

Transcript of InvestNH Municipal Grants Webinar – July 27, 2022

Slide 1 - Meaghan M. Cary

It looks like everyone's pretty punctual, and the flow of people seems to have slowed down a little bit. So we can go ahead and get started. As you may have noticed, we are transcribing this and we're going to post the slides and the transcription of this presentation on the Invest New Hampshire website sometime later this week, probably so let's go ahead and get going.

Good afternoon. My name is Meaghan Cary and I'm a consultant with Guidehouse. I've been working with the Department of Business and Economic Affairs on the development and implementation of the Invest New Hampshire programs. Today, I'm joined by Andrew Dorsett, who is the housing finance director and the rest of the Invest New Hampshire Team, Maureen Martinez and Justin Rosamilio. I'm also joined by Noah Hodgetts, who's the principal planner at the New Hampshire Office of Planning and Development, and Benjamin Frost, who's the deputy executive director and chief legal officer for New Hampshire Housing.

Slide 2 - Meaghan M. Cary

So we're not going to be taking any questions during this presentation, but we do very much want to hear your questions and the questions that come out of today's webinar will be a big part of what goes into our FAQ. So please share your questions in the chat or by e-mail as these programs move forward, those FAQs will be updated regularly. I also encourage you to review the program guidance for these programs, which will be available soon on the Invest New Hampshire website.

Slide 3 - Meaghan M. Cary

So as you can see, invest New Hampshire will address the states shortage of housing that is affordable to the workforce on several different fronts.

The webinar on the capital Grant program was held on July 7th and is available along with program information on the Invest New Hampshire website. Today's webinar will be reviewing the other three parts of the Invest New Hampshire strategy.

The Municipal Per Unit Grant and Municipal Demolition Grant are being administered by the Department of Business and Economic Affairs, while the Municipal Planning and Zoning Grant is being administered through New Hampshire Housing. So, while all these programs are a part of Invest New Hampshire, as you saw in the last slide, there will be different websites and there will be different points of contact for the Planning and Zoning Grant. BEA and New Hampshire Housing are going to be working closely on these programs. So, if you aren't sure who to ask about what, just e-mail us at investnh@livefree.nh.gov and we will make sure you get the information that you need.

Slide 4 - Meaghan M. Cary

The first program we're going to be discussing today is the Municipal Per Unit Grant.

Permitting is a crucial part of any new housing project and therefore making sure new affordable housing units are permitted quickly and smoothly is a central component, invest New Hampshire. The goal of the municipal part or unit Grant is to provide incentives to municipalities to expedite the

permitting of new affordable housing units. The program is offering incentives to municipalities of \$10,000 each for expeditiously permitting affordable housing units in multifamily housing projects. This is an incentive program that rewards municipalities for permitting new affordable housing projects, and doing so quickly, while the goal of the program is to encourage municipalities to permit affordable housing units, the award funds do not need to be used for permitting or even housing related costs. The funds can be used in any way the municipality sees fit.

Slide 5 - Meaghan M. Cary

Municipal Per Unit Grant awards will be announced in groups, but the funds will actually be awarded on a first come, first serve basis. So if you represent to municipality that has permitted or is in the process of permitting new affordable housing projects, we encourage you to apply for this grant as soon as those permits have been issued. If you have permits that have been approved but are still in the appeal period, you can apply for this grant, but BEA will need to receive confirmation that there are no pending appeals before the award could be finalized and that may affect the timing of the award.

And because this is an incentive payment and is not tied to actual costs, once the awards are approved by the Executive Council, they will be distributed to municipalities.

Slide 6 - Meaghan M. Cary

This program has requirements for both the municipality and for the project being permitted. So if you represent a municipality applying for this grant, you'll want to check that the program guidance you want to check the program guidance and confirm that you have all the information you need from the project developers.

Now I want to elaborate a bit here on what we mean when we say all permits must be issued. There are a couple qualifiers that are important:

First, as with the Capital Grant Program, condition permits are allowed if the condition is dependent on some pending action by the state of New Hampshire.

Second, we do understand that some conditions on permits cannot be met until after construction has begun, or in some cases until it is complete. For this reason, permits must have no unsatisfied conditions that prevent construction from beginning but may still be subject to conditions that will be satisfied during or after construction.

If you're familiar with the Capital Grant Program, you can see that the project affordability requirements for this program are the same as they are for the capital grant program, and in fact, if a project has been approved for a Capital Grant Program award, the documentation requirements for this program are significantly reduced. As with the Capital Grant Program, the units must be rental units and they must be in multifamily structures. This can be anything from a high-rise apartment building to a big old Victorian that has been modified to contain three separate units.

One important thing to keep in mind is that if the project has not been approved for Capital Grant Award, you will need to provide documentation of the project's affordability commitment, how long it

will last, and how it will be enforced. It isn't enough for a developer to promise that the units will be affordable. There has to be some kind of enforcement mechanism and that enforcement mechanism must be structured so that it will survive a sale or other transfer of the property and be binding on any successors in interest.

Slide 7 - Meaghan M. Cary

So for this program, like the Capital Grant Program, the affordable gross rent is roughly 30% of 80% of the area median income or AMI for short.

So someone who makes 80% or more of the area median income should spend no more than 30% of their income on gross housing costs. These numbers will be updated annually by BEA, and you should make sure that whoever is enforcing the affordability requirements on the project is using BEA's affordability criteria or some other criteria that will never set the affordability threshold higher than 30% of 80% of AMI.

You'll see in the program guidance for this program that, like the Capital Grant Program, this program imposes no income caps or income verification requirements on tenants renting the affordable units. This program is interested in the rental price of the unit, not in the income of the tenant.

The slide you're looking at now shows the maximum gross rents set by BEA, otherwise known as gross housing cost. That includes not just the rent paid directly to the landlord, but also any utilities paid out of pocket by the tenant.

If utilities are not going to be paid by the landlord, then you'll need to use the New Hampshire Housing Utility Allowance Schedule to make sure that the cost of utilities won't put the unit over that affordability threshold, and you can find a link to the utility allowance schedule on the Invest New Hampshire website.

Slide 8 – Meaghan M. Cary

This slide contains examples of gross rent calculations for units where the tenant is paying the utilities out of pocket.

One important thing to note is that the New Hampshire housing utility allowance, schedule groups utility prices by county while the fair market rent area maximums carve out municipal regions with higher costs of living than their surrounding counties. Sometimes those municipal fair market rent areas encompass multiple counties or even multiple states.

So if we go back to the last slide, you see that this lumps together Portsmouth and Rochester and even Boston, Cambridge, Quincy and parts of New Hampshire as well. It's all over the place, so you cannot assume that all the cities in a metropolitan fair market rent area are going to be in the same county. You have to use the county numbers to calculate the utility allowance.

So here you see, the first example is a project in Rochester. Rochester is part of the Portsmouth Rochester Municipal Fair Market Rent Area, so you're going to apply the maximum gross rent for that area. However, the Municipal Fair Market Rent Area covers more than one county. Because our project

in this example is in Rochester, we're using the Strafford County utility allowances. If a project were in Portsmouth, we'd still use the Portsmouth Rochester Municipal Fair Market Rent Area for the maximum gross rent, but we'd apply the Rockingham County utility allowance.

For each county, New Hampshire housing provides an allowance for heat, hot water, cooking fuel and electricity based on the type of the building and the number of bedrooms in the unit. To get your total utility allowance, you add up the allowance for each utility that will not be covered by the landlord.

The maximum gross rent minus the total utility allowance gives you the maximum contract rent, which is the maximum amount of rent that a tenant can be required to pay to the landlord each month.

Now you'll see that in each of these examples, water and sewer is paid for by the landlord. This is usually the case, so much so that New Hampshire Housing, that the New Hampshire Housing Utility Allowance Schedule doesn't have an allowance for water and sewer. However, sewer and water are considered utilities for the sake of this program, and you should address that with the project developer when determining if a project meets the affordability criteria.

Slide 9 – Meaghan M. Cary

So now we're going to move on to the Municipal Demolition Grant. The goal of this grant is to provide funding for demolition projects that will result in improvements to the housing shortage, either because a demolition is necessary to build new housing or because the demolition is part of a larger plan that will result in more available housing. In determining awards, preference will be given to projects that directly result in the construction of new affordable housing.

Slide 10 - Meaghan M. Cary

As you can see, municipalities must apply for these funds, but the funds can then be given to private developers or owners for qualifying demolition projects. If a municipality is applying on behalf of a private owner or developer, they will need to have some sort of written agreement in place regarding the use of those funds and the developer's commitment to the municipality. The applying municipality will be responsible for gathering all the required information and documentation from the developer. Because funds will be distributed on a reimbursement basis, the municipality will also be responsible for collecting documentation of actual expenses incurred or otherwise coordinating that process with the developer.

This funding can be used to cover all demolition related expenses, including permitting and including any environmental remediation that's made necessary by the demolition. So if you're dealing with a sick building and tearing it down is going to generate extra expenses as a result, then those expenses can be included in the demolition cost.

Slide 11 - Meaghan M. Cary

The mechanics of this program are pretty straightforward, but there are a couple things I think we can clarify. The first is the requirement that there are no reasonable cost-effective measures that could restore a property to useful life. We haven't specified exactly what kind of evidence is required here because we think that's going to be highly dependent on circumstances. In some cases, photographic

evidence might be enough if a structure is literally falling down, photographic evidence may be sufficient, and we don't want you to have to incur extra expenses to justify something that's obvious. However, if the structure looks like it's in good shape, but it's a sick building that would need an unrealistic amount of repair and remediation to be usable, then we're going to want to see evidence of that. If it really is an edge case where the building isn't in such bad shape that tearing it down isn't the obviously better answer, then you should consider providing a more detailed analysis of the relative costs.

The second requirement I want to address in more detail is the requirement that the demolition positively impact housing availability. You'll notice that unlike the other programs, there's not an explicit affordability requirement here, nor is it a requirement that the demolished building will be replaced directly by housing. The demolition doesn't need to directly create new places to live, as long as it's part of a plan that supports expanded housing opportunities. It could become a parking lot or a public transportation hub that supports new housing or makes an existing neighborhood available to a larger portion of the workforce. It could become a park in a residential neighborhood. It could become a grocery store in what is now a food desert. Creating new residences is only part of making housing more available, but another big part is making places more livable by encouraging the creation of green spaces and services and businesses that are necessary to support a residential neighborhood. This program recognizes that all these things are part of improving the availability of housing.

That being said, these funds will be awarded based on scoring criteria, including how essential the project is to a greater greening or revitalization project, and how directly it will impact housing ability. The more the demolition serves the goals of this program and invest New Hampshire generally, the more likely it is to receive funding.

Slide 12 – Meaghan M. Cary

So now so once again, if you have any questions regarding any of these programs, please put them in the chat or e-mail them to investnh@livefree.nh.gov. I'm now going to pass it off to Ben Frost with New Hampshire housing, who is going to tell you about the Municipal Planning and Zoning Grant.

Slide 13 – Ben Frost

Thanks so much, Meaghan. I'm really excited to be with you all today and to talk about the Municipal Planning and Zoning Grant Program.

Speaking for the team at New Hampshire Housing, we are particularly excited to be working with our partners at BEA in administering this program, and we're grateful to them for their confidence in us to run it.

To help us run this grant program most effectively and efficiently we will also be partnering with Plan NH, which for a number of years has administered the Municipal Technical Assistance Grant Program or MTAG. With the advent of this new grant program MTAG will be on hiatus for a couple of years. Plan NH will be the principal point of contact for municipalities both in the grant application process and in grant administration, helping cities and towns work toward their objectives.

We'll also be collaborating with you UNH Cooperative Extension, which will provide community engagement training for all grantees. Through a variety of different programs we've run, we've found that community engagement is often the critical element in ensuring a municipality's success at achieving regulatory change. And that really is the whole point of this program: creating zoning ordinances and other regulations that promote housing development.

Slide 14 – Ben Frost

Now I want to give a brief summary of the overall program, the Municipal Planning & Zoning Grant Program.

We will be launching pre applications on Friday, July 29th. That's two days from now. We will be utilizing this website – www.nhhopgrants.org – and I'll describe what that URL means in a few minutes. In this pre-application portion we'll be looking for contact information from municipalities who are interested in participating in this grant program. The full application instructions and ability to apply will open on Friday, August 5th. Applications will be accepted on a rolling basis for these grants.

We plan to conduct a grant application workshop in mid-August. We haven't fixed the date for that yet, but look for more information on that soon. If you've registered for this webinar you will get information on the grant application workshop. I've already talked about the role of Plan NH and UNH Cooperative Extension and the purpose of this grant program, which is to change local regulations to help increase housing supply.

Any municipality in New Hampshire can apply. The grants will help municipalities to hire qualified consultants to conduct the work for them. Funds will be distributed on a reimbursement basis. The way we'll do this is municipality will get an invoice from their consultant; the municipality will send it to Plan NH; Plan NH will approve it, submit it to us and then NH Housing will pay the municipality directly. So it should be a pretty simple and smooth process.

Note that because of constraints that we have with our contract and under federal law too, we will have to fully commit, or obligate, the funds by December 31st, 2023. And that means we must have the grant awards in place with municipalities by the end of calendar year 2023. And those funds must be fully expended by September 30th, 2024. So this is a fairly tight window for this program to operate in. But we're confident that we'll be able to do this and help municipalities achieve the change that they're seeking.

Slide 15 – Ben Frost

The overall Municipal Planning & Zoning Grant Program really houses two different grant programs within it. First is the Community Housing Navigator Grant Program. Through this, we will be making up to six grants to municipalities to hire local staff to coordinate regulatory change and to conduct community engagement activities.

An applicant for the Community Navigator grants maybe any individual city or town, or multiple municipalities may get together and put together a joint application. Those joint applications may be coordinated by their Regional Planning Commission or by a Regional Workforce Housing Coalition. The Community Housing Navigator grants will be made for up to \$250,000 per grantee to cover a period of roughly two years of work. The Navigators who are working in these municipalities will be required to work on at least one of the three Housing Opportunity Planning Grant phases, which I'll talk about in just a second.

The application instructions for the housing navigator grants will be published on Friday, August 5th, and the applications will be due on September 30th. We expect to make grant awards on or before October 14th.

Slide 16 – Ben Frost

The other part of this overall program is the Housing Opportunity Planning Grant or HOP Grant Program, which really embodies the three phases that we see in regulatory change at the local level.

The first phase is needs analysis and planning, and grants will be made for up to \$25,000. This is for municipalities to seek an understanding or mapping of housing or income or demographic data; housing market costs, housing units needed to meet expected future growth; and the affordability of the municipality's housing stock for all income ranges. This could also include reviewing housing-related portions of local master plan and making changes there in support of regulatory change later on.

Community engagement efforts will be required for this and that will involve UNH Cooperative Extension. Where a municipality is seeking a grant to do data collection and analysis, we expect them to be reflecting on the work that their Regional Planning Commission is currently doing in the development of its regional housing needs assessment. That work is going to be completed later this year by all 9 regional planning commissions.

The next phase is regulatory audits, that is, taking a look at your regulations and figuring out where the barriers to housing development are and what kind of recommendations can we make to change those regulations. This could include reviewing your zoning ordinance, subdivision regulations, site plan regulations, any provisions adopted under RSA 674:21, the Innovative Land Use Controls statute, as they relate to housing. You could also look at local building codes and local tax incentives such as the Community Revitalization Tax Relief Incentive, RSA 79-E.

The audits can be structured to do a variety of different things: identify barriers to housing development; Recommend specific changes to regulation without actually drafting them; identify opportunities for new regulations; and cross reference the different regulations, looking for conflicts among them regarding housing, because sometimes your subdivision regulations don't play well with your zoning ordinance and create barriers to housing development. That's what would be looking for here. The audit grants would be available for up to \$50,000.

The 3rd and final phase of regulatory change is the actual development of the regulation itself – the drafting of the text. And in all of these cases, the purpose is for the municipality to hire a qualified

consultant to do this work - to revise their existing regulations, and to draft new ones. This can include zoning or subdivision regulations, site plan regulations, development standards that you have in different regulations, the tax incentives, actually drafting of the regulation that is needed as you as you've identified. As with the other two phases, grants for this purpose must be accompanied by a community engagement effort. The applications don't necessarily need to flesh out exactly what that engagement effort is, but we will require that a portion of the budget must be devoted to community engagement because it is so important to your success in achieving change. Grants for this phase will be available for up to \$100,000.

Applications for these three phases will open on August 5th. Note that although these are listed as three different grant types within this HOP Grant Program, a municipality could apply for one phase at a time or could apply for all three phases at once. So we're really looking to municipalities to tell us what you need and what you want to do. Municipalities will just need to hire a consultant to do the work.

We will receive applications on a rolling basis after that and make decisions on a rolling basis thereafter. They are different closing dates for each phase in 2023. Phase one – needs analysis and planning – will have a closing date in January of 2023. Phase two – regulatory audits – will close in June of 2023. And the last phase – regulatory development – will close in November 2023, recognizing that we have to commit these funds by the end of calendar year 2023.

So a few important dates to remember here:

- August 5th, the application instructions will be published.
- We'll have a grant writing workshop webinar in mid-August.
- And the Community Housing Navigator Grant applications will be due on September 30th.

Meaghan, I'll turn it back to you.

Meaghan M. Cary

Great. Thanks very much, Ben.

So, as you can see, we have some upcoming dates that are gonna be relevant to applying and gathering pre application information for these programs. As always, please e-mail us at investnh@livefree.nh.gov if you have any questions and check the Invest New Hampshire website regularly at invest603.com for updates on the Municipal Per Unit Grant, Municipal Demolition Grant, and Capital Grant programs and www.nhHOPgrants.org for information about the Municipal Planning and Zoning Grant. Thank you all so much for joining us today and we look forward to the implementation of these programs.

Gabriela Fowler

Thanks so much. Meaghan. I'm going to keep the line open just for one or two more minutes while we see if any questions filter through, and then I will go ahead and shut the meeting down.

OK folks, I'm not seeing much come through in the chat, but like Meaghan said, if you have any additional questions, please feel free to e-mail us at anytime and investnh@livefree.nh.gov and we will be in touch soon. Thank you all so much for coming.