



April 11, 2023

The Senate of the State of New Hampshire – Committee on Finance
107 North Main Street
State House Room 103
Concord, N.H. 03301-4951

Dear Honorable Senator James Gray and Committee members:

Over the next two fiscal years, the Community Development Finance Authority (CDFA) will administer approximately \$21 million in Community Development Block Grant (CDBG) funds from the Department of Housing and Urban Development (contingent on confirmation of federal funding levels). Please note this total does not include the additional resources CDFA is deploying through special allocations made through the CDBG program. CDFA deploys CDBG funds to eligible municipalities to support the development of viable, sustainable and equitable communities by expanding economic opportunities, providing decent housing and a suitable living environment for persons of low- and moderate-income in New Hampshire.

The CDFA Board of Directors respectfully requests continued match funding from the State of New Hampshire in **the amount of \$540,000** over the next biennium. The request of \$260,000 in Fiscal Year 2024 and \$280,000 in Fiscal Year 2025 represents the federally required match of state funds towards program administration for New Hampshire's annual allocation of federal block grant resources under the CDBG Program. CDFA has the responsibility to administer this program under RSA 162-L:11-L:19.

Between January 1, 2020 and June 30, 2022, New Hampshire's Community Development Block Grant program: assisted 15,436 people through public services, public facility improvements, and emergency grants; created or retained 76 jobs; rehabilitated or preserved 605 housing units; and provided technical assistance to 895 microenterprises.

CDFA has administered the annual allocation of federal CDBG funds on behalf of the State since July 2003, guiding the investment of more than \$180 million into New Hampshire communities. These critical resources have been deployed across the state and have made a significant impact on economic development, housing and community-based initiatives.

State CDBG funds are highly sought by municipalities and counties throughout New Hampshire, making the program highly competitive and resulting in highly effective projects. In addition, CDFA has consistently sought out ways to improve its operating efficiency to reduce its costs and improve the process for Municipalities and nonprofit partners.

With the state's financial support, municipalities and counties within New Hampshire will benefit from approximately \$21 million in federal funds to improve the lives and well-being of low- and moderate-income citizens of the state.

Respectfully,

Katherine Easterly Martey
Executive Director



Remarks to the Committee on Finance
Katherine Easterly Martey, Executive Director, Community Development Finance Authority
April 11, 2023

Thank you for this opportunity to address you regarding our line item in the State Treasury Department's budget for Fiscal Years 2024 and 2025, which is New Hampshire's required match for administration of the federal Community Development Block Grant program, better known as CDBG.

The Community Development Finance Authority is a state-chartered, independent, nonprofit organization, and as such, our board is appointed by the Governor and Council. As a state authority, we are among a handful of unique entities that work in partnership with state and federal initiatives to strengthen New Hampshire communities through the distribution of resources to municipalities, nonprofits, and businesses.

I am here to request continued match-funding from the State of New Hampshire. The request of \$260,000 in Fiscal Year 2024 and \$280,000 in Fiscal Year 2025 represents the federally required match of state funds towards program administration for New Hampshire's annual allocation of federal block grant resources under the CDBG Program.

This increase from prior budget requests nearly meets the minimum state match and will enable CDFA to best meet the needs of New Hampshire communities. CDFA will continue to increase the technical assistance and training provided to those leveraging these federal resources, as well as cover other increased costs associated with program administration.

For 20 years, CDFA has provided the State with an exceptionally cost-efficient system for administering CDBG resources. The CDBG Program is focused on the development of viable, sustainable, and equitable communities by providing decent housing, suitable living environments, and expanding economic opportunities, principally for low- and moderate-income people in New Hampshire. We are focused on administering a program that creates the greatest possible community-driven impacts and adapts to the needs of New Hampshire communities.

CDFA has awarded more than \$180 million in CDBG funds since 2003. These critical resources have been deployed across the state and have made a significant impact on economic development, housing, and community-based projects in our municipalities. Between January 1, 2020 and June 30, 2022, New Hampshire's Community Development Block Grant program: assisted 15,436 people through public services, public facility improvements, and emergency grants; created or retained 76 jobs; rehabilitated or preserved 605 housing units; and provided technical assistance to 895 microenterprises.

The requested support will ensure New Hampshire has continued access to millions of federal dollars that are meeting needs critical to the economic success of our state and aligning with statewide efforts. Those efforts include the Department of Business and Economic Affairs' Economic Recovery and Expansion Strategy and the Council on Housing Stability's Three-Year Strategic Plan. New Hampshire's CDBG Program prioritizes investments in areas that support these strategies, including: the development of affordable housing; expansion of affordable, quality childcare facilities; creating critical infrastructure in our communities; and increasing access to quality, economic opportunities. In addition, CDBG projects in New Hampshire have leveraged tens of millions of dollars in matching capital.

The U.S. Department of Housing and Urban Development, also known as HUD, uses a formula to allocate its resources. We anticipate that New Hampshire's total CDBG allocation will be nearly \$21 million over the next biennium. CDFA receives its allocation directly from HUD and administers CDBG funds for non-entitlement municipalities.

All eligible New Hampshire municipalities and counties have the opportunity to access up to \$1.5 million, annually, in resources to support their affordable housing, public facility improvements, and economic development projects. These communities may also request emergency and planning resources. The projects that are awarded are community-driven efforts that local leaders and community members say are necessary to their town or county.

CDFA administers competitive grant rounds throughout the year. Our staff conducts extensive programmatic and financial review of each application. In addition, projects that meet all necessary criteria are voted on by the independent 11-member Community Development Advisory Committee, and further, confirmed by CDFA's 11-member Board of Directors. All 22 of the New Hampshire citizens who review and approve these projects are appointed by the Governor and Council and represent various sectors and communities involved in community economic development. Once CDFA's Board recommends funding, the proposed awards are sent to the Executive Council for final approval.

Federal funds come with significant requirements. To ensure these projects are successful, CDFA's professional staff provide training and technical assistance to our grantees throughout each phase of the project, from pre-application through implementation. We work closely with partners to find creative solutions and offer guidance on project development, as well as ease the burden of compliance and protect the investment of these taxpayer funds.

It is worth noting, through the CARES Act, the State of New Hampshire was allocated approximately \$14.3 million to be deployed by CDFA under the CDBG Program to respond to the COVID-19 pandemic. These funds are being used specifically for the prevention of, preparation for, and response to COVID-19.

With these additional resources, CDFA developed a new public services program to address the needs of the most vulnerable populations within New Hampshire communities. We worked quickly to implement the program and provide communities and nonprofits access to federal funds resources, while continuing to advance our typical annual funding rounds.

CARES Act resources administered by CDFA are supporting critical public services, including childcare, food banks, as well as health, mental health and substance abuse services, among others. Additional CARES Act funds were awarded to support eligible housing and public facilities projects, including supportive rental housing to extremely low-income and low-income households, with a priority for persons experiencing homelessness. A portion of these funds was also used to provide eligible New Hampshire micro businesses with direct grants of up to \$2,500 to aid them through the crisis. Through the administration of these additional federal resources, CDFA had the opportunity to provide grantees, which included New Hampshire municipalities and counties, alongside their nonprofit partners, with additional access to necessary technical assistance. This technical assistance helps build the capacity of our communities and nonprofit partners to access federal resources, deliver meaningful programs and services, as well as prepare for and implement future infrastructure projects. We find the investment in technical assistance for communities and nonprofits of all sizes is important in their long-term success and ability to leverage resources.

CDFA respectfully requests the State of New Hampshire continue to provide the federally required match funds, totaling \$540,000 for the 2024 and 2025 State Fiscal Years. Your support ensures continued deployment of nearly \$21 million of resources into New Hampshire for the community economic development projects critical to our communities.

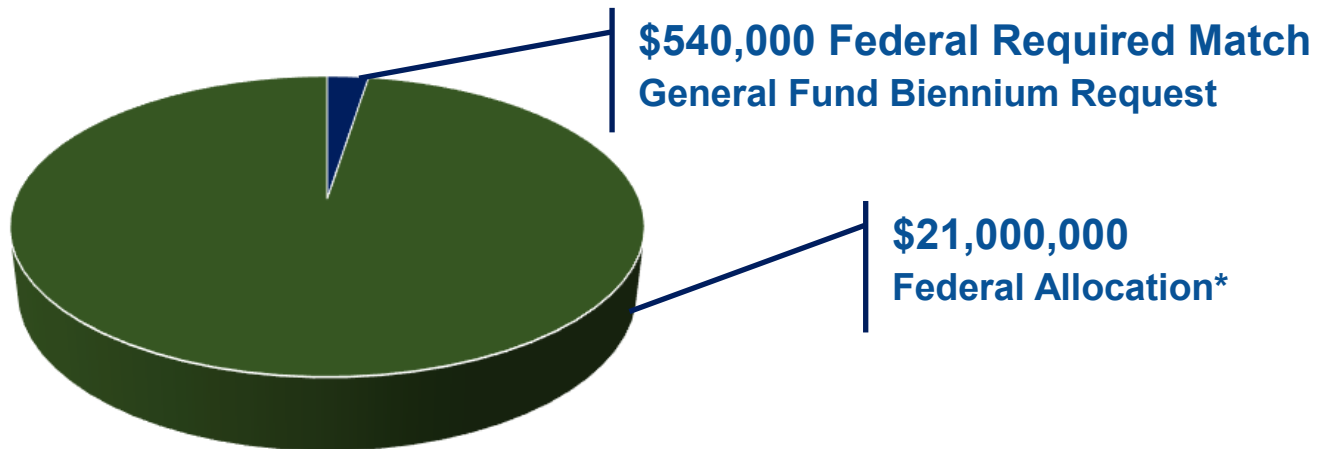
Thank you for considering our request. We are happy to take questions from the Committee.



COMMUNITY DEVELOPMENT BLOCK GRANT PROGRAM

Supporting the development of viable, sustainable and equitable communities in New Hampshire by expanding economic opportunities, providing housing for persons of low- and moderate-income.

INVESTMENT IN NEW HAMPSHIRE



*Two-year estimate contingent on confirmation of federal funding levels.

IMPACT IN NEW HAMPSHIRE

Between January 1, 2020 and June 30, 2022, New Hampshire’s Community Development Block Grant program:

- Assisted **15,436 people** through public services, public facility improvements, and emergency grants;
- Created or retained **76 jobs**;
- Rehabilitated or preserved **605 housing units**; and
- Provided technical assistance to **895 microenterprises**.

PROJECT SPOTLIGHT

Mid-State Health Center, a Federally Qualified Community Health Center in Plymouth, New Hampshire, recognized a significant demand for high-quality, affordable childcare among its employees and within the organization’s service area. The health center had been providing childcare services for 18 children at a leased space.

Using Community Development Block Grant planning funds, the organization commissioned a feasibility study on childcare in the Plymouth area in 2020 to better understand the community need for this service. The final report indicated current local capacity for licensed childcare was only meeting 25 percent of the region’s need.

To strengthen Mid-State Health Center’s capacity to provide affordable, quality childcare for its employees and the greater Plymouth community, the organization leveraged Community Development Block Grant public facility and economic development resources to build a new childcare center.

Mid-State Health Center now has a state-of-the-art, energy efficient childcare facility. The new center enables the organization to increase enrollment significantly to serve a total of 60 children, a majority of whom are from low- and moderate-income households. The project will also enable Mid-State Health Center to retain six jobs and create eight new jobs, for a total of fourteen permanent full-time jobs in the new facility. Nine of the jobs will be filled by individuals who qualify as low- or moderate-income.



“This is something that’s very important to our community, and we felt we had the ability to do this...We thought we could step up to the plate and produce a wonderful building, which we did, and a program that will have a huge impact on families in this catchment area.”

Dr. Robert McCloud, CEO, Mid-State Health Center

PROJECT SPOTLIGHT

Hundred Nights, Inc. provides shelter and crisis related services to those at risk of or experiencing homelessness in the Monadnock region of New Hampshire. The organization's year-round services currently operates out of three separate locations throughout Keene.

To more effectively and efficiently serve individuals and families at risk of or experiencing homelessness, Hundred Nights, Inc. is leveraging Community Development Block Grant resources to develop a new, 48-bed emergency shelter and resource center.

The new building will provide a centralized, permanent home for a safe and accessible emergency shelter alongside supportive and case management services to help individuals and families throughout the Monadnock Region regain stability. The COVID-19 pandemic has exacerbated the need for the critical emergency shelter and services provided to the community by Hundred Nights, Inc.



CDFA State Fiscal Year 2022 Impacts






\$19.8 million infused into New Hampshire communities

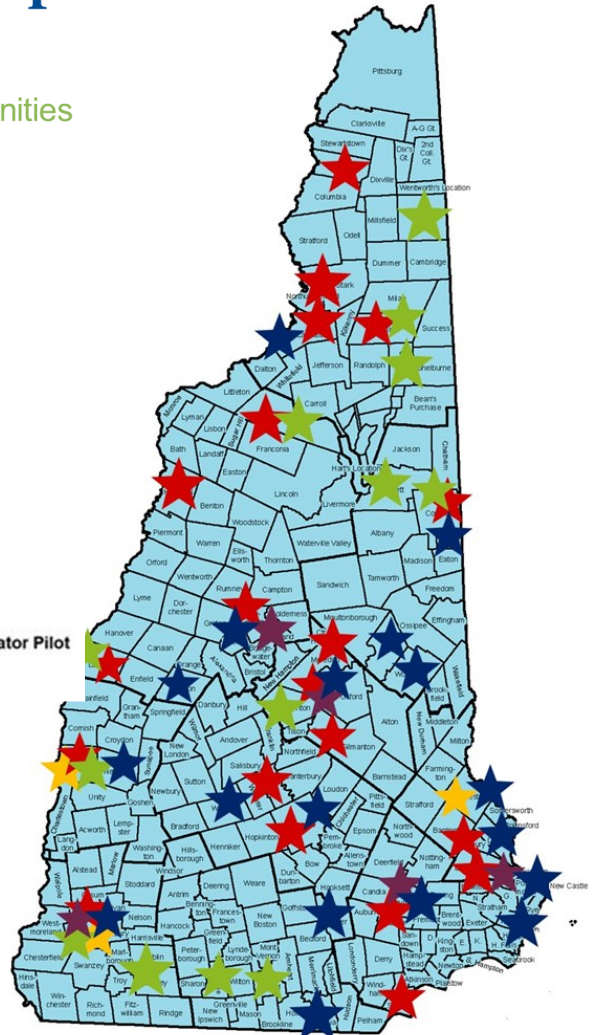
87 community-based initiatives supported

189 business donors engaged

Initiatives supported by CDFA reported the following impacts:

- Assisted **94,799 people**
- Rehabbed, preserved or created **521 housing units**
- Created or retained **2,305 jobs**
- Supported **455 micro businesses**
- Developed or rehabbed **102,495 square feet**

-  Tax Credit Program
-  Clean Energy Fund
-  Community Navigator Pilot Program
-  Community Development Block Grant Program
-  CARES Act Funds



CDFA ANNUAL REPORT

Additional details on CDFA's annual impact can be found in our [State Fiscal Year 2022 Annual Report](#).

nhcdfa.org/who-we-are/our-impact

Information about the Community Development Block Grant Program can be found on [CDFA's Resource Hub](#).

resources.nhcdfa.org