

Municipal Grant FAQ

Municipal Per Unit Grant

A. Eligibility & Application Requirements

1. What are the date restrictions on eligibility?

There are two eligibility requirements regarding the timing and approval of permits:

- A municipal application for permits or permission necessary to begin construction must have been submitted *after* February 17, 2022.
- Permits must be approved within 6 months of the date the application was submitted.

For example, if a municipality issues the last necessary permit on September 1, 2022, that permit application must have been submitted to the municipality no earlier than March 1, 2022.

2. To be eligible for the Per Unit Grant, permits must be applied for after February 17, 2022. Does this mean the planning board application, or can it apply to various stages of building permit applications?

A municipal permit or permission necessary to proceed to construction must have been initiated after February 17, 2022. If all municipal permit applications were submitted before February 17, 2022, the project will not qualify for a Municipal Per Unit Grant.

3. Does the 6-month approval window include time where a developer is responsible for the delay, or does it only apply to time when the application is pending with the municipality?

The 6-month approval window is continuous and is not tolled for delays for which the municipality is not responsible. Municipalities are responsible for working with developers to ensure that the permitting process moves forward and receives permitting within 6-months from date of application.

4. What are the documentation requirements for a project's affordability commitment? Will an agreement to report compliance to the municipality be sufficient?

Documentation of a project's affordability requirements is most easily accomplished with a **deed restriction such as Land Use Restrictive Agreement (LURA)**, otherwise known as a restrictive covenant. Recorded deed restrictions "run with the land" and therefore persist even though the property changes hands. We encourage applicants to use this relatively simple method of affordability commitments. Depending on the terms, an **irrevocable trust** may also satisfy these requirements.

5. Does the project need to be completed before funds are disbursed to the municipality?

No. Completion of the project is not a condition of the award. Once the award is approved by the Executive Council awarded funds will be disbursed to municipalities.

B. Terms and Examples Used in the Program Guidance

1. What does the program guidance mean when it refers to “new market rate units”?

The term “new market rate units” generally refers to new units that will not be rent-capped that are being constructed along with rent-capped units as part of the same construction project.

2. What does “rent cap on affordable units” mean?

For the purposes of this program “rent capped” and “affordable” are synonymous. To be considered “affordable” for the Municipal Per Unit Grant, a unit must be rented at a price at or below threshold established by BEA in the [program guidance](#) (80% AMI) for a minimum of 5 years. That established threshold therefore establishes a “cap” for the rental price of those units.

The rental price includes all utilities. If utilities will not be included in the rent paid to the landlord, you must include [the NH Housing Utility Allowance](#) for the unit in your calculation of total rental price.

3. The examples of utility allowances used in the webinar all used natural gas for heat. What if the project uses another source of heating fuel?

The New Hampshire Housing utility allowance schedule includes values for electric heat and heating oil in addition to natural gas.

C. Questions Regarding State and Local Fiscal Recovery Funds (SLFRF)

1. What is the relationship between the state and a municipality receiving a Municipal Per Unit Grant?

Unlike the other InvestNH programs, the Per Unit Grant is an incentive program intended to **reward municipalities for something they have already done** (i.e., expeditiously issuing permits for affordable housing), and receiving a Per Unit Grant **does not obligate the municipality to take any further action**.

This means that the Municipal Per Unit Grant program is a beneficiary program, and the municipalities receiving awards are considered beneficiaries.

Please note, the above information only applies to the Municipal Per Unit Grant program. Municipalities and private parties may still be classified as recipients, subrecipients, or contractors with regard to other programs funded with SLFRF.

2. Does a municipality receiving a Per Unit Grant need to follow the Uniform Guidance or SLFRF Final Rule when using the award money?

No, for two reasons:

First, Municipal Per Unit Grant funds are allocated under the revenue loss eligible use category. According to the July 27, 2022, updates to Treasury’s [SLFRF Final Rule FAQ](#), when a recipient (in this

case, the State of New Hampshire) uses revenue replacement funds, that is never considered a subaward and never gives rise to a subrecipient relationship. Only recipients, subrecipients, and contractors carrying out federal awards and subawards are required to follow the Uniform Guidance and Final Rule.

Second, municipalities are beneficiaries of this program, and the rules and restrictions that apply to recipients, subrecipients, and contractors do not apply to beneficiaries.

3. What about the rules specifically limiting the use of revenue replacement funds? Does the municipality need to follow those?

No, for the same reasons that the municipality does not need to follow the Uniform Guidance or SLFRF Final Rule.

4. Where can I get more information about SLFRF?

Treasury has numerous guides and publications on the subject, including the [SLFRF Final Rule FAQ](#).

Municipal Demolition Grant

A. Questions About Program Details

1. Can the Municipal Demolition Grant be used to purchase property for demolition?

No. The Municipal Demolition Grant may only be used for demolition-related costs.

2. To apply for the Municipal Demolition Grant, does the project need planning board approval?

To apply for the demolition grant, the municipality or private developer working with the municipality must have all permits necessary **to begin demolition**. This does not necessarily mean they must have all construction-related permits.

3. Can I apply for a demolition grant if a property is currently occupied?

No, the property must be vacant and dilapidated to qualify for the Municipal Demolition grant. Applicants should apply their municipality's definition of "vacant" or, if there is no municipal definition, they should apply definition included in the program guidance. A building that is fit for habitation is very unlikely to meet the program definition of "dilapidated."

4. Can the Municipal Demolition Grant be used to remove debris and contamination from a building that has collapsed?

Depending on the precise circumstances of the property, such a project may be eligible for a Municipal Demolition Grant.

In general, grant funds may be used for the demolition of buildings and their appurtenances. The program guidance defines "building" as, "A structure which, when built, had a ceiling supported by walls or columns." A collapsed building is likely to meet this definition unless there has been some intervening action (such as a previous partial demolition) that fundamentally changed the nature of the structure.

5. What documentation regarding state historic review is required?

In discussions with NH Division of Historic Resources (NH DHR), BEA has determined that this requirement can be met by following process:

1. Applicant completes and submits a Request for Project Review ("RPR") naming **InvestNH** as additional "Contact Person to Receive Response." (Link below)
2. Applicant receives RPR response from NH DHR, ensures InvestNH receives digital copy.
3. If project RPR indicates: *No Potential to cause Effects, No Historic Properties Affected, and No Adverse Effect*, **then Historic Review is considered complete.**

4. If project RPR indicates additional information needed or that there is an *Adverse Effect*, then applicant would be required to develop a remediation plan with DHR, memorialized in a Memorandum of Agreement (MOA). **An executed MOA provided to InvestNH would be considered a completed Historic Review.**

Link to the historical review forms Request for Project Review Forms (nh.gov).

For additional questions regarding the Historic Review call Nadine Miller from DHR at 603-271-6628 or email her at nadine.m.miller@dncr.nh.gov.

6. Can Municipal Demolition Funds be used for internal or partial demolition activities?

1. Demolition of a the entirety of a structure when the structure is dilapidated and cannot reasonably be restored to useful life. Such demolitions are presumptively eligible uses of grant funds.
2. Partial demolition of a structure when, taken as a whole, the structure is dilapidated and cannot reasonably be restored to useful life, but it is cost or time effective to preserve some elements of the existing structure for incorporation into the new construction planned for that site. In such cases, additional documentation may be required, and eligibility will be determined on a case-by-case basis by InvestNH staff.

B. Questions Regarding State and Local Fiscal Recovery Funds (SLFRF)

1. Are municipalities who receive Municipal Demolition Grants, or private developers to whom they distribute funds, considered subrecipients of SLFRF?

No. InvestNH programs are being funded under the revenue replacement eligible use category (6.1). According to Treasury, there are no subawards in this eligible use category. This means that Municipal Demolition Grants are not considered federal subawards, and, by definition, the municipalities and developers receiving them are not subrecipients.

Please note, the above information only applies to the Municipal Demolition Grant program. Municipalities and private parties may still be classified as recipients, subrecipients, or contractors with regard to other programs funded with SLFRF.

2. Do Municipal Demolition Grant awardees need to follow the procurement and subrecipient monitoring rules in the Uniform Guidance?

No, those rules only apply to federal subawards and contracts, and uses of revenue replacement funds are explicitly exempt from those requirements. However, municipalities must still follow their own procurement, monitoring, and reporting requirements and any applicable federal, state, and local laws and regulations. In addition, Municipal Demolition Grant award agreements will contain procurement,

monitoring, and reporting requirements that municipalities, and any private developers they oversee, will be required to follow.

3. Do Municipal Demolition Grant awardees need to follow the Uniform Guidance rules about the use and disposition of equipment and real property?

No, those rules only apply to federal subawards and contracts, and uses of revenue replacement funds are explicitly exempt from those requirements. However, awardees are still required to follow all federal, state, and local laws and regulations, and to abide by the terms of the Municipal Demolition Grant award agreement.

4. Where can I get more information about SLFRF rules and requirements?

Treasury has numerous guides and publications on the subject, including the [SLFRF Final Rule FAQ](#).

Questions Regarding Multiple Programs

1. Who can apply for these grants?

Only municipalities may apply for the municipal grants, and only developers and property owners may apply for the Capital Grant Program. Municipalities may apply for Municipal Demolition Grants on behalf of private developers.

2. How do the Capital Grant Program, Municipal Per Unit Grant, and Municipal Demolition Grant work together?

All 3 programs function independently, meaning that none of them require participation in any of the other 2, and receiving an award from any one program will not guarantee approval for any of the others.

Relationship between Capital Grant Program and Municipal Per Unit Grant

A project that has been approved for a Capital Grant Program award meets the affordability requirements of the Municipal Per Unit Grant. Therefore, if a project has received a Capital Grant Program award and is in a municipality that wishes to apply for a Municipal Per Unit Grant, the municipality does not need to produce documentation of the project's rent cap or affordability commitment. However, approval of a Capital Grant Program project does not necessarily mean a municipality will be eligible for a Municipal Per Unit Grant. The municipality must still meet all other eligibility criteria.

Potential Use of Multiple InvestNH Programs

It is possible that a single project could qualify a developer and permitting municipality for all three grants. For example, a developer could apply for all the municipal permits necessary to begin construction on a project and receive those permits within 6 months of the initial application. They could then apply for the Capital Grant Program and receive an award. If the permit applications were submitted after February 17, 2022, the municipality could apply for a Municipal Per Unit Grant and receive an award because it had approved permits for a qualifying project within the required time frame. The municipality could also apply for a Municipal Demolition Grant and pass the award along to the developer to assist in the demolition of an existing dilapidated structure on the property where the new affordable housing will be built.