

# **Capital Grant Program FAQ**

## **How to Get Information About the Program**

### **1. Where can I find more information about the InvestNH Capital Grant Program?**

A detailed [Capital Grant Program Guidance](#) document is available on the [InvestNH](#) website.

### **2. Who can I contact with questions?**

Please first check whether your questions were answered as part of this FAQ or in the [Capital Grant Program Guidance](#), if your questions remain unanswered please send them to [investnh@livefree.nh.gov](mailto:investnh@livefree.nh.gov). We will incorporate your questions and the answers into the next FAQ update. Please note, that your question likely will not appear in its original form. Most questions will be merged with similar questions and reframed for more general applicability.

## **Timing**

### **1. When do applications open?**

The application is available now on the [InvestNH](#) website. You may submit your application any time before 4:00 p.m. ET September 2, 2022.

Please note, that there is no advantage to submitting your application in early. All applications submitted before the deadline of 4:00 p.m. ET on September 2, 2022, will be given equal consideration. Please carefully review your entries before submitting, once submitted you cannot make changes in your previous submission. If you do have to make corrections, you may submit a new application containing the correct information prior to the application deadline. In cases of multiple submissions for the same project, the most recent submission will be considered.

### **2. When will awards be announced?**

Awards are currently scheduled to be announced on Friday, September 30, 2022, conditioned on the subsequent approval of the Executive Council.

### **3. My project is not scheduled to begin construction until mid-2023. Is it still eligible?**

Yes. There is no required start date for projects, only a required completion date. However, if a later start date means your date of completion is likely to be delayed, your project may be less likely to receive funding than a similar project that is more likely to be completed by May 3, 2024.

### **4. What do I do if circumstances beyond my control prevent my project from meeting the 18-month (May 3, 2024) completion deadline?**

If projects are delayed past the 18-month deadline due to material shortages or other extenuating circumstances, BEA will consider waivers on a case-by-case basis, contingent upon a showing that the owner/developer is making a good faith effort to remedy the delay and continue progress on the project. A waiver could extend a project deadline up to, but not past, December 31, 2024.

### **5. What impact does the 18-month (May 3, 2024), completion deadline have on a phased project?**

All units constructed in whole or in part using program funds must be available for occupancy no later than 18 months after the awards are approved by the Executive Council.

## **Application Process**

### **1. Is there an application form? What is the format?**

The application is available online only on the [InvestNH](#) website. The application contains specific questions about the relevant details of your project and includes a list of requested documents. Most of these questions are previewed in the Application Process and Requirements section of the [Program Guidance](#).

Once you have accessed the application, you will need to create an account and verify your email address prior to moving ahead with the application.

### **2. Are all funds expected to be committed in the first application round? Will there be a second round of funding?**

We expect that all funds will be committed in a single application round. If for some reason they are not, we may implement additional rounds.

We are not expecting the program to receive any further funding beyond the \$50 million available to be awarded in the first round.

### **3. Will there be a separate round restricted to non-profit and smaller projects?**

No, there will be a single application round for all projects. However, \$10 million will be designated for non-profit projects and projects that create 15 or fewer new units or have less than \$3 million in development costs.

### **4. I am a developer working on multiple projects. Should I submit a separate application for each project?**

Yes. Owners/developers should submit one application per project. If you have a single project creating multiple structures in one location, you should submit one application. If you are a single owner/developer overseeing multiple different projects, you should submit a separate application for each project.

### **5. I am a developer with a single project that involves multiple sites. Can I submit a single application to cover all sites in my project?**

You may consider different sites to be part of the same project if the specific details of the planning and construction support that claim. In general, it is expected that buildings which are part of the same project will be in close physical proximity, will be owned by the same entity, will procure services from contractor and vendors under shared contracts, and will be planned and permitted together or simultaneously. Shared funding, intermingled funds, and the free sharing of materials, equipment, goods, or labor between sites are all strong indicators that those sites are part of the same project. If you submit an application for a single project with multiple sites, BEA may reach out to you during the application review period to request additional details and documentation to verify that they are in fact the same project.

Conversely, in order to receive separate awards for multiple projects, an applicant must be able to demonstrate that they are in fact separate projects. In general, it is expected that separate projects will be in disparate locations, will have distinct funding sources, distinct capital stacks, separate contracts with contractors and vendors, and be permitted separately. If you submit applications for multiple projects, BEA may reach out to you during the application review period to request additional details and documentation to verify that they are in fact separate projects.

## **6. What is a State Historic Review?**

A State Historic Review is a review that may be required by the New Hampshire Division of Historical Resources for all publicly assisted projects that may affect historical or archeological resources. A [Request for Project Review \(RPR\)](#) must be completed to allow New Hampshire Division of Historical Resources to determine if a State Historic Review is required.

## **Eligibility**

### **1. Are projects creating residences for resale eligible, or is the program restricted to rental units?**

Only projects intended to be rental properties are eligible. There is nothing to prevent the entire property from being sold during the 5-year rent restriction period, but the individual rent-capped units will need to remain rentals for that entire period.

After the 5-year rental restriction period has expired, the units are no longer required to be kept as rental units.

### **2. Would an existing multi-family residence that needs a full rehabilitation to be used as affordable housing qualify for Capital Grant Program funding?**

No. Only projects creating entirely new units are eligible.

### **3. Will funding be available to projects that are underway, but have been delayed due to budget issues that were not foreseen at the start of construction?**

Yes. Projects that are underway are eligible, and proximity to completion will be considered favorably when applications are reviewed.

### **4. Can program funds be used for affordable student housing?**

Projects that limit eligibility to specific individuals, such as students, will be less likely to receive funding than an equivalent project intended for general occupation.

## **Awards**

### **1. What is the maximum allowance per award?**

The maximum amount of funding a project may receive from this program is \$3 million. Projects will be scored based upon pre-determined criteria. Some projects may receive only partial awards.

### **2. Will funds be awarded on a “first come, first served” basis?**

No. Please refer to the Timing section #2.

### **3. Will preference be given to specific projects?**

Projects will be scored on several criteria, including:

- How soon the units will be ready for occupancy,
- The number of new affordable units created,
- Whether the units will be offered at rents lower than the required 80% AMI affordability threshold,
- Whether the units will be subject to affordability requirements for more than 5 years,
- The geographic distribution of projects,
- Whether the units are ADA compliant or incorporate Universal Design principles,
- Whether the units are EPA compliant and/or meet state environmental standards,
- Whether the project meets a unique or particularly urgent need in the community,
- The project's conformity with the program's overarching goal of providing affordable workforce housing.

### **4. What protections are in place to ensure projects in geographic area and/or larger projects from receiving disproportionate representation of project funds?**

This program has elements that work together to ensure that a diverse set of projects receive funding:

- A minimum of \$10 million dollars is designated for award to projects creating under 15 new units with total development costs of less than \$3 million and non-profit projects.
- Awards are capped at \$3 million, which will help ensure a broad distribution of funds.
- Smaller projects often have shorter timelines to completion, which will work to their advantage in scoring.
- This program has a goal of granting awards per county/planning region, which will help ensure that funds are distributed to communities throughout the state.
- In addition, it is expected that projects from rural municipalities will be smaller and therefore more likely to be completed by the 18-month deadline, and that they are more likely to fulfill a specific, acute community need for affordable workforce housing. Both these factors will be considered favorably in the application review process.

### **Financial Details**

#### **1. Can you tell me what impact receiving Capital Grant Program funding will have on funding I receive from other programs?**

It is the applicant's responsibility to ensure the compatibility of all funding sources.

#### **2. Can program funds be used to purchase land?**

No. Program funds are for construction and hard costs and may not be used to purchase land.

#### **3. Can land purchased for the project be counted towards the equity/financing match requirement?**

If you have already purchased land for the project, the fair market value of your equity in that land can be used to satisfy the dollar-for-dollar investment or equity match.

**4. My land has an assessment well below market value. How would that affect my ability to use it as equity?**

The value of equity in real property is determined by the fair market value of that property at the time of application. If you can demonstrate that your land has a particular fair market value based on, for example, municipal assessment information or an independent appraisal by a licensed appraiser, then you may use that value as the basis for your equity calculation.

**5. If I am eligible to receive gap funding from a bank or other private lender, can I apply for funding from this program instead?**

This program is a funding source of last resort, and you must demonstrate that you have exhausted all other possible sources of funding before you are eligible to receive funding under this program.

**6. What documentation of other equity or financing is required?**

For financing, the simplest way to satisfy this requirement is to provide a copy of the instrument by which the financial commitment was made (e.g., a loan or investment contract). If the financing is internal and there is no such contract, you can supply bank records reflecting that the project has sufficient funds to make the required match.

To show equity in real property, you can provide a deed, recent appraisal or market comparison, and your most recent mortgage statement or documentation related to any other encumbrances.

**7. How does a project demonstrate a shortfall?**

You can demonstrate a shortfall due to increased cost by providing both an initial and current cost estimate.

You can demonstrate a shortfall due to lack of financing by providing a cost estimate relative to hard costs, a summary of your current funding, and documentation that you have applied for and have not received funding from other sources or an explanation of why you are not eligible for funding from other sources.

**8. Can a project receive Capital Grant Program funds to begin environmental remediations on the building site before the rest of the financing is finalized?**

Environmental remediation is an authorized use of Capital Grant Program funds. However, applicants seeking to use program funds for environmental remediation still need to demonstrate an equal funding or equity match before receiving Capital Grant Program funds.

**9. Can a limited partner tax equity investment be used to satisfy the 1-to-1 financing or equity requirement?**

Yes, A source of cash or equity that contributes to the total financing of the project may be used to satisfy the match requirement.

**10. The Program Guidance says awards will be in the form of forgivable loans. How will that work?**

Awards will be granted in the form of a forgivable loan at 0% interest for 18 months. If the project is completed on time and in compliance with program requirements, the loan will be forgiven once

the funded units become available for occupancy. An extension of the 18-month deadline may be available if unforeseen and unavoidable delays occur, but the deadline will not be extended past December 31, 2024, under any circumstances. If the project is not completed on time and in compliance with program requirements, then the participant will be required to repay the loan with retroactive interest. During the 18-month loan term, the award will function much like a line of credit, and funds will be distributed on a reimbursement basis for actual costs incurred.

**11. When does the loan begin accruing interest?**

If the project is not complete within the 18-month deadline and does not receive an extension, the loan will immediately become due with interest retroactive to the date funds were disbursed. The loan will continue to accrue interest until it is paid in full. Please see section [“Award Determination” on page 8](#) of the InvestNH Capital Grant Program Guidance document.

**12. Can I use Capital Grant Program funds to cover costs incurred before the award is finalized?**

Yes. You can use funds to cover eligible costs incurred after May 4, 2022.

**13. If the municipality is imposing affordability requirements on my 16+ unit project that are stricter than those imposed by the Capital Grant Program, do I also need an additional funding source that imposes affordability requirements?**

No. If the municipality is imposing and enforcing affordability requirements at least as strict as those imposed by the Capital Grant Program you do not need to have an additional funding source that also imposes those requirements. The applicant must provide details of those municipal requirements.

**Program Requirements**

**1. What happens to the affordability restrictions after 5 years? Can I rent the units at market rates once that period has passed?**

Notwithstanding any other affordability restrictions, once the 5-year rent restriction period has elapsed, plus any time tolled due to the unit being unavailable for occupancy, the affordability restriction expires and no longer applies. At that point, owners should seek documentation from the Department of Business and Economic Affairs confirming that the rent restriction term has passed and that the restrictions no longer apply. If the units are not subject to affordability restrictions imposed by any other program, the owner can then rent the units at market rate.

**2. Are there any income restrictions or screening requirements imposed by the program?**

No. This program imposes a *rental price* cap on affordable units.

**3. Will the forgivable loan require a lien on the property until the project is complete?**

The forgivable loan itself will not encumber the property. However, before program participants can receive any program funds, they must record a deed restriction binding the property to the affordability requirements of the program.

**4. Can municipalities impose their affordability requirements that are more strict or last longer than those imposed by the Capital Grant Program?**

Per RSA 674:21(l)(k)(a) a municipality can only impose municipal affordability requirements if the affordability requirement is offered in an exchange for an incentive or benefit such as a density bonus, which the applicant has agreed to.

**5. What will the parking requirements be for this program?**

This program provides funding for projects that have been permitted and has no requirements for parking. Any requirements such as parking will have already been addressed in most cases as part of the local permitting process.

**6. What utilities are included in gross rent?**

Gross rent includes all the utilities needed to make a residence habitable. That means:

- Heating fuel.
- Hot water.
- Fuel for cooking.
- Electricity for all residential purposes including lights, appliances, and air conditioning.
- Water and Sewer

For a detailed breakdown on monthly utility allowances, see the [New Hampshire Housing and Finance Authority's 2022 Utility Allowance Schedule](#).

**Permits**

**1. Can program funds be used for permitting costs?**

No. Capital Grant Program funds may only be used for costs directly related to construction.

**2. Will the BEA work with my town to get my project approved?**

No. You are responsible for working with your local permitting bodies to get your project approved.

**3. Is it true that applicants need to have building permits approved to apply?**

Yes. Applicants must have all necessary permits in hand to be eligible. We will make an exception for any permit approvals that are pending contingent upon some action by the state of New Hampshire.

**4. I'm still waiting for permission from the town for a project. Should I apply? Can I be granted an award conditioned on receiving permits?**

You are required to have all permits in place to apply, except for any that are contingent upon action by the State of New Hampshire. We will not be giving conditional awards.

**5. What if I have approved permits, but those permits are under appeal?**

Projects with permits subject to active appeals are not eligible to apply. You may apply before the 30-day appeal period has passed, but awards will not be made to projects that have not exhausted the 30-day appeal period as of September 30, 2022.

