nominal rent) or through donation.	U.S. Dept. of HUD	Not yet utilized in NH.
Housing For Persons with AIDS	Provides and promotes permanent housing solutions for persons with HIV/AIDS and their families	US Dept of HUD	<u>FFY 05</u> \$824,120 for OHHTS renewal of Concord area grant
FEDERAL PROGRAMS - RURAL DEVELOPMENT			
Rural Development (FmHA) Section 515	Assists in the development of affordable housing in rural areas.	Rural Development	<u>FFY 04</u> \$2,250,000 in new construction loans, \$29,302,821 in rental assistance
Rural Development (FmHA) Section 502	Direct loans to eligible home buyers for the purchase of a primary residence within "rurally" designated areas.	Rural Development	<u>FFY 04</u> \$12,398,064 in 112 loans

PROGRAM	TARGETING & USE	LOCAL SOURCE	RESOURCES
Rural Development (FmHA) Section 504	Loans assist very low income rural homeowners, including those on leasehold land, to make repairs to improve or modernize their homes to make them safer and/or more sanitary. Grants to very low income elderly.	Rural Development	<u>FFY 04</u> 28 loans for a total of \$146,175 42 grants for a total of \$218,183
FEDERAL PROGRAMS – OTHER			
Internal Revenue Service Low Income Housing Tax Credits	Federal tax credits for developers of affordable housing	New Hampshire Housing	Approximately 2,000,000/yr.
Federal Housing Administration Section 203B	A mortgage insurance program that allows qualified home buyers to secure loans with minimal down payment reserves.	Qualified Lenders	Varies, not a cash outlay
Federal Home Loan Bank Affordable Housing Fund, Community Improvement Program and New England Fund	Assists lenders to provide subsidized financing and grants for production of affordable housing, economic development and public improvements.	Home Loan Bank Member Institutions	Varies

PROGRAM	TARGETING & USE	LOCAL SOURCE	RESOURCES
STATE AND LOCAL PROGRAMS - NH HOUSING FINANCE			
Multifamily Bond Financing	When excess bond capacity presents itself, NHHFA will target larger scale multifamily projects for this development assistance	New Hampshire Housing	\$25,000,000 annually & carry forward
Single Family Mortgage Program	Low interest mortgages to income-targeted first time home buying households.	New Hampshire Housing Qualified Lenders	<u>FY 06</u> Budgeted for 1,350 mortgages totaling \$216,000,000.
Feasibility - Predevelopment Assistance Program	Assists non-profit housing developers with the production of affordable housing	New Hampshire Housing	\$175,000 annually

PROGRAM	TARGETING & USE	LOCAL SOURCE	RESOURCES
Home Of Your Own Program	Provides homeownership opportunities for developmentally disabled people.	New Hampshire Housing New Hampshire Bureau of Behavioral Health Institute on Disability Area Agencies	\$50,000/ year
Home Ownership Education and Counseling Program	Educate first time homebuyers.	New Hampshire Housing & Consumer Credit Counseling	<u>CY 04</u> 442 seminar participants
Family Self-Sufficiency Grant and Loan Program	Assistance to help Section 8 households achieve self-sufficiency goals	New Hampshire Housing	<u>FY '06</u> \$30,000
Resident Education and Assistance Program	A program that addresses the needs of residents in senior housing who are abusing or mismanaging alcohol or drugs including prescription and over the counter medications.	New Hampshire Housing	<u>FY '06</u> \$50,000

PROGRAM	TARGETING & USE	LOCAL SOURCE	RESOURCES
STATE AND LOCAL PROGRAMS – OTHER			
New Hampshire State Grant In Aid	Appropriation to BBH for addressing homeless needs within the state.	Office of Homeless, Housing, and Transportation Services	<u>SFY 06</u> \$3,077,162
New Hampshire Affordable Housing Fund	A fund established by the General Court in 1988 for the acquisition, development, and preservation of low income housing.	New Hampshire Housing	<u>FY 06</u> \$1,400,000 remains for use during FY 06
Security Deposit Loan Guarantee Program	Guarantee to Landlords of one-month security deposit, repayable by the tenant.	CAP Agencies, The Way Home, and Nashua Pastoral Care	\$2 million in loan commitment authority
Rental Guarantee Program	Provides up to three months rent to “TANF eligible” families.	Office of Homeless, Housing, and Transportation Services	<u>SFY 06</u> \$150,000 excess TANF funds from Division of Family Assistance
Northern New England Housing Investment Fund	Investor consortium designed to increase the availability of equity funds for the Low Income Housing Tax Credit Program.	Northern New England Housing Investment Fund	\$12 million equity pool for purchase of tax credits

PROGRAM	TARGETING & USE	LOCAL SOURCE	RESOURCES
STATE AND LOCAL PROGRAMS NH COMMUNITY DEVELOPMENT FINANCE AUTHORITY			
Housing Futures Fund	General operating support for nonprofit housing development organizations.	New Hampshire Community Development Finance Authority	Annual grants totaling \$400,000 in 2005.
Community Development Investment Program	Donations of property and cash are accepted and passed on to nonprofit housing developers.	New Hampshire Community Development Finance Authority	Varying volume of tax credits driven by donations.
Regional Development Corporations Capacity	Long-term commitment to help regional community development organizations build capacity.	New Hampshire Community Development Finance Authority	Annual grants totaling \$240,000 in 2005.
CFDA Discretionary and Technical Assistance Funds	Used for housing related projects.	New Hampshire Community Development Finance Authority	Discretionary \$71,250 in 2005 Technical Assistance \$59,500 in 2005

Appendix A

[Citizen Participation Plan](http://www.nhhfa.org/conplan04/HCDPCdocs/CitizenParticipationPlan.pdf)

(<http://www.nhhfa.org/conplan04/HCDPCdocs/CitizenParticipationPlan.pdf>)

[Homeless Service Provider Matrix](http://www.nhhfa.org/conplan04/HCDPCdocs/AppC_SvcProviderMatrix.pdf)

(http://www.nhhfa.org/conplan04/HCDPCdocs/AppC_SvcProviderMatrix.pdf)

[Housing and Demographic Data](http://www.nhhfa.org/frd_data.htm) (http://www.nhhfa.org/frd_data.htm)

[New Hampshire Childhood Lead Poisoning Prevention Program Data](http://www.dhhs.state.nh.us/NR/rdonlyres/eefanftv7cesc5dvcqcf06blpvybrujsas44v3suatpurnyy2quojhivxbfyqislkiyumjhhaw5fc3sla4dumeuxe/lead-poison-exec-summary.pdf)

(<http://www.dhhs.state.nh.us/NR/rdonlyres/eefanftv7cesc5dvcqcf06blpvybrujsas44v3suatpurnyy2quojhivxbfyqislkiyumjhhaw5fc3sla4dumeuxe/lead-poison-exec-summary.pdf>)

[Analysis of Impediments to Fair Housing 2004 Update](http://www.nhhfa.org/frd_AI.htm) (http://www.nhhfa.org/frd_AI.htm)

Appendix B

[CDBG Grant Categories and Selection Process](http://www.testflight.net/nhcdfa/documents/CDBG_Rules_updated_8_05.pdf)

(http://www.testflight.net/nhcdfa/documents/CDBG_Rules_updated_8_05.pdf)

[CDBG Grant Categories and Selection Process Proposed Amendments](http://www.nhhfa.org/conplan04/HCDPCdocs/CDBGrulechanges_draft.pdf)

(http://www.nhhfa.org/conplan04/HCDPCdocs/CDBGrulechanges_draft.pdf)

[HOME 2006 Draft Rental Housing Production Program Rules](http://www.nhhfa.org/rules/hfa105a_draft.pdf)

(http://www.nhhfa.org/rules/hfa105a_draft.pdf)

[Special Needs Housing Program Rules](http://www.nhhfa.org/rules/hfa112_11-1-05.pdf) (http://www.nhhfa.org/rules/hfa112_11-1-05.pdf)

[American Dream Program Rules](http://www.nhhfa.org/rules/hfa324.pdf) (<http://www.nhhfa.org/rules/hfa324.pdf>)

[Public Comment on Draft 2006-2010 Consolidated Plan and 2006 Action Plan](http://www.nhhfa.org/conplan04/HCDPCdocs/HCDPCMinutes_092905.pdf)

(http://www.nhhfa.org/conplan04/HCDPCdocs/HCDPCMinutes_092905.pdf)

[NHHFA PHA Annual Plan for Fiscal Year 2005](http://www.nhhfa.org/programdocs/phaplan2005.pdf)

(<http://www.nhhfa.org/programdocs/phaplan2005.pdf>)

[NHHFA Housing Choice Voucher Administrative Plan](http://www.nhhfa.org/programdocs/adminplan2005.pdf)

(<http://www.nhhfa.org/programdocs/adminplan2005.pdf>)

Appendix C

Certifications

SF 424s