



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: December 11, 2023
Subject: **Community Development Block Grant Application - Dakota Partners' Leavitt Farms Project**

Recommendation:

1. Accept this report.
2. Set the attached resolution for public hearing on January 8, 2024, authorizing the City to apply for, accept, and appropriate up to \$500,000 of Community Development Block Grants from the NH Community Development Finance Authority on behalf of Dakota Partners.
3. Set the attached resolution readopting the City's Anti-Displacement and Relocation Policy in support of the City's Community Development Block Grant application behalf of the Dakota Partners for public hearing on January 8, 2024.

Background:

The New Hampshire Community Development Finance Authority (NHCDFA) is the state agency responsible for administering the US Department of Housing and Urban Development's (HUD) Community Development Block Grant (CDBG) program in New Hampshire.

Each year, the NHCDFA holds two CDBG application rounds, typically in January and July, to support housing and public facility projects that primarily benefit low- and moderate-income individuals and households. Types of CDBG grants available are as follows:

- **Housing:** This type of CDBG provides funding for the preservation and construction of affordable housing. Counties and non-entitlement communities, such as Concord, are eligible to apply for up to \$500,000 annually.
- **Public Facilities:** This type of CDBG provides funding for the construction of public facilities, such as water and sewer infrastructure, as well as other types of facilities including daycares, homeless shelters, and soup kitchens. Counties and non-entitlement communities, such as Concord, are eligible to apply for up to \$500,000 annually.

In addition to housing and public facilities, the NHCDFR also offers other types of Community Development Block Grants, as follows:

- **Emergency Grants:** These funds are available for projects to address emergencies and unanticipated events that have a serious and immediate threat to public health and safety, which primarily benefit low- and moderate-income people. Counties and non-entitlement communities, such as Concord, are eligible to apply for up to \$500,000 annually. Applications are accepted on a first-come, first-served basis throughout the calendar year.
- **Feasibility/Planning Grants:** These funds are available to conduct needs assessments, income surveys, preliminary architectural and engineering designs, cost estimates, and market analyses for potential CDBG projects, which primarily benefit low- and moderate-income individuals. Counties and non-entitlement communities, such as Concord, are eligible to apply for up to \$25,000 annually.
- **Economic Development Grants:** The City is also eligible to apply for up to \$500,000 in a calendar year to support economic development projects, which benefit low / moderate income persons. Such projects may include business loans, real estate development, infrastructure improvements, job training and similar activities. Applications are accepted on a first-come, first-served basis throughout the calendar year.

When applying for Community Development Block Grants, the City must, per CDBG rules, hold a public hearing prior to submitting its application.

In addition, to be eligible for CDBG funds, the City must also adopt:

- 1) An Anti-Displacement and Relocation Policy, which establishes procedures the City – or its subgrantees – must adhere to when expending CDBG funds to support projects which may involve temporary or permanent displacement of residents or businesses. This document must be readopted by the City Council for each individual CDBG application.

No displacement or relocation of persons or businesses is anticipated as part of this project.

- 2) A Housing and Community Development Plan. The purpose of this document, which is separate from the City's Master Plan, is to affirm that the City's goals relative to housing, economic development, and community development align with various NHCDFR and HUD requirements associated with the CDBG program. This plan must be readopted every three years.

The City last adopted this plan via Resolution #9264, which was approved on January 9, 2023. Therefore, no action is required by the City Council at this time.

The City has successfully applied for and received more than \$25 million in CDBG funds since the program's inception in 1974.

Discussion:

On September 15, 2023, staff issued a Request for Proposals (RFP), on behalf of the Community Development Advisory Committee (CDAC), to solicit potential CDBG eligible projects from CDBG eligible entities. Thirty-six (36) organizations received the City's RFP. Proposals were due on

October 13, 2023. A total of two responses were received. Dakota Partners was one of the respondents.

Dakota Partners' proposal for Community Development Block Grant (CDBG) funds from the City is for Phase 1 of its Leavitt Farm workforce housing development located at 103 Old Loudon Road in Concord New Hampshire. Leavitt Farm will be Dakota Partners' second workforce housing development undertaken in Concord, the first being the 199-unit "Rail Yard" development located on Langdon Avenue which is currently under construction.

The project received Planning Board site plan approval on August 16, 2023 for a 98-unit workforce housing development at 103 Old Loudon Road, a currently vacant site. Dakota plans to build the project in two phases. Phase 1, will consist of 38 units and a clubhouse, and Phase II will consist of 60 units. Of the 98 units to be developed at the site, 88 are planned to be reserved for persons making 60% or less of the Area Median Income.

Condominium approval to establish land units for Phase 1 and 2 was granted by the Planning Board on November 15, 2023.

Overall, the CDBG funding will support development of 88 units of new housing for low- and moderate-income households: 8 units will serve households earning up to 30% of the Area Median Income (AMI), 15 units will serve households earning up to 50% AMI, and 65 units will support households earning up to 60% AMI.

Currently the Project is targeting construction start in July 2024 and construction completion in October 2025.

A copy of the Dakota Partners proposal is attached.

The City's Community Development Advisory Committee (CDAC) met on November 13, 2023 to review the Dakota Partners proposal and unanimously recommended that the City Council authorize the City Manager to apply for the maximum amount of CDBG Housing funds available to support this project, provided that the request is for either acquisition of property or construction. Should City Council support this proposal, CDBG application would be filed in late January 2024. If successful, funds would become available in summer 2024.

Subsequent to CDAC's review of this application, preliminary guidance received from the NH Community Development Finance Authority (NHCDFA) about this project may preclude from being eligible to apply for / receive CDBG Funds. Specifically, the issue is related to whether Dakota Partners qualifies as a "Community Based Development Organization" in accordance with US Housing and Urban Development and NHCDFA regulations. This is required to qualify for Residential CDBG funding. Discussion is ongoing. Staff and NHCDFA are also examining other potential avenues to access CDBG funds, such as a potential "Public Facilities" application. If those efforts are unsuccessful, the City would forgo applying for CDBG funds for the Dakota Partners project. Additionally, if it is specifically determined that the Dakota Partners Project is ineligible for Residential CDBG funds, staff would transition efforts to seek potential Residential CDBG funding for Fellowship Housing Opportunities application, which was determined by CDAC to be a secondary CDBG priority at the November 13th meeting.