



## CDBG Housing and Public Facility Projects

### Needs analysis and minimum underwriting standards

#### Required Documents

CDBG funds that are intended to be used for housing and public facility projects in New Hampshire must meet a basic minimum underwriting standard, which is based on HUD's minimum standards for investments. *HUD CFR 570.482.*

CDBG funds are investments made by the public and as a result carry with them unique requirements and expectations that reflect a defined public policy value. These minimum standards are used to determine the need for CDBG funds by any CDBG housing and public facility application.

#### **HUD minimum standards required documents**

1. In order to determine that the project meets the minimum underwriting standards all projects must provide the following:
  - A Current organizational budget (Blank forms are available in CDFA's web site)
  - Development budget
  - Operating budget.
  - If the project is related to energy improvements they must also provide an energy audit that is less than 3 years old.
2. In addition to the budgets identified above the project must also provide narratives in the following areas:
  - I. Project Costs Are Reasonable***
    - a. Narrative that compares the applicant's proposal with costs of comparable projects and industry standards. Staff will use this narrative in addition to the budgets attached to determine if the project costs are reasonable.

NARRATIVE:

Please list the backup documents attached:

**II. *CDBG Funds are Not Substituted for Other Resources***

- a. Applicant must establish that the project has reaching their lending limits through documentation. Demonstrate that the other resources have been investigated, applied for and determined not to be available. Backup documents must be provided.

NARRATIVE:

Please list the backup documents attached:

**III. *Maximum allowable developer's fee***

- a. Applicants must provide calculations that show that the developer's fee is reasonable and within industry standards.

NARRATIVE:

Please list the backup documents attached:

**IV. Energy Savings** - In certain cases where the project is seeking funds for energy improvements and the CDFA financial analysis shows that cash flows are adequate for some debt service, CDFA staff might recommend these projects seek financing, in partial or in full, through CDFA's clean energy fund.

- a. All Energy projects must provide a recent energy audit that was conducted within the last three years. It must include the estimated annual energy savings, and the audit must reflect a scope of work that is consistent with the CDBG application.

NARRATIVE:

Please list the backup documents attached:

- b. For housing projects seeking funds for energy improvements, projects must demonstrate that that there is a benefit to the tenants.

NARRATIVE:

Please list the backup documents attached:

The Audit must include a table that reflects the project costs and energy savings (sample).

Proposed Work	Total Energy Improvements Cost	Rebates In Dollar Amount *	CDBG Funds	Annual Energy Cost Savings	Annual Energy Savings KBTU	Simple Payback
<b>BUILDING ENVELOP</b>						
Air Sealing						
Wall Insulation						
<b>MECHANICAL</b>						
Heat Pumps						
Natural Gas Furnace						

**Rebates In Dollar Amount \*** - If the project is using rebates as match funds, a letter stating that the rebates have been secured must be attached to the application. If the rebates have not been secured the project must provide evidence that there are other funds available and committed in order for match to be counted.

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**PLEASE PDF and ATTACH ALL REQUIRED DOCUMENTS FOR THIS SECTION in GMS Under: Thresholds Attachment - #19 Needs analysis and minimum underwriting standards. If creating one document is not possible upload them under Other Attachment and label them "Needs Analysis – name of document"**

Links to required documents available on CDFA's web Site:

- Organization Balance Sheet
- Construction / Development Budget
- Operating Budget for the Project seeking CDBG Funds