

JOR



67

April 6, 2022

The Honorable Karen Umberger, Chairman
Fiscal Committee of the General Court
State House
Concord, New Hampshire 03301

His Excellency, Governor Christopher T. Sununu
and the Honorable Council
State House
Concord, New Hampshire 03301

REQUESTED ACTION

Pursuant to RSA 14:30-a, VI, authorize the Department of the Business and Economic Affairs (BEA), Division of Economic Development, to accept and expend \$100,102,503 in American Rescue Plan Act (ARPA) State Fiscal Recovery Funds (SFRF) to fund the “InvestNH” Housing Program, effective upon Fiscal Committee and Governor and Council approval through June 30, 2023. This is an allowable use of ARPA SFRF funds under Section 602 (c)(1)(C) for provision of government services to the extent of the reduction in revenue. **100% Federal Funds.**

Funds are to be budgeted in FY2022 in the following new account:

03-022-022-220510 – Division of Economic Development,
26XX0000¹ - ARP InvestNH Housing Program as follows:

03-022-022-220510-26XX0000		FY2022
CLASS	DESCRIPTION	BUDGET REQUEST
040 - 501587	Indirect Cost	\$2,500
041 - 500801	Audit Fund Set Aside	\$100,003
072 - 500574	Grants to Local Gov’s-Federal	\$40,000,000
072 - 500575	Grants Federal	\$60,000,000
TOTAL EXPENSES		\$100,102,503

¹All direct program costs will be accounted for using activity 00FRF602GS2205A and all administrative and indirect costs will be accounted for using activity 00FRF602GS2205Z. Accounting classifications may be subject to technical changes at the discretion of the Department of Administrative Services’ Division of Accounting Services.

The Honorable Karen Umberger, Chairman
Fiscal Committee of the General Court

His Excellency, Governor Christopher T. Sununu
and the Honorable Council

SOURCE OF FUNDS		
000 - 400338	Federal Funds	\$100,102,503
	TOTAL REVENUE	\$100,102,503

EXPLANATION

New Hampshire has been experiencing an extremely tight housing market for years. Changes in the market as a result of the coronavirus pandemic have now accelerated this situation. Simultaneous to this crisis, state employers in all sectors ... from healthcare to hospitality to manufacturing to trucking companies ... are in need of new workers, and low availability has reduced affordability for virtually all residents but is particularly impacting middle- and low-income families. The combination of these factors is of significant concern and is impacting the broader state economy's recovery from the pandemic.

The InvestNH housing recovery program is designed to provide a one-time infusion of \$100 million to accelerate the availability of multifamily housing projects already underway and assist New Hampshire's municipalities address associated costs and obstacles to development. This program has four components, summarized below. Final program elements remain in process as BEA brings on staff to operationalize the programs.

By federal rule, all funds under these programs must be obligated by December 31, 2024 and all projects must be completed by December 31, 2026. InvestNH program deadlines will be set prior to these deadlines to allow time for compliance confirmations.

Capital Grant Program (\$60 million)

The goal of this program is to significantly accelerate the availability of housing in the state within the short federal ARPA eligibility period.

The primary program (\$50 million) will provide flexible direct grants of up to \$3 million to cover funding gaps on permitted projects that are either in or near starting construction. Eligible projects must be multifamily rental units with more than four units that add to the local available housing stock. In general, projects must have filed for permits after February 17, 2022 and be at least conditionally permitted as of the application date (depending on need, there may be exemptions where a documented construction stoppage could seek a waiver from that date). Funds are only for construction or other hard costs. Soft costs, financing, or developer fees are not eligible.

Eligible applicants are non-profit developers, for-profit developers, or property owners constructing eligible housing. All applicants must demonstrate a dollar-for-dollar matching investment of the requested award. The program specifically will demonstrate a preference for projects that address the shortage of affordable housing for NH's workforce.

The Honorable Karen Umberger, Chairman
Fiscal Committee of the General Court

His Excellency, Governor Christopher T. Sununu
and the Honorable Council

The schedule of application rounds is not yet finalized but is slated to begin in June 2022 and operate on 6- to 8-week rounds. The first few rounds will be specifically reserved for small projects (less than 10 units) and non-profit developers. Applications will run through June, 2023, and projects will be expected to complete their project plan within InvestNH deadlines.

The remaining \$10 million will be allocated to the New Hampshire Housing Finance Authority (NHHFA) for deployment into their programming, such as the HOME Investment Partnership Programs and the Affordable Housing Fund.

Municipal Grants (\$40 million)

These will consist of three grant areas: a per-unit grant program, a zoning and planning grant program, and a demolition program.

The per-unit grant program (\$30 million total) will award \$10,000 per unit to municipalities for multifamily rental units permitted within 6 months from application. Awards are capped at \$1 million per project, and for the first year municipalities will be limited to \$1 million in total awards.

The zoning grant program (\$5 million) will be awarded to municipalities that seek to establish or update zoning rules and regulations in their jurisdictions. Funding would be to hire third parties for services such as establishing housing needs, understanding development options, review of existing regulations, and rewriting or establishment of updated or new regulations that have the goal of enabling addition to existing housing stock. No match is required.

Similarly, the demolition grant program (\$5 million) will aid municipal efforts to demolish all or part of vacant or dilapidated buildings. This program will have a cap of \$500,000 and eligible projects must have all required permits and approvals in place in order to proceed.

Funds are budgeted as follows:

Class 040 – Indirect Costs to recover, per by RSA 21-I:75, a proportional share of the outside funding source to alleviate agency indirect costs.

Class 041 – Audit Fund Set-Aside - .001 of federal funds payable to DAS for audit fees

Class 072 – Federal Grants - grants made to eligible entities for multifamily housing development

The Honorable Karen Umberger, Chairman
Fiscal Committee of the General Court

His Excellency, Governor Christopher T. Sununu
and the Honorable Council

In the event that Federal Funds become no longer available, General Funds will not be requested to support this program.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "T. Caswell". The signature is written in a cursive style with a large initial "T" and a long, sweeping underline.

Taylor Caswell, Commissioner
Department of Business and Economic Affairs