

Grantee: State of New Hampshire

Grant: B-11-DN-33-0001

April 1, 2011 thru June 30, 2011 Performance Report

Grant Number:

B-11-DN-33-0001

Obligation Date:**Grantee Name:**

State of New Hampshire

Award Date:**Grant Amount:**

\$5,000,000.00

Contract End Date:

03/03/2014

Grant Status:

Active

Review by HUD:

Submitted - Await for Review

QPR Contact:

Amy Miniutti

Disasters:

Declaration Number

NSP

Narratives

Summary of Distribution and Uses of NSP Funds:

CDFA's goal is to award funds to the high-need communities in a manner that makes a significant impact on the stability of selected neighborhoods. Through the application process, applicants outlined which NSP-eligible activities will be used in their neighborhoods. Applicants also identified the neighborhoods and census tracts that are of greatest need in their communities using a combination of the data supplied by HUD on the mapping website and their own planning data and planning efforts.

CDFA reserves the right to reject any application or project that does not meet the requirements of the statute, HUD Notice, or New Hampshire qualifications as published in this plan or in the application, or that fails to demonstrate feasibility or impact. CDFA also reserves the right to contact any applicant to ask for additional information needed to make a determination.

The cities of Manchester and Berlin will receive nearly of \$5 million in federal aid through the Neighborhood Stabilization Program, the NH Community Development Finance Authority announced today. The initiative will allow the communities to continue their work revitalizing neighborhoods with high rates for foreclosure and abandonment.

With a \$3.7 million grant, Manchester will partner with three nonprofits - Families in Transition, Harbor Homes, and NeighborWorks Greater Manchester - to continue its investment in the Kalivas/Union and West Granite Neighborhoods. Berlin will use \$1 million to acquire and rehabilitate buildings in the Lower East Side, Notre Dame and Granite/Main Street neighborhoods.

Redirection of Funds

>It is anticipated that the needs in eligible communities will likely exceed available resources. However, CDFA will conduct close initial evaluation and then monitor capacity to deliver commitments and development within required guidelines. If capacity is not demonstrated to commit to and complete specific projects in the formal application, NSP funds will not be granted.

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>CDFA will monitor performance timelines every four months during the implementation phase to assure that grantees are on track. If they are not, and if in CDFA's judgment regulatory timelines become at risk, CDFA reserves the right to withdraw funds from the applicant and redirect them to another applicant in that or any qualified community. CDFA will consider redirecting funds to other eligible communities that submitted an application and/or letter of intent

How Fund Use Addresses Market Conditions:

Current Housing Market Foreclosure Conditions

>NH Housing's recent study of the rental market in New Hampshire found that less than 25% of the two-bedroom rental units in the state are available at an affordable rent. This study was based on the 2010 estimated renter household median income of \$37,223 and affordable rent of \$931 .

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>Recent data shows that the foreclosure rate in NH is decreasing. According to NH Housing, "There were 184 foreclosure deeds recorded in January of 2011, a decrease of 9% from the prior month, and a decrease of 48% from foreclosure deeds recorded in January 2010." Foreclosure auction notices, however, remain steady with a 3% increase from 734 in December 2010 to 754 in January 2011. Mortgage delinquency rates in New Hampshire are still very high, but New Hampshire's delinquency rate of 7.5% is the lowest in New England and is 0.7 percentage points lower than New England as a whole. In contrast, the fourth quarter of 2010 showed that foreclosure initiation rate in New Hampshire remained at 1.1%—its highest level since NH Housing began publishing this series in 2008. While this rate is lower than Rhode Island's, it is higher than the remaining New England States of Connecticut, Vermont, and Massachusetts. Data also indicates that "record numbers of properties are entering the foreclosure process, but fewer are exiting the process and making their way back into the market," which is resulting in a very full pipe-line of property in foreclosure inventory .

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>Program Model

>CDFA will use a program model similar to its NSP 1 program, which is designed to mitigate the effects of the decline in the housing market. Eligible organizations in qualifying communities will be invited to submit applications for funding. CDFA will make some changes including abbreviating the pre-application process to a letter of intent to apply for funding. The two-step application process will allow CDFA staff to review a proposal prior to the applicant investing significant time and expense into developing a full-blown application. This model, which worked well in the first round of NSP, achieves two key goals:

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- >• First, local officials and organizations can identify the neighborhoods most in need of investment and identify the partnerships best equipped to acquire and rehabilitate or demolish and redevelop those properties to best meet the needs of the neighborhood in question; and
- >• Second, CDFA can compare proposals and identify the areas of greatest need and the partnerships with the capacity to get the work done within the timeframes and budgets set by HUD.

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>In February 2011, eligible applicants from communities with qualifying census tracts (those with scores of at least the state minimum of 13), were invited to submit a letter of intent to apply for NSP funding from CDFA. These letters of intent will help CDFA assess the viability of proposed projects and the relative degree of need among the eligible applicant pool. The applicants that are able to present the highest degree of need, the strongest neighborhood impact, and the strongest administrative capacity to address the foreclosed properties in their communities, will be invited to submit a full NSP application. In May, CDFA anticipates making two to five awards to subrecipients and is likely to invite two to seven applicants to submit a full application. The remaining applicants that submitted letters of intent, but were not selected to move forward to the application phase, will still be eligible to apply for NSP funding available through program income, returned funds, or any funds that remain available after the initial awards are made.

Ensuring Continued Affordability:

Continued affordability in rental housing will be assured using the current New Hampshire CDBG rules. Specifically, all NSP grantees developing rental housing will commit to a mortgage lien requiring that the property remain affordable for no less than twenty years commencing upon the completion of the project. Further restrictions are detailed in CDBG regulations, which can be viewed at www.nhcdfa.org.

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>Developers will be required to assure that all single-family homes sold to individuals under the NSP are held permanently affordable for a minimum of twenty years via deed restrictions. The deed shall provide for the recovery by CDFA, in the event that the property is sold or no longer made available to and occupied by a qualifying household.

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>Projects with longer affordability periods will be given preference in the evaluation period.

Definition of Blighted Structure:

Because New Hampshire law does not define the term "blighted structure," CDFA will consider any building that meets the New Hampshire definition of "Hazardous Building" or "slum" qualify as a blighted structure for the purposes of the NSP program. New Hampshire law defines a "hazardous building" under RSA 155-B:1 as follows:

>II. "Hazardous building" means any building which, because of inadequate maintenance, dilapidation, physical damage, unsanitary condition, or abandonment, constitutes a fire hazard or a hazard to public safety or health.

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>New Hampshire law defines a "slum" under RSA 204-C:1 as follows:

>XXVI. "Slum" shall mean any area where dwellings predominate which, by reason of dilapidation, overcrowding, lack of ventilation, light or sanitary facilities, or any combination of these factors, are detrimental to safety, health or morals.

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>These definitions falls within the HUD definition of "blighted structure" in the Notice, which is as follows:

>Blighted structure. A structure is blighted when it exhibits objectively determinable signs of deterioration sufficient to constitute a threat to human health, safety, and public welfare.

Definition of Affordable Rents:

Affordable rents for service-enriched housing for residents earning 50% of area median income and below, "affordable rents" will be those rents equal to or less than the Low-income Housing Tax Credit program rent level for 50% of area median income units. Current LIHTC rent limits can be viewed at http://www.nhhfa.org/rl_docs/rentlimits_current.pdf.

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>For all other rental units created under the NSP program, "affordable rents" will be those rents equal to or less than the Low Income Housing Tax Credit (LIHTC) program maximum rent level for the area and time period in question. Current LIHTC rent limits can be viewed at http://www.nhhfa.org/rl_docs/rentlimits_current.pdf.

Housing Rehabilitation/New Construction Standards:

Housing quality, and particularly energy efficiency, is a matter of high priority for the CDFA. NSP-funded rental properties will be required to meet NHHFA's design and construction standards, which exceed the code requirements in New Hampshire's State Building Code and promote building environments that are green, energy efficient, and healthy. NSP-funded single-family properties will be required to meet the CDBG rehabilitation standards. These include the requirement to meet the newly updated New Hampshire Energy Code (see <http://www.puc.state.nh.us/EnergyCodes/energyppg.htm>).

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>In addition to both these standards, CDFA will require that every house rehabilitated, redeveloped, or sold (not demolished) using NSP funds be tested for radon. Developers will be required to properly address any radon problems prior to sale or occupancy. HUD Lead Paint regulation 24 CFR 35 applies to all NSP funded properties.

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>Finally, the following standards will be required for the rehabilitation and new construction in NSP-assisted projects:

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>o All gut rehabilitation or new construction (i.e., general replacement of the interior of a building that may or may not include changes to structural elements such as flooring systems, columns or load bearing interior or exterior walls) of residential buildings up to three stories must be designed to meet the standard for Energy Star Qualified New Homes.

- >o All gut rehabilitation or new construction of mid -or high-rise multifamily housing must be designed to meet American Society of Heating, Refrigerating, and Air-Conditioning Engineers (ASHRAE) Standard 90.1-2004, Appendix G plus 20 percent (which is the Energy Star standard for multifamily buildings piloted by the Environmental Protection Agency and the Department of Energy).
- >o Other rehabilitation must meet these standards to the extent applicable to the rehabilitation work undertaken, e.g., replace older obsolete products and appliances (such as windows, doors, lighting, hot water heaters, furnaces, boilers, air conditioning units, refrigerators, clothes washers and dishwashers) with Energy Star-46 labeled products.
- >o Water efficient toilets, showers, and faucets, such as those with the WaterSense label, must be installed.

Vicinity Hiring:

CDFA will include requirements in its award contracts that awardees make a concerted effort to hire local contractors and to require their contractors to make a concerted effort to hire local employees.

Procedures for Preferences for Affordable Rental Dev.:

CDFA will encourage applicants to propose redevelopment activities to create affordable rental housing in their communities. Applicants will discuss the needs in their communities for affordable rental versus for-sale housing and the determination about the mix of rental and homeownership units will be based on those applications. The scoring system for applications will give preference to rental units. In the event that an application does not include rental units, the locality must explain why and include a marketing plan for the homeownership units.

Grantee Contact Information:

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Overall	This Report Period	To Date
Total Projected Budget from All Sources	N/A	\$5,000,000.00
Total CDBG Program Funds Budgeted	N/A	\$5,000,000.00
Program Funds Drawdown	\$0.00	\$0.00
Program Funds Obligated	\$0.00	\$0.00
Program Funds Expended	\$0.00	\$0.00
Match Contributed	\$0.00	\$0.00
Program Income Received	\$0.00	\$0.00
Program Income Drawdown	\$0.00	\$0.00

Progress Toward Required Numeric Targets

Requirement	Required	To Date
Overall Benefit Percentage (Projected)		0.00%
Overall Benefit Percentage (Actual)		0.00%
Minimum Non-Federal Match	\$0.00	\$0.00
Limit on Public Services	\$750,000.00	\$0.00
Limit on Admin/Planning	\$500,000.00	\$0.00
Limit on State Admin	\$0.00	\$0.00

Progress Toward Activity Type Targets

Activity Type	Target	Actual
Administration	\$500,000.00	\$450,000.00

Progress Toward National Objective Targets

National Objective	Target	Actual
NSP Only - LH - 25% Set-Aside	\$1,250,000.00	\$1,800,000.00

Overall Progress Narrative:

The cities of Manchester and Berlin will receive nearly of \$5 million in federal aid through the Neighborhood Stabilization Program, the NH Community Development Finance Authority announced today. The initiative will allow the communities to continue their work revitalizing neighborhoods with high rates for foreclosure and abandonment. "This latest round of NSP funding will help these cities deal with the vacant and distressed properties left behind after foreclosure," said CDFA Executive Director Kathy Bogle Shields. "During the first round of funding, both Manchester and Berlin made significant progress rehabbing abandoned buildings and making the affected neighborhoods livable again."

With a \$3.7 million grant, Manchester will partner with three nonprofits - Families in Transition, Harbor Homes, and NeighborWorks Greater Manchester - to continue its investment in the Kalivas/Union and West Granite Neighborhoods. Berlin will use \$1 million to acquire and rehabilitate buildings in the Lower East Side, Notre Dame and Granite/Main Street neighborhoods.

Four New Hampshire communities received a total of \$19.6 million in 2009 for the first round of NSP, a federal stimulus program authorized by the Department of Housing and Urban Development. New Hampshire did not qualify for funding for the second NSP round, but was this third round will bring the total number of dollars allocated to the state to nearly \$25 million.

"Once the cities and their partners began to reclaim and repair the blighted buildings, they saw neighbors cleaning up their own yards, planting flowers, and painting their houses. Crime started to drop. Residents expressed a newfound sense of pride and community," said Shields.

In the first year of the program, Manchester neighborhoods in the NSP program have seen their property values go up 19% and their foreclosures go down 11%. In the participating Berlin neighborhoods, home ownership is up 2%, property values are up 17%, and 911 calls have dropped nearly 5%.

"This is just one of the many programs CDFA administers that promotes affordable housing and economic development. We're already seeing successes because of this initiative. We believe the additional money in the NSP grants will help reduce property abandonment, reverse blight, and bolster home values for neighbors," said Shields.

Project Summary

Project #, Project Title	This Report Period	To Date	
	Program Funds Drawdown	Project Funds Budgeted	Program Funds Drawdown
9999, Restricted Balance	\$0.00	\$0.00	\$0.00
A-Financing Mechanisms NSP3, Financing Mechanisms	\$0.00	\$0.00	\$0.00
B- Acquisition and Rehab NSP3, B- Acquisition and Rehab NSP3	\$0.00	\$2,550,000.00	\$0.00
D-Demolition NSP3, D-Demolition NSP3	\$0.00	\$200,000.00	\$0.00
E-Acquisition and Rehab NSP3, E-Acquisition and Rehab NSP3	\$0.00	\$0.00	\$0.00
X-Admin-NSP3, Administration-NSP3	\$0.00	\$450,000.00	\$0.00
Z-Set Aside NSP3, Z-Set Aside NSP3	\$0.00	\$1,800,000.00	\$0.00