



CITY OF CONCORD
New Hampshire's Main Street™
Community Development Department

REPORT TO MAYOR AND CITY COUNCIL

From: Timothy J. Thompson, AICP, Assistant Director of Community Development

Date: July 23, 2024

Subject: **Invest NH Grants – Authorization to Apply
Municipal Per Unit Grant Program
Municipal Demolition Program**

Recommendation:

1. Accept this report;
2. Approve the attached consent resolution authorizing the City Manager to apply for up to \$30,000 of the Invest NH Municipal Per Unit Grant Program funds & \$35,000 of the Municipal Demolition Program funds.

Background:

The New Hampshire Department of Business and Economic Affairs (BEA) is a state agency which developed the Invest New Hampshire program, focused on providing grants to incentivize housing development. These grant programs are funded by the Coronavirus State Fiscal Recovery Fund created under the American Rescue Plan.

These funds are soon expiring, and the City has been approached by Next Step Living to assist in the process of utilizing 2 of the Invest NH grant programs for their recently approved project at 3 North State Street.

There are four municipal grant programs as a part of the Invest NH initiative, including the NH Municipal Per Unit Grant Program (MPUGP) and the Municipal Demolition Grant Program.

An overview of these programs is as follows:

- **Municipal Per Unit Grant Program (MPUG):** This program was created to encourage expedited permitting and construction of new affordable housing units. The City has successfully submitted 2 grant applications under this program, and has received \$1,140,000 in grant funds for the Penacook Landing and Railyard projects, supporting the development of 114 affordable housing units in the 2 projects.

Under the program, municipalities are eligible to receive up to \$10,000 per unit of affordable housing that satisfies the following conditions, up to a maximum of \$1 million. The City applied for and obtained a waiver from the State to exceed the \$1,000,000 cap, allowing Concord to seek up to \$2,000,000 total from the program (as of July 2024, the City has the ability to obtain up to \$860,000 in additional funds from this program).

- **Municipal Demolition Grant Program:** This program is designed to provide funds to municipalities for the demolition of vacant or dilapidated buildings as part of larger community revitalization strategies that will positively impact the current housing shortage in New Hampshire. \$5,000,000 of funds were made available as part of this program, with a maximum of \$500,000 available to a municipality.

Discussion:

Applications are currently open for both grants mentioned above.

Pursuing these grants would help further City Council's goals related to development of affordable housing and in this case assist with housing individuals with developmental disabilities, who have traditionally needed assistance in obtaining housing once reaching adulthood.

Next Step Living's proposed adaptive re-use of the building at 3 North State Street is to provide residential accommodations for adults with intellectual disabilities. The Property was previously used by Riverbend Community Mental Health, Inc. for offices. Next Step Living intends to convert the interior of the building from offices to a twelve (12) room rooming house for intellectually disabled adults. The project will involve limited interior renovations (consisting primarily of the installation of kitchen facilities on each floor, bathroom renovations and the removal of a few walls) and no exterior modifications.

Based on the Next Step Living Proposal, the state considers (for the purposes of the MPUGP) the project to create 3 new "housing units." The state uses the definition for residential unit as defined in RSA 483-B:4, XIX: "a structure, or portion thereof, providing complete and independent living facilities, including permanent facilities for living, sleeping, eating, cooking, and sanitation which are used in common by one or more persons."

Given Next Step Living's proposed rooming house design, rooms on a single floor of the building that share a common kitchen and restroom would count as one unit. Therefore, the three floors in the Next Step Living proposal (each sharing a kitchen and bathroom) is considered to be three units. Based on this analysis, the project would be eligible for \$30,000 in MPUGP funds if the application were successful.

Next Step Living also consulted with BEA staff, and determined that the interior demolition work necessary for the conversion of the offices to living space was eligible for MDP funds. Based on the cost estimates for interior demolition that Next Step Living is anticipating, \$35,000 in MDP funds are being sought.

If the grant applications are successful, the City can then hold necessary public hearing to accept and appropriate said funds upon award, as well as subgrant said funds to Next Step Living, or applicable related corporate entity, to support the Next Step Living development located at 3 North State Street.