



CITY OF CONCORD

REPORT TO MAYOR AND CITY COUNCIL

FROM: Crayton Brubaker, Community Development Specialist

DATE: August 25, 2022

SUBJECT: Invest NH Grants – Authorization to Apply
Municipal Per Unit Grant Program
NH Housing Opportunity Planning (HOP) Grant

Recommendation:

1. Accept this report;
2. Approve the attached consent resolution authorizing the City Manager to apply for up to \$1,000,000 of the Invest NH Municipal Per Unit Grant Program; and,
3. Approve the attached consent resolution authorizing the City Manager to apply for up to \$100,000 of the Invest NH Housing Opportunity Planning (HOP) Grant Program to further the City's goals relative to the housing development in the community.

Background:

The New Hampshire Department of Business and Economic Affairs (NHBEA) is a state agency which recently developed a new one-time initiative, Invest New Hampshire, 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.

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 NH Housing Opportunity Planning (HOP) Grant Program. The NHBEA is managing the MPUGP and the New Hampshire Housing Finance Authority (NHHFA) is managing the HOP grant.

An overview of these programs is as follows:

- Municipal Per Unit Grant Program (MPUGP): This program was created to encourage expedited permitting and construction of new affordable housing units. There are certain conditions for eligible affordable housing units for this grant program.

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. Revenues are unrestricted.

- The municipality has issued all permits (including planning, zoning, building, and other applicable permits) for a new affordable housing project.
- All permits were applied for after February 17, 2022 and must be issued within 6 months of application,
- The project(s) must be intended to be complete and ready for occupancy by May 3, 2024.
- The project(s) must include a minimum of 3 affordable units.
- The affordability element of the project must have an enforcement mechanism and must be enforced for no less than 5 years from the date of first rent availability.
- The gross rent for eligible units must not exceed the maximum affordable gross rent (80% Area Median Income) for the area, as determined by the NHBEA. The NHBEA will update affordability guidelines annually.
- Projects with both market and affordable rate units are eligible as long as the unit mix is proportionate (within a 10% margin) to that of the market rate units and the finish quality for all units are the same.

Municipalities applying for multiple affordable housing projects, it should submit a separate application for each project.

Applications for the MPUGP opened on July 25, 2022 and will remain open until all funds are committed. Awards are announced monthly beginning October 5, 2022 and are issued as one-time payments on a first-come, first-served basis.

- Housing Opportunity Planning (HOP) Grant Program: This program has three individual components for which municipalities may apply for grant funds for the purposes of engaging consultants to: 1) complete housing needs assessments and planning studies; 2) conduct regulatory audits; 3) prepare housing related regulatory amendments. Given the current status of the Concord NEXT project, it would be appropriate for the City to pursue funds for housing related regulatory amendments. The maximum amount a municipality may receive for regulatory amendments is \$100,000. Funds are provided on a reimbursement basis.

Regulatory amendments may include creation of new housing related regulations, or revisions to existing regulations, to increase the supply of housing. Eligible regulations that can be created or revise include: zoning; subdivision regulations; site plan regulations; any provisions adopted under RSA 674:21 that are related to or impact upon

housing development; local building codes; and local tax incentives like RSA 79-E. Community engagement must be included as a part of the process.

A maximum of 7.5% of funds can be used for administrative costs. HOP grant funds may not be used to acquire property, pay for equipment, or pay for consultant services rendered prior to grant approval.

Applications for the HOP program opened on August 5, 2022 and will remain open until November 15, 2023 for Regulatory Development. Awards are typically made within 30 days of submission of a complete application.

Discussion:

Applications are currently open for both grants mentioned above.

City Administration recommends to the City Council authorize the City Manager to apply for the Municipal Per Unit Grant Program and the Housing Opportunity Planning Grant Program. Pursuing these grants would help further City Council's Priorities 1D, Grant Funding Opportunities, 2B, Zoning, and 2C, Housing.

If successful, funds for the MPUGP would be distributed after approval from the Executive Council as a one-time payment. These funds could be used flexibly as the City Council sees fit, as there are no restrictions on the use of the MPUGP funds.

Regarding the HOP grant, funds would be used to reimburse work completed by a qualified consultant regarding preparation of regulatory amendments pertaining to housing. City Administration would seek City Council authorization to accept and appropriate grant funds at that time.

As the City Council knows, the City is currently working with a consultant to develop a Form Based Zoning Code, named Concord NEXT.

If awarded, these grant funds would be used to complete work Phase 1 of Concord NEXT. The grant funds would also be used to draft and revise Phase 2 of Concord NEXT, as well as potentially other City rules, regulations, and ordinances related therewith.