



Annual
report of the
Community
Development
Finance
Authority

SFY 14

In accordance with RSA 162-L:6, CDFA is providing this report of its activities from state fiscal year 2014, as well as operating and financial statements.

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1. Introduction

September 1, 2014

The Honorable Margaret Wood Hassan, Governor
The Honorable Chuck Morse, Senate President
The Honorable Terie Norelli, Speaker of the House
The Honorable William Dwyer, State Treasury Commissioner

Dear Governor Hassan, President Morse, Speaker Norelli, and Commissioner Dwyer:

We have had a remarkable and exciting year here at CDFA, the Community Development Finance Authority. In the state fiscal year 2014, we have awarded fifty-three projects that have provided affordable housing, community development, improved public facilities, new jobs, energy efficiency resources, and emergency situation funding.

In accordance with RSA 162-L:6, we are providing you with this annual report on the operations and outcomes of CDFA for fiscal year ending June 30, 2014.

FY 14 has been a monumental year for CDFA. We welcomed a new executive director, Taylor Caswell. We watched the conclusion of several demonstration projects and short-term initiatives introduced with direction and funding from the American Recovery and Reinvestment Act (ARRA). Outcome measures from these programs are included in this report. We also completed a performance audit with the Legislative Budget Assistant (LBA) which provided recommendations for better, more transparent operations of the organization.

We hope you will find this annual report enlightening and informative. If you have any further questions, comments, or ideas about CDFA and its many initiatives, don't hesitate to contact us.



Taylor Caswell
Executive Director



Janet Ackerman
Chair, Board of Directors

2. The Community Development Finance Authority

According to its founding legislation in 1983, the Community Development Finance Authority (CDFA) is “a body corporate and politic...a public instrumentality of the state... [and] a nonprofit corporation organized under RSA 292.” As a state “authority” – as opposed to a state “agency” – we are among a handful of unique entities that works alongside state and federal initiatives to strengthen New Hampshire communities through the distribution of resources to municipalities, nonprofits, and businesses committed to creating new jobs. Through this report,¹ we hope to educate and inform you about the internal operations of CDFA.

CDFA Staff

Staff members of CDFA oversee several state and federal programs. Their duties include providing technical assistance, assisting with applications, scoring and evaluating projects for possible funding, monitoring compliance with state and federal regulations throughout the life of award contracts, public outreach, and other duties required to keep the organization running.

¹ Please note that, according to the Legislative Budget Assistant, the annual report submitted in past years by CDFA did not sufficiently meet the statutory requirements of RSA 162-L:6. The report you now have satisfies these requirements. Also note, CDFA issues a year-end full-color marketing piece for distribution among our many constituents. Though this marketing document is often referred to as our “annual report,” it is not intended to substitute or fulfill the requirements of RSA 162-L:6.

As CDFA receives virtually no allocation from the state General Fund,² the organization is financially self-sufficient and relies on fees from its primary program, the Investment Tax Credit program, as its major source of revenue. As a state authority, the organization does not enjoy many of the benefits that traditional state agencies do. Staff are not state employees and do not receive any state benefits. For example, CDFA must contract and pay for its own legal counsel, IT support, and other vendors.

Taylor Caswell, Executive Director

Cassandra Bradley, Portfolio Manager

Amy Currie, Senior Portfolio Manager

Patrick Donahue, Staff Accountant

Katy Easterly Martey, Portfolio Manager

Kevin Flynn, External Relations & Communications Director

Meena Gyawali, Portfolio Manager

George Hunton, Senior Portfolio Manager

Ted Kuchinski, Chief Financial Officer

Missy Lackey, Data and Reporting Specialist

Maureen Quinn, Executive Coordinator

Theresa Upstill, Administrative Assistant/ Receptionist

Lori Wamser, Senior Financial Analyst

² The State provides a federally-mandated 2% administrative match of approximately \$170,000 to operate the Community Development Block Grant program. This is further explained in section 4 of this report.

CDFA Board of Directors

CDFA is governed by an eleven-member Board of Directors appointed by the governor for five-year terms. These are volunteer positions with no salary provided to directors.

The board makes the annual determination of which projects seeking Investment Tax Credits shall be awarded. The board also provides oversight into operations, strategy, and the fiscal health of the organization. The Legislature in its wisdom determined that CDFA should be guided by representatives from several sectors, each bringing their professional expertise to best guide the organization and to best make award decisions.

By statute, the board is composed of four representatives from community development organizations; two from small business; one from organized labor; one from employment and education; two from the private financial community; and the Commissioner of the NH Department of Resources and Economic Development, or his/her designee.

Janet Ackerman, Chair (representing Financial Institutions)

Michael Long, Vice-chair (representing Financial Institutions)

Brian Hoffman, Secretary/Treasurer (representing Community Development)

Christopher Diego, (representing Small Business)

Christine Frost, (representing Community Development)

Mary Ann Kristiansen, (representing Small Business)

Benoit Lamontagne, designee, (representing NH DRED)

David Moore, (representing Community Development)

Kathleen Moore, (representing Employment & Training)
Robert Tourigny, (representing Community Development)
(Seat for the representative from organized labor is currently vacant)

Community Development Advisory Committee

Applications for federal Community Development Block Grants are approved by the Community Development Advisory Committee (CDAC). Projects that are approved for funding are then forwarded to the New Hampshire Executive Council for confirmation.

CDAC provides administrative assistance to staff and the authority. In addition to the federal objectives and regulations tied to CDBG, there are additional state rules governing awarding and implementing the grants.

According to RSA 162-L:15, the CDAC committee shall consist of 10 voting members. They include the chairperson of the CDFFA Board of Directors, or his or her designee; the director of the NH Office of Energy and Planning, or his or her designee; the executive director of the NH Housing Finance Authority, or his or her designee; and the director of Division of Economic Development at DRED, or his or her designee. There are also six public members appointed by the governor. Among them, there are three municipal officials.

David Moore, Chairman (CDFFA designee)

Elizabeth Fox, (Municipal official)

Howard Glynn, (Public member)

Meredith Hatfield, (Director of OEP)

Jim Menihane, (NHHFA designee)

Earl Sires, (Municipal official)

Justin Slattery, (Public member)

Matthew Walsh, (Municipal official)

Chris Wellington, (DRED designee)

(One seat for a public member is currently vacant)

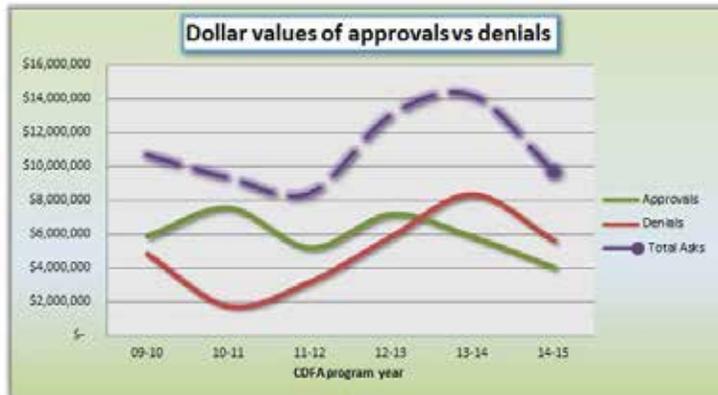
3. The Investment Tax Credit Program

Tax Credit Overview

Our most popular financial offering, the Tax Credit Program brings together worthy nonprofit projects and conscientious businesses to foster community development.

Also known as the Community Development Investment Program (CDIP), the Investment Tax Credit program gives a 75% state tax

credit against a donation made to any approved project. The tax credit may be applied against the New Hampshire business profits tax, business enterprise tax, and/or the insurance premium tax. The donation also may be eligible for treatment as a state and federal charitable contribution. The contributing company may carry forward the credit for up to five years.



1. These line graphs demonstrate the six year trends for tax credit applications and dollar values approved and denied by CDFA.

The company can select which business tax and how much of their credit to apply towards their taxes in any given year.

Tax credit awards are made annually in July. By law, CDFA is restricted to providing support to nonprofit community development organizations, cooperatives, and some municipal entities. RSA 162-L:10 permits CDFA to accept donations of up to \$5 million in each state fiscal year in exchange for \$3.75 million in state tax credits for CDFA approved community development projects.

Demand and Challenges

The popularity of CDFA Investment Tax Credits, with both the nonprofits that seek them and the businesses that purchase them, has put a level of strain on the program. The number of applications CDFA has to reject continues to rise.

In FY 14, the number of applications *denied* was equal to the number of applications *approved*. Also, for the second year in a row, the dollar value of the denied projects exceeded the value of projects which were approved. Of the twelve applications approved, ten had their requested funding level reduced to maximize the number of projects awarded.

FY 2014 Investment Tax Credit Awards

The following projects received tax credits for FY 14/FY 15³ from CDFA:

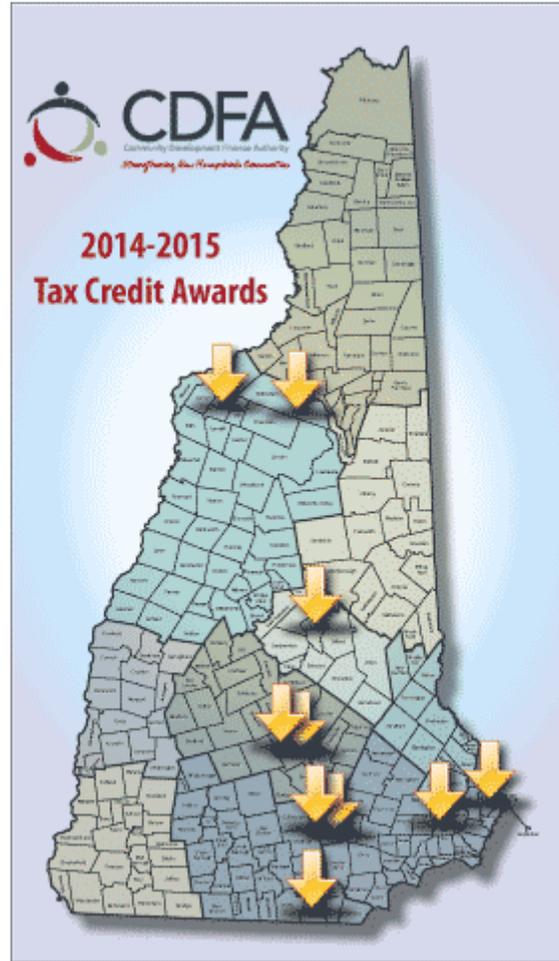
- Easter Seals NH has been awarded \$250,000 for the Farnum Center, a substance abuse treatment center which will provide services to more than 2,400 people annually. The tax credit award will help Easter Seals NH purchase the Queen

³ Investment Tax Credit awards are often divided and spread over two state fiscal years, as best suits either the project's fundraising timeline and/or CDFA year-to-year allocation of tax credits.

City facility they are currently leasing, reducing the center's operating costs.

- A tax credit award of \$500,000 will go to the Family Place Center, an emergency shelter designed to help homeless families and children. Run by Families in Transition, the project will partner with three other community agencies and serve as the only homeless resource center for families in Manchester and surrounding towns.
- The City of Concord has been awarded \$700,000 toward the Complete Streets Improvement Project. The credits will help the City privately fundraise a portion of the initiative to revitalize downtown and attract new businesses and market-rate housing to Main Street.
- The Laconia Area Community Land Trust has been awarded \$500,000 in tax credits for construction activities through their Portfolio Strengthening Initiative. The goal is to upgrade 60 units of affordable family rental housing throughout Laconia, many of which are showing significant wear and tear.
- A \$625,000 tax credit award will go to the Nashua Soup Kitchen's campaign to acquire a new 14,000 square foot facility. The move will triple the size of the soup kitchen, allowing greater seating and service for the 7,300 people helped annually by the organization.
- A tax credit award for \$175,000 will go to the Boys and Girls Club of North Country to purchase two school buses for transporting area children to the clubhouse, camp, and other activities. Funds from the award will also go towards energy efficiency upgrades to their Lisbon facility, lowering operating costs.

- Bethlehem's Colonial Theatre will receive \$75,000 in tax credits to purchase and install new digital projection equipment. With Hollywood studios transitioning from film to digital, the theatre would no longer be able to show movies, and have a negative economic impact on Bethlehem's downtown district.



2. Geographic placement of Investment Tax Credit (CDIP) awards made in July 2013 for FY 14 & FY 15.

- The Music Hall will receive \$115,000 in tax credits to digitize its film projection and sound equipment. Movie studios are phasing out 35mm films and without the upgrades, events – such as the NH Film Festival – and downtown economic activity would be greatly affected.
- An award of \$250,000 will go to the construction of the YMCA Exeter project. The new 30,000 square foot wellness center will offer childcare, exercise options, and community meeting space for up to 7,700 people annually.

- The NH Community Loan Fund has been awarded \$312,500 in tax credits for its Individual Development Accounts (IDA) program. The initiative allows low- to moderate-income residents to contribute money to a savings account, which is then matched at three-times the amount by the Community Loan Fund. Saved proceeds can be used for home or car purchases, or further education.
- The Regional Development Corporation Capacity Fund will receive tax credits totaling \$250,000. The fund, co-financed with a Community Development Block Grant from CDFR, will provide capital for the ten nonprofit RDCs throughout the state working to create jobs and economic opportunities for low- and moderate-income residents in their areas.
- Tax credits totaling \$337,500 will be set aside for the Housing Futures Fund. This initiative, financed by CDFR, will grant tax credits to nonprofit housing organizations that demonstrate innovative solutions to affordable housing issues in their communities.

Investment Tax Credit Pledges

The amount of cash contributions received against pledges between July 1, 2013 and June 30, 2014 is \$5,062,685 - \$5,000,000 of which is applied to FY 14 and the balance of which is rolled over into FY 15. The amount of pledges outstanding is \$0.

The following businesses invested in New Hampshire community development projects with the purchase of tax credits in FY 14.

3W Design, Inc.

82 Warren Street LLC

670, LLC

A & M Donuts, Inc.

8 Commerce Drive, LLC

Access Sports Medicine &
Orthopedics

Albany International Corp.

Altus Engineering, Inc.

Anagnost Investments, Inc.

Anthem Blue Cross and
Blue Shield

Atlantic Plastic Surgery
Associates

Autofair 1477, LP

Automotive Supply
Associates, Inc. D/B/A Sanel
Auto Parts Company

Baker Newman & Noyes,
LLC

Bank of New Hampshire

Bank W Holdings, LLC

Barons Major Brands LLC

Bauer Hockey, Inc.

Belletetes, Inc.

Benson Lumber &
Hardware, Inc.

BerryDunn

Bigelow & Company CPA
PC

Bow Junction Associates,
Inc.

C&S Wholesale Grocers,
Inc.

C3I, Inc.

Caprioli Painting, Inc.

Careno Construction Co.

Centralarm Monitoring, Inc.

Centrix Bank & Trust

Checkmate Payroll Services,
Inc.

Chinburg Builders, Inc.

Claremont Savings Bank

Cleveland, Waters and Bass,
P.A.

Cobb Hill Construction, Inc.

Common Man Inn, Inc.

Community Guaranty
Savings Bank

Concord Booksellers, Inc.
dba Gibson's Bookstore

Concord General Mutual
Insurance Co

Concord Steam Corporation

Connecticut River Bank,
N.A.

Connors, Fong & Mancuso,
Inc.

Cook Little Rosenblatt &
Manson PLLC

Coughlin, Rainboth, Murphy
& Lown

Country News Club, Inc.
DBA The Conway Daily Sun

Crown Linen Service, Inc.

Delta Dental Plan of NH

Denoncourt, Waldron &
Sullivan, PA

DeStefano Architects

Dos Amigos Burritos, LLC

Dylan Associates, LLC

Dynamic Network Services,
Inc.

E & S Insurance Services,
LLC

East Coast Electronic
Material Supply, LLC

Eastern Boats, Inc.

Eastman Hill Enterprises
dba Steele Hill Resorts

Electronic Imaging
Materials, Inc.

Emery & Garrett
Groundwater, Inc.

Enterprise Bank

EPTAM Plastics, Ltd.

Eric Katzman, DMD PLLC

Exacom, Inc.

Favorite Foods, Inc.

Fay's Boat Yard, Inc.

Federal Savings Bank

FIAI, Inc. dba Cross
Insurance - Manchester

First Colebrook Bank

Forward Journey, LLC

Foss Manufacturing
Company, LLC

Franklin Savings Bank

Fratello's Restaurant of
Manchester

Freedom Ring
Communications LLC dba
BayRing Communications

Freudenburg North
America LP

Full Circle Consulting, LLC

G & S Management Corp.
DBA Auto Serv of Tilton

Giguere Electric, Inc.

Gilford Well Co., Inc.

Global Forest Partners LP

Granite Investment
Advisors

Grapp, Inc.

Grappone Management
Co., Inc.

Griffin Family Corp.

H.E. Bergeron Engineers,
Inc.

H.L.F. Corporation

Hampshire First Bank

Harvey Construction

Hermanos, Inc.

HLF ATS, LLC

Homestead Restaurant of
Merrimack

Horseshoe Pond Physical
Therapy, LLC dba Foothills
Physical Therapy

Howe, Riley & Howe, PLLC

Hoyle, Tanner & Associates,
Inc.

IIA, Inc dba Infantine
Insurance

J. Clifton Avery Agency, Inc.

Jalbert Leasing, Inc.

Janco Electronics, Inc.

JJFC, Inc. dba Jumpin Jay's
Fish Cafe

K.L. McGee Business
Solutions LLC

K.W. Thompson Tool Co.
Inc.

Kheops International, Inc.

Laars Heating Systems Co.

Laconia Clinic, P.C.

Lake Sunapee Bank

Lakes Region Computer

Lakes Region Dental Care
P.C.

LASC Inc. d/b/a Laconia
Athletic & Swim Club

Leone, McDonnell &
Roberts, CPA's, PA

Lisa Gardner, Inc.

Littleton Auto Mart, Inc.

Littleton Chevrolet, Buick,
Inc.

Littleton Coin Co. LLC

Living Innovations Support
Services, Inc.

Logical Innovations, LLC

Louis Karno & Company,
LLC

Mad Pow Media Solutions,
LLC

Mascoma Savings Bank

Mason + Rich Realty, Inc.

McGee Company, Inc.

McLane, Graf, Raulerson &
Middleton, P.A.

MegaPrint Inc.

Melcher & Prescott Agency,
Inc.

Merchants Automotive
Group

Meredith Village Savings
Bank

Merrimack County Savings
Bank

Merrimack Mortgage
Company, Inc.

Metzger/McGuire, Inc.

Michael P. Romanowsky
M.D.

Milestone Engineering &
Construction, Inc.

Millennium Integrated
Marketing

Morin's Landscaping &
Lawn Maintenance, Inc.

MTS Services, Inc.

Multi Technologies
Industrial, LLC

MVP Healthcare of NH

Nathan Wechsler &
Company, P.A.

New England Wire
Technologies Corp.

New Hampshire
Distributors, Inc.

NGM Insurance Company

Nobis Engineering, Inc.

North Branch Construction,
Inc.

Northeast Food Service

Northeast Pharmacy
Services, LLC

Northern Elastomeric, Inc.

Northland Forest Products

Northway Bank

Nurse Audit, Inc.

Oak Point Associates

One Middle Street, LLC

Optima Bank & Trust
Company

P&S Henkel LLC

Palmer and Sicard Inc.
Pao Restaurant, LLC
Parade Hotel, LLC
Passumpsic Savings Bank
Pentucket Bank
People's United Bank
Peter C. Brankman and
Company, P.C.
Pine Brook Corporation
Piscataqua Savings Bank
PixelMEDIA, Inc.
PLC Construction of
Farmington, Inc.
Port City Air, Inc.
Pro Con, Inc.
Proulx Oil & Propane
Service, Inc.
Proximity Lab LLC
Rainville Printing Ent, Inc.
dba Speedy Printing &
Copying
Recom/North Corp.
Recordsforce, Inc.
Regency Mortgage Corp.
Reid & Company Executive
Search, Ltd.

Resonetics, LLC
Resource Management, Inc.
Ricci Supply Company, Inc.
Ride-Away Handicap
Equipment Corp.
Robert G. Stinson
Associates, P.C.
Robert H. Irwin Motors, Inc.
dba Irwin Automotive
Group
Rockywold-Deephaven
Camps, Inc.
Russell B. Grazier, D.C.
Salem Co-operative Bank
Savings Bank of Walpole
Schleicher and Stebbins
Hotels, LLC
Seacoast Asset
Management, Inc.
Secure Planning Inc.
Smart Energy of New
England, Inc.
SRW Environmental
Consulting, L.L.C.
Stafford Oil Company, Inc.
Stewart's Ambulance
Service, Inc.

Stonyfield Farm, Inc.
Sulloway & Hollis, PLLC
Summahumma Enterprises
LLC, dba MB Tractor
TB CJ, Inc.
TD Bank, N.A.
Tender Corporation
The Barking Dog
The Barley House
The Boston Educational
Network, Inc.
The Cellar Pub, Inc.
The Duprey Center, LLC
The Lyme Timber Company,
LP
The Mountain Corporation
The Portsmouth Brewery,
Inc.
The Provident Bank
The Rowley Agency, Inc.
Tivoli Investment
Associates, LLC
TMS Architects, P.A.

TransCanada Power
Marketing
Tri-State Fire Protection,
LLC
Trivantus, Inc.
Turner-Liberty Agency, Inc.
Union Bank
University System of New
Hampshire
Venezia Realty Associates,
LLC
Verona Investment
Associates, LLC
W.S. Badger Co., Inc.
WhippleHill
Communications, Inc.
Wincove GIP Aquisition, Inc.
d/b/a GI Plastek Wolfeboro
WIS, Inc. dba Cross
Insurance
Wood & Clay, Inc.
Woodstock Inn Again, Ltd
Woodsville Guaranty
Savings Bank
Zeb's General Store

4. The Community Development Block Grant (CDBG)

CDBG Overview

In 1974, Congress passed the Housing and Community Development Act, Public Law 93-383, creating the Community Development Block Grant Program. The CDBG Program was administered by the Department of Housing and Urban Development until 1983, when the individual states took control of the Small Cities Program, which is now the CDBG Program.

The NH Office of State Planning administered the program until it was transferred to the Community Development Finance Authority in September 2003. The Community Development Finance Authority receives its money directly from HUD and controls the distribution of the CDBG funds to non-entitlement municipalities. Over the past ten years, CDFA has saved the State hundreds of thousands of dollars eliminating salaries, benefits and overhead by running CDBG.

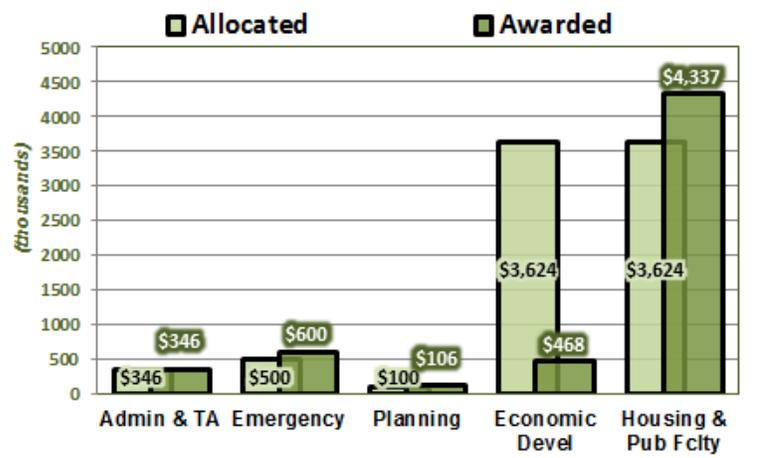
Federal rules require the State to match dollar-for-dollar the administrative fee CDFA can take from the HUD CDBG allocation to run the program. This figure is no more than 3%. In this current biennium, the State allocated approximately \$170,000 each year in order for HUD to award the State just under \$9 million annually. This General Fund allocation, however, was not the full amount required by HUD, so CDFA supplemented its own administrative fee with its own reserves.

(As a financially self-sufficient organization, operating primarily on proceeds from the Investment Tax Credit program, this CDBG administrative fee is the *only* General Fund allocation made to CDFA by the legislature.)

CDBG projects in New Hampshire have leveraged tens of millions of dollars in matching capital. Many of the state's most important and most prominent initiatives have been partly financed by CDBG.

The primary purpose of the CDBG program is the development of viable communities by providing decent housing, suitable living environments, and expanding economic opportunities, principally for low and moderate income people. The program is sponsored by the US

Department of Housing and Urban Development (HUD). All eligible municipalities and counties can apply for up to \$500,000 in CDBG funds per year.⁴



3. CDBG 2013 [calendar year] money allocated for awards versus money awarded. Any surplus is rolled over into the following program year.

CDFR directly awards CDBG grants to New Hampshire's cities, towns, and counties,⁵ which often sub-grant the money to a nonprofit agency or other entity conducting the work. In the case of economic development,

⁴ Unlike state programs which typically run through the state fiscal year of July-June, the federal CDBG program runs on a calendar year basis. For purposes of this report, we shall provide information from CDBG activities straddling the time from July 2013 through June 2014.

⁵ There are, however, five "entitlement communities" which get money directly from HUD as a special set-aside (These are Manchester, Nashua, and the combined communities of Portsmouth-Rochester-Dover). Projects located in these communities can apply either directly to the city or to CDFR through their county if they can demonstrate a "regional" benefit.

municipalities sub-grant the award to a nonprofit economic development entity (EDE) which provides a loan to a business which pledges to create jobs, the majority of which are available to low- and moderate-income residents. (It's important to note that assistance to private businesses is only in the form of *loans* and not taxpayer-funded grants. If the business fails to create the jobs they've pledged, CDBG funds from the loan are encumbered or could be clawed back from the business and EDE. Cities and towns originally awarded are held financially harmless if the CDBG project should fail.)

Typically, each year the New Hampshire CDBG program receives approximately \$8-10 million from HUD to use towards the CDBG Programs:

- Economic Development
- Housing, Public Facilities
- Emergencies and Unanticipated Events
- Planning grants

After set-asides of approximately \$100,000 for feasibility studies and \$500,000 for emergency grants, CDFA divides the remaining allocation, with half going to economic development and the other half going to housing and public facilities projects. New Hampshire is one of the top states in the country with the highest percent of its CDBG allocation dedicated to economic development.

Grants for affordable housing and public facilities are awarded twice a year in competitive rounds. Funding levels for these two rounds are made by dividing the annual Housing & Public Facilities allocation in half.

Distribution of Funds

Funding levels for each state are determined by a formula from HUD based on factors like population, poverty rate, and other socio-economic factors. The purpose is to find an algorithm in which each state gets its “fair share.”

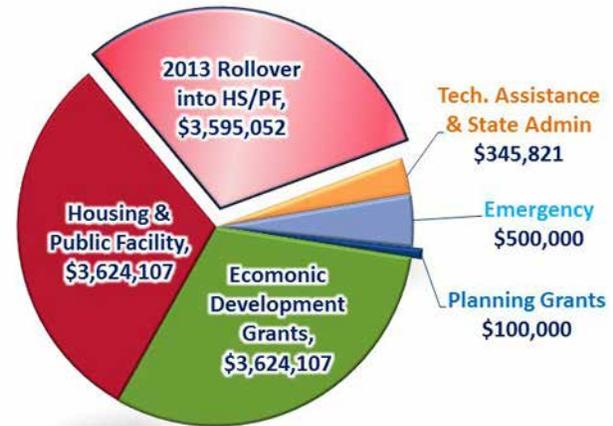
In 2013, the allocation to CDFA from HUD was

\$8,194,036; in 2014, the

allocation was \$8,073,617 for CDBG in New Hampshire. As this federal program runs on a calendar year, these two allocations straddle the state fiscal year.

Calendar years 2013 and 2014 were unusual for CDBG in New Hampshire. A drop in economic development loan applications left a large portion of money unallocated by year’s end.⁶

Per state rules, any leftover moneys are to be rolled over into the following year’s Housing and Public Facilities round. This led to an unprecedented \$5.3 million awards round, allowing awards to be made to fourteen projects from Keene to Pittsburg.



4. CDBG 2104 [calendar year] allocation to CDFA from HUD. Note the one-time rollover funds from CDFA's 2013 allocation which, by state rule, are rolled into the first Housing & Public Facility awards round of the following calendar year.

⁶ It is too early to tell if the 2013 drop in CDBG economic development loan requests is a trend or a statistical anomaly. We can say anecdotally that many of our economic partners and sister organizations reported a slowdown in financing requests in 2013 also. CDFA has seen an uptick in the number of economic development applications being submitted for 2014.

CDBG Awards

The following counties and municipalities were awarded CDBG grants between July 1, 2013 and June 30, 2014:

Housing and Public Facilities

- The City of Concord, on behalf of the National Alliance on Mental Illness, will receive \$155,000 to expand the NAMI office. The grant will help pay to make the facility ADA compliant and make space for additional service offerings for clientele.
- A \$500,000 grant will go to the Town of Derry to replace the drinking water system at the Centennial Estates Cooperative. The 1960s-era septic system is prone to leaks and contamination of the drinking water. This work will add a reserve well, modernize all the piping, and ensure clean, safe drinking water to the co-op's 53 households.
- An award of \$270,000 will go to the City of Keene for the rehab of Meadow Road apartments. The facility, operated by Keene Housing, needs major improvements to its heating system and other capital improvements. The rehabilitation work will address health and safety concerns as well as energy efficiency for the 18-unit affordable housing facility.
- The Town of Winchester has been awarded \$500,000 to benefit Woodcrest Housing, aka Wedgewood Duplexes. The funds will allow Southwestern Community Services to acquire fifteen duplexes and make needed improvements to infrastructure, safety, and energy improvement. It also eliminates the need to demolish these homes.

- A \$185,590 grant has been awarded to Sullivan County to make infrastructure improvements to Claremont's Earl Bourdon Senior Center. The award will pay for an overhaul of the 80-unit facility's parking lot. The current layout makes it difficult for senior meals programs to make deliveries to elderly residents at the center.
- Belknap County will receive a \$250,000 grant to assist the Laconia Area Community Land Trust's construction of the River's Edge project. This 32-unit, three-story facility downtown on the Winnepesaukee River will help mitigate the significant waiting list for affordable housing in Laconia.
- Also to Belknap County, a \$250,000 grant has been awarded to acquire Laconia's St. James Church for the Boys & Girls Club of the Lakes Region. The money will be used as gap funding, allowing the group to purchase their first permanent clubhouse in seven years.
- A \$500,000 grant has been made to the City of Laconia to renovate the Laconia Housing Authority's Strafford House. The 100-year old building is in desperate need of major upgrades, including energy improvements. The facility consumes 29% more energy than the national average for a building its size. Financial savings from the work will offset operational costs.
- The Town of Gilford, on behalf of Old Lake Shore Cooperative, will receive \$418,000 to improve deficient infrastructure at the co-op. An estimated 7,000 gallons of drinking water are lost to the wastewater system each day. The repair work will eliminate leakage, contamination, and bring the system into compliance with federal environmental regulations.

- A \$250,000 grant will go to the Town of Stewartstown for water and drainage repairs to the Northern View Apartments. The work will improve drainage issues which have caused coliform contamination in the building's water supply.
- A grant to the Town of Errol will be used for much-needed improvements to the town's water system. The \$500,000 award will partially fund new water mains, well pump controls, improved sanitation systems, and water meters for all system households.
- A grant of \$500,000 to Coös County will go toward the repurposing of Berlin's abandoned Bartlett School. This building has been a neighborhood eyesore, steadily deteriorating because of flooding and mold growth. Work will completely rehab the structure and create 13 new units of affordable housing.
- The City of Berlin's \$500,000 grant will be made to support its Neighborhood Revitalization program. This ongoing initiative has rehabilitated 65 housing units in blighted areas, making them energy efficient, lead safe, and code compliant.
- An award to the Town of Pittsburg in the amount of \$500,000 will be used for Phase II of its water system upgrade. The first phase replaced the 1930s-era water system which was prone to leakage and contamination. Phase II will replace the remaining 3,100 feet of water main.
- A \$200,000 public facilities grant will go to the City of Concord on behalf of The Children's Place nonprofit childcare facility. The center's facility needs upgrades to address health and safety issues. As well as rehabilitating the bathrooms, this grant will replace the roof and the floor in the childcare area, and make improvements to the playground area.

- The City of Concord will also receive a \$190,000 public facilities grant to install sprinklers at the Head Start facility. Operated by the Community Action Program Belknap-Merrimack Counties, this upgrade will not only improve safety, but is a necessary licensing requirement for the facility to expand the number of children it can serve.
- Belknap County will receive a public facilities grant in the amount of \$250,000 on behalf of the Boys and Girls Club of the Lakes Region. The grant will go toward acquiring the St. James Church in order to turn the building into their new clubhouse. The new facility will provide a permanent home to the Boys and Girls Club and allow them to provide services to many more children of low-to-moderate income parents.
- A \$500,000 housing grant will go to the Town of Hinsdale on behalf of the Oak Hill Acres Cooperative. The funds will go toward replacement of failing drinking water and septic systems, as well as other infrastructure concerns on the site. Left unattended, these deficiencies pose a risk of health and safety to residents of the 47 homes affected.
- The Town of Exeter will receive a housing grant for \$500,000 on behalf of Avesta Housing to complete phase three of the Meeting Place. This will allow the development of 39 units of workforce housing and is part of what will be a 122-unit facility of affordable rental housing. The town has identified increasing access to affordable housing as a key community development priority.
- A \$200,000 housing grant will go to Grafton County on behalf of Affordable Housing Education and Development Inc. (AHEAD), for a statewide pilot program to help homeowners replace substandard pre-1976 mobile homes with new high-

performance manufactured homes meeting Energy Star standards. The funds will go toward subsidizing site work and other improvements, as well as capitalize a zero-interest loan fund to help homeowners pay for the upgrades.

Economic Development

- Grant award of \$500,000 to help a local firearms manufacturer expand its facility to make additional products and create 25 new jobs. The award is made to the City of Keene on behalf of the Monadnock Economic Development Corporation. MEDC will use the capital to retrofit an additional 6,000 square feet of factory space for Samson Manufacturing Corporation.
- A \$120,000 grant to the Town of Bartlett on behalf of the Mt. Washington Valley Economic Council. The award will be loaned to Ragged Mountain Equipment for equipment purchases and working capital, allowing the company to retain 10 jobs and create four new ones.
- An award of \$200,000 to Grafton County on behalf of the ten Regional Development Corporations (RDCs) for capacity building. These grants of \$20,000 each go toward capitalizing revolving loan funds and other costs associated with the economic development work of these nonprofit entities.

Microenterprise (Economic Development)

A subset of the CDBG Economic Development, this \$500,000 set-aside is used to aid entities that provide assistance to start-ups and very small businesses (those with fewer than 5 employees) The \$499,934 award was allocated to Grafton County and was divided among economic development centers from every corner of the state. They are:

- \$146,663 to the Women's Rural Enterprise Network (WREN) in Bethlehem, to fund a series of workshops and classes for women entrepreneurs in areas such as business coaching, e-commerce, social marketing, and website design. The funds will help an estimated 39 microbusinesses in the North Country.
- The Hannah Grimes Center in Keene will receive \$134,175 to expand technical assistance programs at the center. These include an incubator program, a consultant's roundtable, an industry cluster program, and support in the Hannah Grimes Marketplace in downtown Keene. The grant will provide assistance for at least 45 Monadnock-region cooks, artisans, and farmers looking to grow their fledgling businesses.
- A grant of \$86,452 for training and technical assistance programs to the Enterprise Center of Plymouth (ECP). A partnership between the Grafton County Economic Development Corporation and Plymouth State University, ECP will offer programs on topics such as lending advice, workshops on business skills, and one-on-one counseling for microenterprises that demonstrate promise for success. The award will allow ECP to staff and market their training programs, and benefit at least 35 entrepreneurs in Grafton and Belknap counties in the next year.
- The NH Small Business Development Center at UNH will receive \$75,167 in support of its Pathways to Work initiative in Durham and Manchester. The grant will fund services such as online courses in finance, management, and marketing; classes on e-commerce, business financing, and accounting; and specialized workshop topics like construction safety and

business planning. SBDC estimates it will serve 85 beneficiaries through Pathways to Work this coming year.

- The Regional Economic Development Center in Raymond will be granted \$57,477 for their continuing microenterprise efforts. Activities funded will be advice on business start-ups, financial skills training, access to business financing resources, and referrals to critical support services and professionals. At least 35 budding entrepreneurs will get help from REDC's initiatives.

Emergency Grants

- An award for up to \$400,000 to Merrimack County to replace a failed heating and cooling system in the Concord YMCA firehouse building. The facility faces health, comfort, and safety issues without an operational system.
- A grant to the City of Lebanon to assist with cleanup and recovery after a flood and landslide damaged the Rivermere Community Housing complex only days after residents had moved into the facility.
- An award for up to \$42,000 to the Town of Warner to replace a broken oil burner in Old Graded School building. The facility faces health and safety issues without an operational heating system.
- An award of \$278,000 to help the Town of Northumberland make repairs to a broken water main suspended from the historic covered bridge across the Upper Ammonoosuc River. The 100-year-old cast iron pipe, which feeds wells and storage tanks on both sides of the river, broke in April. Although temporary fixes were made, the likelihood of a complete

failure of the water main is high unless immediate measures are taken.

Planning Grants

- \$12,000 to the City of Berlin for a market study on whether the area could support a nonprofit food cooperative. It's predicted such a facility would create between 15-30 full-time jobs. A food co-op would also provide a permanent venue for the goods of local farmers and food producers.
- \$12,000 to the Town of Northumberland to assess current conditions and potential solutions to the infrastructure needs of Groveton Village. One of the major issues with the downtown area concerns 40-year-old water pipes of varying sizes thought to be responsible for back-pressure. It's believed water pressure to fire hydrants may be insufficient if needed in an emergency.
- \$12,000 to the Town of Jaffrey to conduct an engineering study of sewer and water infrastructure serving the Forest Park Tenants Association Cooperative. The study will also estimate costs for improvements to the 116-unit park. Residents have complained of sewer back-ups into their homes, frozen pipes, and discolored tap water. There's also evidence of a leak somewhere in the system costing the association an additional \$30,000 a year in water bills.
- \$12,000 to the Town of Troy to conduct a feasibility study of bringing its historic town hall into compliance with the Americans with Disabilities Act (ADA). The building was erected in 1814, but the second floor has not been in use since 1999. The project will begin the process of researching

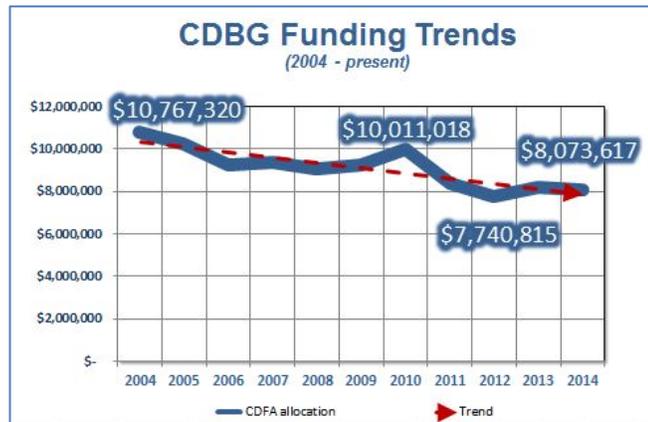
appropriate solutions for making the building accessible to all residents.

- \$12,000 to the Town of Tilton to explore the feasibility of adding ten new manufactured homes at the Gaslight Village Cooperative. The study will also examine recommended improvements to the existing water supply and whether the co-op's wastewater distribution system can be tied into the town's system. The facility's water infrastructure is more than 50-years-old and is leaking.
- An award to the Town of Derry in the amount of \$12,000 on behalf of Frost Residents Co-operative in order to develop plans and estimate costs to replace the park's failing infrastructure by hooking into the Town's water and sewer system.
- \$12,000 to the Town of Enfield to complete a market study to assess viability of creating a food co-operative that would serve the Mascoma Valley residents of Enfield and the neighboring communities of Canaan, Dorchester and Orange.
- \$12,000 for Merrimack County on behalf of The Salvation Army McKenna House. The study will assess current building and land, and make recommendations for an addition including the provision of cost estimates and a review of potential funding sources for the expansion project.
- To the Town of Tilton, \$12,000 of the Windy Hill Co-operative to fund an engineering study examining the condition of the park's infrastructure, including water, sewer, roads and electricity, which are all showing signs of deterioration. The study would also provide preliminary cost estimates for improvements and identify potential financing packages.

- \$12,000 to the Town of Winchester for an economic development feasibility study to determine the most beneficial utilization of the 43 acre, town-owned gravel pit off Richmond Road. The Town hopes to develop this land into an industrial park as a way of increasing job opportunities and the community's commercial/industrial tax base.

Trends in Federal Funding

Recent instability in Congressional budgeting has left a considerable amount of uncertainty among the states as to the long term funding levels of the Community Development Block Grant, HOME, and other HUD-administered programs. In the summer of 2013, the House subcommittee for T-HUD (Transportation, Housing and Urban Development)



5. Federal funding trend levels to CDFA's Community Development Block Grant program for years 2004 to 2014.

proposed a 70% cut in these programs for FY 14. The continuing resolution passed by Congress however allocated CDBG at approximately the same level as in FY 13 (around \$3 billion). For CDFA, that meant an allocation of \$8,073,617 from Washington for calendar year 2014, only slightly lower than \$8,194,036 in 2013.

While Congress has yet to decide on a spending plan that will set 2015 CDBG levels, according to the Council of State Community

Development Agencies (COSCEDA) there could be a Congressional proposal to significantly alter the Community Development Block Grant.

In a July speech, the House Budget Chairman presented a package of anti-poverty proposals. These safety-net reforms include a pilot program that would consolidate funding from 11 “anti-poverty” programs into one single revenue stream that states would administer. Selected states would receive these “opportunity grants” as part of a demonstration program. Each state could then tailor the benefits of these “opportunity grants” to its low-income residents as it sees fit, as long as the state shows outcomes and results.

The programs identified are:

- The Supplemental Nutrition Assistance Program (SNAP)
- The Temporary Assistance for Needy Families (TANF)
- Section 8 Housing Choice Voucher Program (HCV)
- Section 521 Rural Rental Assistance Payments
- Section 8 Project-Based Rental Assistance
- Public Housing Capital and Operating Funds
- Child Care and Development Fund
- The Weatherization Assistance Program
- The Low Income Home Energy Assistance Program (LIHEAP)
- Community Development Block Grant (CDBG)
- WIA Dislocated Workers

No legislation regarding this initiative has been filed.

5. Energy Efficiency Programs

In 2009, CDFA began administering three programs to help municipalities, businesses, nonprofits, and home owners get resources to assess the energy efficiency of their buildings and make upgrades and retrofits to increase efficiency to reduce costs and to reduce greenhouse gas emissions in New Hampshire. These energy programs usually provided low-interest loans or, in the case of nonprofit organizations, grants to finance the cost of equipment or construction. It was determined there was great need for public assistance in driving the market and providing the capital, as few private or commercial lenders offered financing for energy-related projects.

BetterBuildings

In FY 14, one of the three energy programs offered by CDFA sunset. BetterBuildings was created by the US Department of Energy and administered by CDFA on behalf of the NH Office of Energy in Planning. A unique three-year demonstration program, BetterBuildings offered both technical and financial assistance to businesses and consumers interested in energy efficiency.

The \$8,000,000 BetterBuildings NH program was funded by the American Recovery and Reinvestment Act (ARRA) through the United States Department of Energy and administered by the New Hampshire Office of Energy and Planning. BetterBuildings was operated in New Hampshire by the Community Development Finance Authority. A three-year demonstration project, it operated between 2010 and 2013.

The goal of the program was to provide residential homeowners and business owners resources for conducting deep energy

retrofits to their buildings, with goals of 20%-30% savings. The program operated within the boundaries of Nashua, Plymouth, and Berlin (eventually, assistance was offered statewide). City representatives, as well as local advisory boards, were active stakeholders in the effort.

BetterBuildings community managers worked with participants by helping them obtain energy audits for their homes, offices, or stores. Staff helped analyze the audit results and suggested improvement measures. Participants then selected private-sector energy contractors, certified by BetterBuildings, to implement upgrades. Participants selected only the measures that fit their needs, building use, and budget.

A number of options were available for financing audits and construction work. BetterBuildings offered some grant money and rebates to incentivize interest. Partners, such as the Retail Merchants Association, also offered rebates to supplement financing. Working with area banks and credit unions, BetterBuildings bought down interest rates to help create commercial lending products to qualified buyers.

Residential Units	829
Commercial Buildings	69
Commercial Sq ft	1,276,816
Total Audit Cost	\$664,260
Total Project Cost	\$14,416,570
Total Loans Made	\$5,195,453
\$\$ Savings	\$1,155,492
Electric Savings (kwh)	2,447,158
Gas Savings	221,119
Gallons Saved (oil, propane, kersene)	178,459
Leverage	\$9,378,544

6. Statewide results from the BetterBuildings NH program, 2010-2013.

BetterBuildings implemented a varied marketing campaign to build brand awareness and create

demand in the three communities. Efforts included radio, print, transit, and online advertising; event sponsorships; direct mail; local event sponsorships; energy work giveaways; workshops; and social media outreach.

BetterBuildings also acted as a friend to additional energy-related programs. These include the Berlin Model Neighborhood Project, the Plymouth Area Renewable Energy Initiative, and several workforce development efforts to train the next generation of energy professionals.

As the program progressed, BetterBuildings partnered with PSNH, Unittel, and the NH Electric Co-op to leverage the benefits of each other's efficiency programs. This resulted in a greater market penetration than BetterBuildings could have achieved on its own.

At the end of the three-year demonstration project, BetterBuildings NH had exceeded its goal by facilitating the energy upgrade of more than 800 residential projects and 1,000,000 square-feet of commercial space. Best practices learned from BetterBuildings NH will inform future energy efficiency initiatives in New Hampshire going forward.

The program was targeted to three communities: Berlin, Plymouth, and Nashua with the goal of hyper-investing in energy efficiency measures for both homeowner and for business owners.

Among the accomplishments of BetterBuildings has been the completion of over 800 residential energy efficiency projects and the renovation of more than 1,000,000 square feet of commercial space.

Enterprise Energy Fund (EEF)

The Enterprise Energy Fund is a low-interest, revolving loan fund available to businesses and nonprofit organizations to help finance energy improvements and renewable energy projects in their buildings. The goals were reduction of energy costs and consumption and promotion of economic recovery and job creation.

CDFA and its partners were initially awarded \$3.5 million in American Recovery and Reinvestment Act funding through the New Hampshire Office of Energy and Planning, to capitalize a revolving loan fund, the Enterprise Energy Fund. The Fund helped finance energy improvements in buildings owned by micro, small, medium, and large commercial businesses and nonprofit organizations.

An additional \$3.1 million was approved in November 2010 for use only in commercial businesses. Funds were loaned to businesses and nonprofits to reduce their energy costs and consumption. The loans ranged from \$10,000 to \$500,000.

The program was available to finance improvements to the overall energy-efficiency performance of buildings owned by businesses and nonprofits, thereby lowering their overall energy costs and the associated carbon emissions. These activities will include, but are not limited to, the following:

- Improvements to the buildings envelope, including air sealing and insulation in the walls, attics, and foundations;
- Improvements to HVAC equipment and air exchange;
- Installation of renewable energy systems;
- Improvements to lighting, equipment, and other electrical systems; and

- Conduction of comprehensive, fuel-blind energy audits.

CDFA partnered with many organizations in a variety of capacities in order to make efficient and timely use of these funds. CDFA administered the funds for medium and large nonprofits and commercial businesses; the Community Loan Fund administered the funds for micro- and small commercial businesses and nonprofits. The Jordan Institute conducted energy assessments and helped borrowers make energy improvement decisions.

Municipal Energy Reduction Fund (MERF)

CDFA's Municipal Energy Reduction Fund (MERF) is available to help New Hampshire municipalities improve the energy efficiency of their municipal buildings and operating systems. The goal is to reduce energy usage and costs.

CDFA was awarded \$1.5 million in funding from the Greenhouse Gas Emissions Reduction Fund, through the New Hampshire Public Utilities Commission to capitalize a revolving loan fund, the Municipal Energy Reduction Fund, to finance energy improvements to municipal facilities.

Loans to municipalities were structured out of energy savings. The savings were calculated based on the last several years of energy usage and several years of future projected usage. The terms of the loans were made flexible and could be structured as a service contract if desired by the city or town.

CDFA encouraged applicants to leverage other funding sources into a project, including those offered through utility rebate and loan programs.

The program was available to finance improvements to the overall energy efficiency performance of a municipality's buildings, thereby lowering the overall energy costs and the associated carbon emissions. These activities included, but were not limited to:

- Improvements to the buildings envelope including air sealing and insulation in the walls, attics, and foundations;
- Improvements to HVAC equipment inside conditioned space;
- Installation of sealed combustion, high efficiency condensing boilers with AFUE>97% Hydronic Systems or other high efficiency systems; and
- Installation of alternative energy sources.

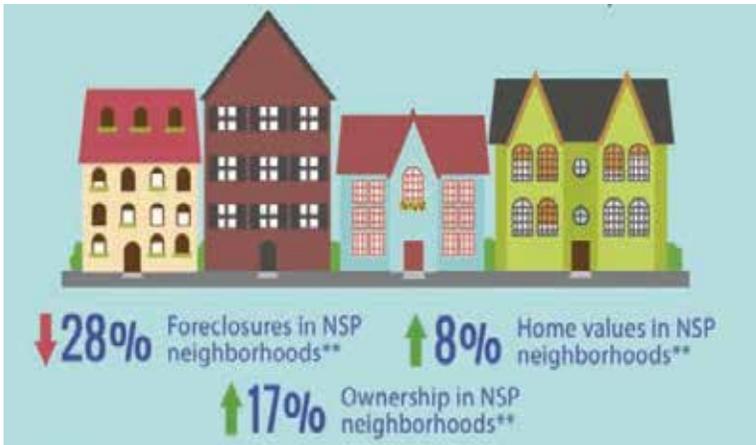
Future energy initiatives

By FY 14, these original programs had sunset. Virtually all of the funds have been committed; however, the monies are returning to CDFR to capitalize a revolving loan fund for further energy efficiency initiatives. CDFR plans on re-lending funds under a new energy efficiency financing program in FY 15 (see figure 7).

6. Neighborhood Stabilization Program (NSP)

NSP Overview

The problems created by foreclosures and abandoned homes are problems for the entire community. Homes left empty can fall into



7. Outcomes from Neighborhood Stabilization Program activities, 2009-2014.

distress, become eyesores, and become even harder to re-sell. Neighborhoods where there are clusters of foreclosed homes see the problems multiply. Areas with a high concentration of abandoned homes

can suffer from decreased property values, increased crime, and a further flight of residents which only adds to the cycle.

The Neighborhood Stabilization Program (NSP) was designed to address the effects of abandoned and foreclosed properties in certain communities and neighborhoods in order to put them back into service for the benefit of rehabilitation and extended affordability.

NSP communities work with the private sector to obtain abandoned properties and, in many cases, rehabilitate the homes and make them available to low-to-moderate income residents.

New Hampshire has received two NSP awards from the Department of Housing and Urban Development. In March 2009, CDFA received \$19.6 million in the first round of the Neighborhood Stabilization Program (NSP1). An additional \$5 million in funds was awarded to NH in April 2011 during the third round of NSP (NSP3).

NSP is a component of the CDBG program and generally follows its requirements. The program is authorized under Title III of the Housing and Economic Recovery Act of 2008 and the Dodd-Frank Act, signed into law in July of 2010.

NSP 1

In June 2009, CDFA awarded \$18.5 million to five awardees: the City of Berlin; Harbor Homes, Inc.; the City of Manchester; the City of Nashua; and the City of Rochester. As these five awardees sell rehabilitated and newly constructed properties to low-, moderate-, and middle-income homebuyers, earning up to 120% of Area Median Income, CDFA will collect these earnings and issue additional awards.

The results for NSP1 have been outstanding. In many of the areas affected, property values and residency rates have increased, while foreclosures, tax liens, and crime rates have dropped.

The NSP 1 concluded on March 9, 2013. By that date, NSP 1 awardees needed to have expended all of their funds and completed their projects.

NSP 2

New Hampshire did not apply for funding during NSP's second round (NSP2) as that particular round was focused primarily on urban neighborhoods in large metropolitan cities.

NSP 3

In September 2010, HUD announced that NH and CDFA would receive an additional allocation of \$5 million in the third round of NSP funding. Manchester and Berlin were awarded \$4.7 million in July of 2011 to continue the work which began under NSP1.

The NSP 3 concluded on April 15, 2014. By that date, NSP 3 awardees had expended their funds and completed their projects.

7. Additional CDFA Initiatives

CDFA demonstrates its commitment to community development by creating additional programs that complement the work of our many recipients and public/private partners. These initiatives have been capitalized by either direct program fees or through any surpluses derived from CDFA operations.

Housing Futures Fund

The Housing Futures Fund (HFF) awards grants, through the Tax Credit Program, to assist community-based nonprofit housing organizations. HFF grants are intended to build the capacity of participating nonprofits to investigate opportunities, secure financing, and test innovative new solutions for area residents.

The HFF provides operational grants and technical assistance to its grantees (nonprofit housing organizations). The operational grant program enables grantees to focus on housing development and educational outreach to individuals and families in need of quality affordable housing. The technical assistance aspect of the HFF program is implemented by the New Hampshire Community Loan Fund. It provides grantees with several areas of assistance including: supplying needed capital and related technical assistance for projects undertaken for which financing from other sources is unavailable, enhancing the grantees technical capacity, and affordable housing advocacy efforts to create a political climate that is user-friendly for nonprofit affordable housing developers.

While CDFA raises the money through the Tax Credit Program, the Housing Futures Fund Advisory Committee, consisting of representatives from for-profit businesses donors, continues to review applications and make recommendations to the CDFA Board

of Directors for final approval. Both the donors and grantees benefit from donor participation on this advisory committee.

Regional Development Corporation Capacity Fund

Regional Development Corporation (RDC) Capacity Fund awards grants, through the Community Development Block Grant (CDBG) and Tax Credit Programs, to assist New Hampshire's ten RDCs. These funds help reduce the amount of time a RDC spends on seeking operational funding, thereby giving it more time to focus on regional economic development activities.

The CDFR Board of Directors realizes that organizational capacity does not develop quickly. Therefore, they currently allocate \$250,000 in Tax Credit Program funds and the CDBG Advisory Committee allocates approximately \$200,000 in CDBG funds to the New Hampshire Alliance of Regional Development Corporations, a network of economic development organizations that support, enhance, and promote development efforts to their various regions. The Alliance distributes the Tax Credit Program funds to its 10-member RDCs.

Each RDC offers a variety of services that best meet the needs of its constituent communities and businesses, but they all have revolving loan funds to support an array of economic development projects in their service areas.

The revolving loan funds were principally created by loan repayments of CDBG Economic Development grants from the for-profit businesses. CDBG funds are awarded to municipalities that typically sub-grant to an RDC that then loans the funds to for-profit businesses to expand or acquire and develop property. The business guarantees to create or retain jobs that provide good

wages, benefits, and training programs for low- and moderate-income people. When the for-profit business repays the CDBG funds, those funds get deposited into the RDC revolving loan funds so additional loans can be made, helping to strengthen the viability of the region.

Job Retention Fund

CDFA understands the current economic climate has greatly reduced the availability of business credit. Without adequate credit, businesses and their employees are at risk. CDFA has set aside up to \$1.2 million to respond to this critical need for business financing. A primary objective of this program is job creation and retention.

The CDFA Job Retention Fund helps New Hampshire businesses without access to existing credit or equity resources. Loans are made to qualified economic development entities (EDEs), such as the ten Regional Development Corporations, to meet the immediate needs of area businesses. These EDEs then make loans or offer lines of credit to be used solely to assist businesses in remaining open and operating.

Money from the CDFA Job Retention Fund has been used to retain employment in a variety of sectors across the state. Financing made to Country Hearth & Home in Conway saved five full-time positions and created three new ones. A loan to Rescue Welding in Somersworth preserved five jobs. A line of credit to the Pease International Tradeport helped capitalize on money-saving rebates which retained 40 jobs and created eight new ones.

CDBG Bridge Loans

Government often does not move as quickly as the private sector does. After the Community Development Advisory Committee approves CDBG awards, contracts must be submitted for review by the Attorney General's Office and by the Department of Administrative Services, before finally going to the Executive Council for final approval. Also, because of budgetary reasons, HUD often doesn't make the calendar year allocation to CDFA and the other states until later and later in the year. This means that many CDBG awards made in the beginning of the year are contingent upon eventually receiving funds from Washington.

The process of making the money available can take weeks or months, which may be time that the nonprofits, municipalities, economic development entities, or job-creating businesses don't have.

CDFA has created a bridge loan program so awardees can borrow against their Community Development Block Grant and have access to money while the government process continues. Participants assume the risk that if their award is rejected by the Executive Council they are still responsible for repaying the CDBG Bridge Loan fund.

Community Development Loans

While CDFA Investment Tax Credit awards are primarily made to nonprofits and municipalities in the form of grants (meaning there is no obligation to repay), over its history CDFA Tax Credits have been given to for-profit entities in the form of a loan. Examples include credits given to the construction of the Grappone Center in

the 1990s and the restoration of the Mountain View Grand Hotel in the 2000s.

The businesses repay the tax credit loans in the same manner in which CDBG Economic Development loans are repaid. A third-party Economic Development Entity administers the loan. The principal goes into a revolving loan fund for the use of further community development activities. An example is the revolving loan fund capitalized by CDFA for the Capital Region Development Corporation used to provide financing for the Bindery Building project on Concord's South Main Street.

DADCo

The 14 Dixon Avenue Development Company (DADCo) is a Limited Liability Corporation (LLC) which operates and manages the buildings at 6 -14 Dixon Avenue in Concord on behalf of the Community Development Finance Authority.

DADCo functions as a holding company for land and buildings, including CDFA's leased office space on Dixon Avenue, which CDFA purchased for nearly \$1.9 million in 2002. CDFA has financed DADCo's operations and was owed \$401,301 from it for management fees and other expenses at the end of FY 2013. Resources committed to operating DADCo and owning the property represent opportunity costs, or funds which could have been used for community development projects consistent with the CDFA's purpose.

Financial reports for DADCo are included in section 9 of this report.

8. Financial Reports for CDFA

On the following pages are the financial statements for the Community Development Finance Authority for state fiscal year 2014. The financials are being audited by Mason + Rich Professional Association, Certified Public Accountants.⁷

⁷ Once affirmed and formally accepted by the CDFA Board of Directors during their September 9, 2014 meeting, the fully audited report will be submitted to the Department of Revenue Administration.

NH Community Development Finance Authority
Income Statement
For the Twelve Months Ending June 30, 2014

	FY14 Actual YTD	FY13 Actual YTD	Variance	FY14 Budget YTD	Variance	FY14 Annual Budget	% Budget Attained
RESTRICTED REVENUES - ENERGY LOANS							
1. Restricted Revenues - Energy Loans	17,088	3,052,100	(3,035,012)	0	17,088	0	0%
2. less: Allowance for Uncollectible Accounts	(222,008)	(262,226)	40,219	0	(222,008)	0	0%
3. Restricted Loan Interest	100,776	96,896	3,880	97,200	3,576	97,200	104%
4. Revenues Released from Restriction	(26,618)	(48,878)	22,260	(104,700)	78,082	(104,700)	25%
5. NET RESTRICT REVENUES	(130,762)	2,837,892	(2,968,654)	(7,500)	(123,262)	(7,500)	1,743%
PROGRAM REVENUES							
6. Program Flowthrough Funds	10,005,811	17,374,147	(7,368,336)	8,580,000	1,425,811	8,580,000	117%
PROGRAM EXPENSES:							
7a. CDBG Housing & Public Facilities Grants	4,426,901	7,370,008	(2,943,107)	2,940,000	1,486,901	2,940,000	151%
7b. CDBG Economic Development Grants	2,053,401	2,859,877	(806,476)	2,940,000	(886,599)	2,940,000	70%
7c. CDBG Emergency Grants	750,808	766,408	(15,600)	600,000	150,808	600,000	125%
7d. CDBG Feasibility Study Grants	65,841	46,546	19,295	100,000	(34,159)	100,000	66%
8. Neighborhood Stabilization Grants	2,456,415	2,598,841	(142,426)	2,000,000	456,415	2,000,000	123%
9. BetterBuildings Grants & Flowthrough Fun	86,700	2,890,268	(2,803,568)	0	86,700	0	0%
10. Total Program Expenses	9,840,066	16,531,948	(6,691,882)	8,580,000	1,260,066	8,580,000	115%
11. Net Program Flowthrough Surplus (Defi	165,746	843,199	(676,454)	0	165,746	0	0%
OPERATING REVENUE & EXPENSES							
OPERATING REVENUE	491,709	582,570	(90,861)	525,400	(33,691)	525,400	94%
12. CDBG Admin Revenues	1,000,000	1,000,000	0	1,000,000	0	1,000,000	100%
13. Tax Credit Admin Fees	20,727	64,446	(43,719)	107,000	(86,273)	107,000	19%
14. NSP 1 & 3 Admin Fees	23,080	39,268	(16,188)	60,300	(37,220)	60,300	38%
15. Enterprise Energy Program Admin Fees	3,537	9,609	(6,072)	14,400	(10,863)	14,400	25%
16. Municipal Energy Reduction Admin Fees	60,263	881,207	(820,945)	62,000	(1,737)	62,000	97%
17. BetterBuildings Admin Fees	72,000	72,000	0	0	72,000	0	0%
18. DADCo Service Fees	144,918	160,416	(15,497)	148,700	(3,782)	148,700	97%
19. Unrestricted Interest	39,953	(51,503)	91,456	0	39,953	0	0%
21. Total Operating Revenue	1,856,188	2,758,014	(901,826)	1,917,800	(61,612)	1,917,800	97%
OPERATING EXPENSES:							
22. Salaries	918,973	1,282,461	(363,488)	985,400	(66,427)	985,400	93%
23. Benefits & Payroll Taxes	361,820	511,532	(149,712)	392,800	(30,980)	392,800	92%
24. Office Expenses	90,743	130,520	(39,777)	114,900	(24,157)	114,900	79%
25. Travel	30,820	47,124	(16,304)	31,400	(580)	31,400	98%
26. Occupancy	92,007	127,995	(35,988)	107,800	(15,795)	107,800	85%
27. Program Consultant Expense	70,097	245,319	(175,223)	61,000	9,097	61,000	115%
28. Professional Fees	120,257	78,717	41,539	80,500	39,757	80,500	149%
29. Meetings & Events	24,696	37,104	(12,408)	34,000	(9,304)	34,000	73%
30. Professional Development	6,141	11,802	(5,661)	28,100	(21,959)	28,100	22%
31. Dues & Memberships	10,613	10,679	(66)	13,000	(2,387)	13,000	82%
32. Discretionary, Training & Education Grant	5,700	55,700	(50,000)	10,000	(4,300)	10,000	57%
33. Depreciation	20,773	27,845	(7,071)	23,600	(2,827)	23,600	88%
34. Allowance for Uncollectible Accounts	129,092	(201,523)	330,615	0	129,092	0	0%
35. Total Operating Expenses	1,881,732	2,365,274	(483,542)	1,882,500	(768)	1,882,500	100%
36. Net Operating Surplus (Deficit)	(25,544)	392,740	(418,284)	35,300	(60,844)	35,300	(72%)

NH Community Development Finance Authority
Income Statement
For the Twelve Months Ending June 30, 2014

	FY14 Actual YTD	FY13 Actual YTD	Variance	FY14 Budget YTD	Variance	FY14 Annual Budget	% Budget Attained
RESTRICTED REVENUES - ENERGY LOANS							
1. Restricted Revenues - Energy Loans	17,088	3,052,100	(3,035,012)	0	17,088	0	0%
2. less: Allowance for Uncollectible Accounts	(222,008)	(262,226)	40,219	0	(222,008)	0	0%
3. Restricted Loan Interest	100,776	96,896	3,880	97,200	3,576	97,200	104%
4. Revenues Released from Restriction	(26,618)	(48,878)	22,260	(104,700)	78,082	(104,700)	25%
5. NET RESTRICT REVENUES	<u>(130,762)</u>	<u>2,837,892</u>	<u>(2,968,654)</u>	<u>(7,500)</u>	<u>(123,262)</u>	<u>(7,500)</u>	<u>1,743%</u>
UNRESTRICTED PROGRAM FLOW THROUGH FUNDS							
6. Program Flowthrough Funds	10,005,811	17,374,147	(7,368,336)	8,580,000	1,425,811	8,580,000	117%
PROGRAM REVENUES							
PROGRAM EXPENSES:							
7a. CDBG Housing & Public Facilities Grants	4,426,901	7,370,008	(2,943,107)	2,940,000	1,486,901	2,940,000	151%
7b. CDBG Economic Development Grants	2,055,401	2,859,877	(806,476)	2,940,000	(886,599)	2,940,000	70%
7c. CDBG Emergency Grants	750,808	766,408	(15,600)	600,000	150,808	600,000	125%
7d. CDBG Feasibility Study Grants	65,841	46,546	19,295	100,000	(34,159)	100,000	66%
8. Neighborhood Stabilization Grants	2,456,415	2,598,841	(142,426)	2,000,000	456,415	2,000,000	123%
9. BetterBuildings Grants & Flowthrough Fun	86,700	2,890,268	(2,803,568)	0	86,700	0	0%
10. Total Program Expenses	<u>9,840,066</u>	<u>16,531,948</u>	<u>(6,691,882)</u>	<u>8,580,000</u>	<u>1,260,066</u>	<u>8,580,000</u>	<u>115%</u>
11. Net Program Flowthrough Surplus (Defi	<u>165,746</u>	<u>842,199</u>	<u>(676,454)</u>	<u>0</u>	<u>165,746</u>	<u>0</u>	<u>0%</u>
OPERATING REVENUE & EXPENSES							
OPERATING REVENUE							
12. CDBG Admin Revenues	491,709	582,570	(90,861)	525,400	(33,691)	525,400	94%
13. Tax Credit Admin Fees	1,000,000	1,000,000	0	1,000,000	0	1,000,000	100%
14. NSD 1 & 3 Admin Fees	20,727	64,446	(43,719)	107,000	(86,273)	107,000	19%
15. Enterprise Energy Program Admin Fees	23,080	39,268	(16,188)	60,300	(37,220)	60,300	38%
16. Municipal Energy Reduction Admin Fees	3,537	9,609	(6,072)	14,400	(10,863)	14,400	25%
17. BetterBuildings Admin Fees	60,263	881,207	(820,945)	62,000	(1,737)	62,000	97%
18. DADCo Service Fees	72,000	72,000	0	0	72,000	0	0%
19. Unrestricted Interest	144,918	160,416	(15,497)	148,700	(3,782)	148,700	97%
20. Other Income	39,953	(51,503)	91,456	0	39,953	0	0%
21. Total Operating Revenue	<u>1,856,188</u>	<u>2,758,014</u>	<u>(901,826)</u>	<u>1,917,800</u>	<u>(61,612)</u>	<u>1,917,800</u>	<u>97%</u>
OPERATING EXPENSES:							
22. Salaries	918,973	1,282,461	(363,488)	985,400	(66,427)	985,400	93%
23. Benefits & Payroll Taxes	361,820	511,532	(149,712)	392,800	(30,980)	392,800	92%
24. Office Expenses	90,743	130,520	(39,777)	114,900	(24,157)	114,900	79%
25. Travel	30,820	47,124	(16,304)	31,400	(580)	31,400	98%
26. Occupancy	92,007	127,995	(35,988)	107,800	(15,793)	107,800	85%
27. Program Consultant Expense	70,097	245,319	(175,223)	61,000	9,097	61,000	115%
28. Professional Fees	120,257	78,717	41,539	80,500	39,757	80,500	149%
29. Meetings & Events	24,696	37,104	(12,408)	34,000	(9,304)	34,000	73%
30. Professional Development	6,141	11,802	(5,661)	28,100	(21,959)	28,100	22%
31. Dues & Memberships	10,613	10,679	(66)	13,000	(2,387)	13,000	82%
32. Discretionary, Training & Education Grants	0	43,000	(43,000)	10,000	(10,000)	10,000	0%
33. Depreciation	20,773	27,845	(7,071)	23,600	(2,827)	23,600	88%
34. Allowance for Uncollectible Accounts	129,092	(201,523)	330,615	0	129,092	0	0%
35. Total Operating Expenses	<u>1,876,032</u>	<u>2,352,574</u>	<u>(476,542)</u>	<u>1,882,500</u>	<u>(6,468)</u>	<u>1,882,500</u>	<u>100%</u>
36. Net Operating Surplus (Deficit)	<u>(19,844)</u>	<u>405,440</u>	<u>(425,284)</u>	<u>35,300</u>	<u>(65,144)</u>	<u>35,300</u>	<u>(56%)</u>

NH Community Development Finance Authority
Statements of Cash Flows
For the Twelve Months Ending June 30, 2014

OPERATING ACTIVITIES:

1. Net Surplus (Deficit)		9,440
Adjustments to reconcile net income to net cash		
2. Depreciation and amortization		(10,129)
Changes in assets and liabilities:		
3. (Increase) Decrease in Tax Credit Pledges Receivable		336,814
4. (Increase) Decrease in CDBG Admin Fees Receivable		(423,625)
5. (Increase) Decrease in NSP Admin Fees Receivable		11,385
6. (Increase) Decrease in Other Admin Fees Receivable		1,849,537
7. (Increase) Decrease in Downtown Services Receivable		0
8. (Increase) Decrease in EDI Contract Receivable		0
9. (Increase) Decrease in Notes Receivable		2,134,630
10. (Increase) Decrease in Accounts Receivable		(145,745)
11. (Increase) Decrease in Prepaid Expenses		(11,023)
12. (Increase) Decrease in Value of Investment		0
13. Increase (Decrease) in Accounts Payable		131,752
14. Increase (Decrease) in Grants Payable		0
15. Increase (Decrease) in Tax Credit Projects Payable		(1,131,182)
16. Increase (Decrease) in Tax Credit Deferred Revenue		(54,492)
17. Increase (Decrease) in Energy Projects Deferred Revenue		47
18. Increase (Decrease) in CD Workshop Deferred Revenue		0
19. Net cash provided (used) by operating activities		2,697,410

INVESTING ACTIVITIES:

20. (Purchase) Sale of Capital Assets		30,903
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FINANCING ACTIVITIES:

21. Net cash provided (used) by financing activities		0
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22. NET INCREASE (DECREASE) IN CASH		2,728,312
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23. CASH, BEGINNING		8,523,759
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24. CASH, ENDING		11,252,072
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9. Financial Reports for DADCo

On the following pages are the financial statements for 14 Dixon Avenue Development Company (DADCo) for state fiscal year 2014. The financials are being audited by Mason + Rich Professional Association, Certified Public Accountants.

14 Dixon Avenue Development Co., LLC (DADCo)
Comparative Balance Sheets
June 30, 2014

	06/30/14	06/30/13	Variance	Percent Change	06/30/12	Variance	Percent Change
ASSETS							
Current Assets:							
1. Cash	11,524	3,454	8,069	234%	13,278	(1,754)	(13%)
2. Accounts Receivable	3,314	2,564	750	29%	185	3,129	1,691%
3. Prepaid Expenses	18,513	8,729	9,784	112%	8,027	10,485	131%
4. Deferred Taxes	97,560	97,560	0	0%	74,663	22,897	31%
5. Total Current Assets	130,910	112,306	18,604	17%	96,153	34,757	36%
Capital Assets:							
6. Land	637,000	637,000	0	0%	637,000	0	0%
7. Buildings	1,183,000	1,183,000	0	0%	1,183,000	0	0%
8. Building improvements	205,941	123,193	82,748	67%	107,086	98,855	92%
10. less: Accumulated Depreciation	(452,113)	(406,938)	(45,155)	11%	(363,963)	(88,150)	24%
11. Net Capital Assets	1,573,828	1,536,235	37,593	2%	1,563,124	10,704	1%
12. TOTAL ASSETS	1,704,738	1,648,541	56,197	3%	1,659,277	45,462	3%
LIABILITIES & EQUITY							
Current Liabilities:							
13. Accounts payable	620,257	413,780	206,477	50%	316,589	303,668	96%
14. Security deposits	16,537	12,734	3,803	30%	14,074	2,463	18%
15. Total Current Liabilities	636,794	426,515	210,280	49%	330,663	306,131	93%
Noncurrent Liabilities:							
16. Mortgage payable - TD Banknorth	1,009,297	1,067,083	(57,786)	(5%)	1,121,241	(111,944)	(10%)
Total Liabilities	1,646,092	1,493,598	152,494	10%	1,451,905	194,187	13%
Equity:							
17. CDEFA Equity Investment	440,000	440,000	0	0%	440,000	0	0%
18. Retained Earnings	(285,057)	(230,053)	(55,004)	24%	(168,167)	(116,890)	70%
19. Current year income	(96,297)	(35,004)	(41,293)	75%	(64,461)	(31,836)	49%
20. Total Equity	58,646	154,943	(96,297)	(62%)	207,372	(148,725)	(72%)
21. TOTAL LIABILITIES & EQUITY	1,704,738	1,648,541	56,197	3%	1,659,277	45,462	3%

14 Dixon Avenue Development Co., LLC (DADCo)
Comparative Income Statements
For the Twelve Months Ending June 30, 2014

	FY14 Actual YTD	FY13 Actual YTD	Variance	FY14 Budget YTD	Variance	FY14 Annual Budget	% Budget Attained
Revenues:							
1. Gross Potential Rental Revenues	313,532	336,172	(22,640)	315,900	(2,368)	315,900	99%
2. less: Vacancies	(73,236)	(94,741)	21,505	(100,900)	27,664	(100,900)	73%
3. Net Rental Revenue	240,296	241,431	(1,135)	215,000	25,296	215,000	112%
4. Gross Potential Parking Revenue	49,290	50,360	(1,070)	51,200	(1,910)	51,200	96%
5. less: Vacancies	(12,092)	(10,139)	(1,953)	(12,800)	708	(12,800)	94%
6. Net Parking Revenue	37,198	40,221	(3,023)	38,400	(1,202)	38,400	97%
7. Utility Reimbursements	0	0	0	0	0	0	0%
8. Interest Income	0	0	0	0	0	0	0%
9. Total Income	277,494	281,652	(4,157)	253,400	24,094	253,400	110%
Operating Expenses:							
10. Administration Fees	72,000	72,000	0	72,000	0	72,000	100%
11. Rental Management Fees	20,501	12,220	8,281	12,000	8,501	12,000	171%
12. Property Operating Costs	57,380	41,453	15,926	55,000	2,380	55,000	104%
13. Utilities	36,628	33,319	3,309	35,000	1,628	35,000	105%
14. Property Taxes	53,214	75,837	(22,623)	86,800	(33,586)	86,800	61%
16. Office Expenses	445	189	256	400	45	400	111%
17. Professional Fees	14,202	4,804	9,398	5,000	9,202	5,000	284%
18. Depreciation	45,155	42,996	2,159	37,900	7,255	37,900	119%
19. Bad Debt Expense	0	0	0	0	0	0	0%
20. Interest Expense	66,922	70,510	(3,588)	66,900	22	66,900	100%
21. Total Operating Expenses	366,446	353,327	13,119	371,000	(4,554)	371,000	99%
22. Net Income before Taxes	(88,952)	(71,676)	(17,276)	(117,600)	28,648	(117,600)	76%
23. Income Tax Expense	7,345	(16,672)	24,017	0	7,345	0	0%
24. Net Profit (Loss)	(96,297)	(55,004)	(41,293)	(117,600)	21,303	(117,600)	82%

14 Dixon Avenue Development Co., LLC (DADCo)
Statements of Cash Flows
For the Twelve Months Ending June 30, 2014

OPERATING ACTIVITIES:

Net Income	(96,297)
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	45,155
Changes in assets and liabilities:	
(Increase) Decrease in Prepaid Expenses	(9,784)
(Increase) Decrease in Accounts Receivable	(750)
(Increase) Decrease in Deferred Taxes	0
Increase (Decrease) in Accounts Payable	206,477
Increase (Decrease) in Security Deposits	<u>3,803</u>
Net cash provided (used) by operating activities	148,604

INVESTING ACTIVITIES:

Purchase of capital assets	<u>(82,748)</u>
Net cash provided (used) by investing activities	(82,748)

FINANCING ACTIVITIES:

Increase (Decrease) in mortgage payable	(57,786)
Increase (Decrease) in loan payable to CDFA	<u>0</u>
Net cash provided (used) by financing activities	(57,786)

NET INCREASE (DECREASE) IN CASH	<u>8,070</u>
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CASH, BEGINNING	<u>3,454</u>
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CASH, ENDING	<u><u>11,524</u></u>
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