



**CDFA**  
COMMUNITY DEVELOPMENT FINANCE AUTHORITY

# TAX CREDIT

## APPLICATION AND PROGRAM GUIDE

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## COMMUNITY DEVELOPMENT FINANCE AUTHORITY

The Community Development Finance Authority (CDFA) is a statewide, nonprofit authority focused on maximizing the value and impact of community development, economic development, and clean energy initiatives, throughout New Hampshire. The organization leverages a variety of financial and technical resources, including the competitive deployment of grant, loan, and equity programs.

At CDFA, we envision a future New Hampshire composed of communities that are economically and socially resilient, reflect and respect their natural surroundings, and are places where people want to live, work, and play.

To achieve this vision, CDFA invests in the people of New Hampshire by:

- deploying a well-tuned, effective investment system;
- enabling partners to make transformational and sustainable changes; and
- taking an innovative approach to development finance.

## PROGRAM OVERVIEW AND OBJECTIVES

CDFA's Tax Credit Program is a competitive, community economic development investment program. The program seeks to advance community economic development projects that: show a high degree of community support, build partnerships, and leverage other resources.

Grants awarded under this program are provided to organizations in the form of tax credit equity, typically over a two-year period. Businesses with New Hampshire tax liability support awarded projects by purchasing the awardee's credits, resulting in the nonprofit receiving a donation and the business receiving a 75 percent New Hampshire state tax credit for their contribution. The purchased credit can be applied against the Business Profits Tax, Business Enterprise Tax, or Insurance Premium Tax. The donation may also be eligible for consideration as a charitable contribution for state and federal tax purposes.

CDFA's tax credit funds are allocated to specific projects that are of public benefit, for a public purpose, and can reasonably be expected to address one or more of the following objectives:

- Contribute to the development (or redevelopment) and economic well-being of a target area(s) or target population(s);
- Contribute to the economic development of the state;
- Increase or maintain threatened primary employment;
- Provide affordable housing opportunities to low- and moderate-income people.

CDFA's founding legislation and foundational guidance for the Tax Credit Program can be found in [New Hampshire RSA 162-L](#).

A portion (20%) of each tax credit award is set aside to support the administration of the Tax Credit Program, as well as CDFA's statewide investments, technical assistance, data collection, research, and general operations. Applicants should calculate and submit their total request based on this 80% effective award, taking the set-aside into account. For example, if your project needs \$100,000 for implementation, the total request would be for \$125,000 ( $\$125,000 \times .8 = \$100,000$ ).

## ELIGIBILITY

Eligible applicants include community development corporations, other nonprofit organizations and municipal governments involved in community development, and employee and other types of cooperatives.

New Hampshire RSA 162-L:1 definitions for eligible applicants are as follows.

- **Community development corporation** means a nonprofit corporation, organized under the laws of the state to carry out certain public purposes and with bylaws providing that:

- a) The corporation shall be organized to operate within specific geographic boundaries.
  - b) Membership in the corporation shall be open to all residents of the target area who are 18 years of age or older; membership may be open to persons outside the target area, but voting membership of persons not residing in the target area shall be limited to 10 percent of the total membership.
  - c) The corporation shall have a board of directors, a majority of whom reside in the target area or are members of the target population, 2/3 of whom are elected by the membership, with each member having an equal vote.
  - d) The corporation shall make a demonstrable effort to hire low income or underemployed residents of the operating area.
  - e) The corporation shall impose an annual individual membership fee of not less than \$1 nor more than \$10.
- **Other nonprofit organizations and municipal governments involved in community development** means a nonprofit organization organized under the laws of the state or municipal government to carry out purposes related to community development, improvement, revitalization, or other consistent activities.
  - **Employee cooperative** means a corporation in which the power to elect at least 2/3 of the corporation's directors is held by the employees and in which such elections are held on a one person-one vote basis.
  - **Other type of cooperative** means any corporation in which the power to elect the governing body is held by the members of the corporation and in which elections are held on a one person-one vote basis. This may include cooperatives such as housing cooperatives and consumer cooperatives.

## GUIDELINES

All Tax Credit Program applicants are subjected to a substantial programmatic and financial review. Among other requirements, projects must provide a public benefit, be for a public purpose, and demonstrate that adequate funding was not otherwise available. A project is considered on its own merits **and** as it compares to the other applicants in the same funding round.

CDFA may award funds to any project submitted by an eligible applicant (as defined in the previous section) that also meet the following conditions:

- The project must be determined by CDFA's Investment Review Committee (IRC) to fall within the scope of CDFA's defining legislation (RSA 162-L) as outlined in the Program Objectives (referenced above).
- The project must be of a public purpose and for a public benefit. Such benefits must be quantifiable and shall be presented to CDFA at the time of application in the form described.
- Private industry shall be unable to provide sufficient capital to complete the project. CDFA shall determine that its participation is necessary for the successful completion of the proposed project because adequate funding is determined to be unavailable from traditional capital markets, or because credit has been offered on terms that would preclude project success.
- Awarded organizations shall guarantee long-term community and targeted population benefit through legal mechanisms such as deed restrictions, equity limitation formulas, land leases, or other CDFA-approved forms.
- The applicant must prove that the project has a reasonable chance of success by providing evidence of: funding commitments, public support, organizational capacity, and sufficient capital for sustained operations.
- The project must conform to all applicable environmental, zoning, building, planning, and sanitation laws. Additionally, applicants must have a plan for addressing energy efficiency and building sustainability, in

accordance with CDFA's Energy Policy (See Appendix E for additional information).

## FUNDING PRIORITIES

Applications for the following activities are prioritized:

- Projects that focus on place-based strategies that reinvest in underserved people and places.
- Projects that encourage the development of effective and durable collaborations among multiple organizations to fundamentally impact communities and strengthen local economies.
- Projects that use funding from multiple sources, including, but not limited to: banks, private donations, capital campaigns, and other CDFA grants and/or loan funds.

While not expressly disallowed, applications for the following activities will not be prioritized:

- Projects submitted by organizations possessing the financial capacity to complete a proposed project without a tax credit investment.
- Requests for operating expenses, deficit-reduction, or expenses already incurred.
- Requests that are typically the responsibility of federal, state, or municipal funding sources.
- Municipal projects that do not demonstrate a significant level of planned community economic development benefit.
- Replacement of typical revenue sources (e.g. contributions, grants, earned income, etc.).
- Capital campaign activities not explicitly tied to a specific project or program.
- Applicants with an active CDFA tax credit project.
- Requests for a large sum of funds compared to other projects in the same round and/or in relation to available tax credit resources.
- Projects whose primary beneficiaries are not New Hampshire residents/individuals and/or whose primary activities are not located in, or of benefit to, New Hampshire communities.

CDFA will apply the following principles when considering tax credit applications from eligible, faith-based nonprofit organizations:

- Project activities must be related to community development, improvement, revitalization, or other activities consistent with the purposes of RSA 162-L.
- Recipients may not discriminate against a project beneficiary on the basis of religion or religious belief.
- Funds may not be used for explicitly religious activities (including activities that involve overt religious content such as worship, religious instruction, or proselytization). Such activities may be offered outside of activities that are supported with CDFA resources.
- Participation in any explicitly religious activities must be voluntary.

## HOW TO APPLY

All applications must be completed and submitted on CDFA's Grants Management System ([www.nhcdfragrants.org](http://www.nhcdfragrants.org)). More information on how to use the Grants Management System can be found on the CDFA Resource Hub ([link](#)).

The application requires applicants to detail their specific project, describe the extent to which it aligns with program objectives, and provide other pertinent information that will help CDFA determine the applicant organization's capacity to complete a successful project.

An outline of CDFA's Tax Credit Program application can be found in Appendix A of this document.

CDFA staff offers applicants technical assistance, guidance on program objectives, and instruction on how to successfully complete an application. Technical assistance is provided through workshops, one-on-one training, and pre-application meetings. Call the CDFA office (603-226-2170) or use "[schedule a meeting](#)" to schedule a Pre-Application meeting.

In an effort to increase access and expand the pool of successful applicants, CDFA is offering the following support, in addition to the pre-application technical assistance:

### **Grant Writing Support**

CDFA will provide qualifying applicants with financial resources to help prepare their applications. Please discuss your need during your pre-application meeting or see [this page](#) on Resource Hub to learn more.

### **Fiscally Sponsored Projects**

Please review [the guidance](#) on CDFA's Resource Hub if you are planning to apply with a fiscal sponsor. Please reach out to us directly if you have questions or concerns about how to apply as a fiscally sponsored project.

CDFA staff will not review draft proposals. However, the team will be happy to direct you to outside consultants and resources that may be helpful in crafting a successful application.

## **KEY DATES**

Applicants should note the following dates and deadlines as they pertain to this year's Tax Credit Round.

### **Application Workshops**

CDFA will host a series of online webinars for organizations interested in applying for the Tax Credit and Community Economic Development Capacity Building Program Funding Round or learning more about the program.

The **Tax Credit & Community Economic Development Capacity Building Program Overview** webinars will be held on **January 12** and **January 19, 2022**. Topics to be covered include an overview of the Tax Credit Program, eligible applicants, program objectives and guidelines, funding priorities, and key dates. Interested applicants only need to register for one of the program overview webinars as the same content will be covered at each event.

- January 12 (10:00 AM – 12:00 PM): Tax Credit & Community Economic Development Capacity Building Program Overview Workshop – [Register Here](#)
- January 19 (2:00 – 4:00 PM): Tax Credit & Community Economic Development Capacity Building Program Overview Workshop – [Register Here](#)

Those interested in applying for funding are strongly encouraged to also attend one of the **Tax Credit & Community Economic Development Capacity Building Application Writing Webinars** specifically focused on the application process. These webinars will be held on **January 13** and **January 20, 2022**. Topics to be covered include a step-by-step overview of the application. Interested applicants only need to register for one of the application webinars as the same content will be covered at each event.

- January 13 (10:00 AM – 12:00 PM): Tax Credit & Community Economic Development Capacity Building Program Application Writing Workshop – [Register Here](#)
- January 20 (2:00 – 4:00 PM): Tax Credit & Community Economic Development Capacity Building Program Application Writing Workshop – [Register Here](#)

### **Online Application Available**

Applications will be available on CDFA's Grants Management System (GMS) beginning **January 21, 2022**.

### **Application Deadline**

Applications for the 2022 Tax Credit Round are due **Friday, March 4, 2022 by 4:00 PM**. Late submissions and incomplete applications will not be accepted.

### **Award Announcement**

CDFA will notify tax credit applicants **the week of June 13, 2022** regarding funding decisions.

All award recipients are invited to attend a press conference announcing the funded projects tentatively scheduled for the following week (specific date to be announced).

### **Tax Credit 101 Workshop**

Tax Credit award recipients are required to attend the Tax Credit 101 Workshop held at the **end of June** (specific date to be announced). The workshop will inform awardees about program logistics, resources, and helpful information for crafting a successful tax credit fundraising campaign.

## **EVALUATION**

All applicants are subjected to a substantial programmatic and financial review.

The review process begins with CDFA's internal review team determining whether the application meets the Threshold requirements. Reviewers then complete a desk review of the application, a comprehensive underwriting of the applicant and their project, a review of the application's adherence to CDFA's Energy Policy, and a site visit to evaluate the proposed project.

Recommendations for funding will be based upon applicant's goals, measurable objectives, activities, and needs. The internal review team assesses applicants using the framework below, and - based on this assessment - provides its assessments to the Investment Review Committee (IRC), composed of CDFA staff and non-recused Board Members. Recommendations for funding will then be made by the Investment Review Committee to CDFA's full Board of Directors who determine final awarding decisions.

The following benchmarks will be used to evaluate applications:

### **Public Benefit and Public Purpose**

- Consistency with program objectives
- How valuable/meaningful is the project to the target area and/or target population?
- What is the degree of public accessibility of the project?
- How much community support does the project have?
- How is the project economically beneficial to the locality and/or state?
- Realistic and documentable project outcomes

### **Capacity**

- Does the applicant have the right skills, assets, and experience to successfully complete the proposed project?
- Documented readiness to implement the project, including: completion of threshold requirements, feasible development work plan and budget, plan for timely completion, status of funding leverage (committed or pending), tax credit fundraising plan, sustainability of project.
- Organization Capacity – previous experience, staff roles, board support, financial health.

## **ADMINISTRATION**

### **Conditions of Default**

It is at the sole discretion of CDFA to automatically eliminate an applicant from consideration if there are existing or prior conditions of default in any agreements between CDFA and the applicant.

### **Reporting and Contract Requirements**

Tax credit award recipients will be required to report on the outcomes of the investment. Successful applicants will be required to execute a grant agreement with CDFA.

### **Bridge Financing for Tax Credit Projects**

Should your project receive an allocation of Tax Credits, your organization may be in a position to begin project implementation but lacks readily available financial resources to do so. If this is the case your organization may qualify for bridge financing through CDFA. Please see Appendix D for additional information.



## APPENDIX A: APPLICATION OUTLINE

Below you will find an outline of the application for the 2022 Tax Credit Round for state fiscal year 2023 and 2024 tax credits. Applications must be submitted by 4:00 PM on Friday, March 4, 2022 through CDFA's online Grants Management System [www.nhcdfragrants.org](http://www.nhcdfragrants.org). More information on how to use the Grants Management System can be found on the CDFA Resource Hub ([link](#)).

Hard copy or emailed applications will not be accepted.

### **I. Applicant Information**

- Primary Contact
- Grant Writer (If applicable)
- Authorized Official/Authorized Official email
- Organization Information
- DUNS#/Executive Council District/CCR#

### **II. Statutory Eligibility**

- Eligible Applicant Type (select ONE)
  - Community development corporation
  - Nonprofit organization involved in community development
  - Municipal government
  - Employee cooperative
  - Other type of cooperative
- Project Type
  - Housing
  - Community/Economic Development
  - Both
- Eligibility Threshold Attachments (if applicable)
  - Articles of Incorporation
  - By Laws
  - IRS Determination Letter
  - Proof of Good Standing – New Hampshire Secretary of State

### **III. Tax Credit Request**

The CDFA Tax Credit program allocates approximately \$5 million worth of tax credits to community development projects, each year. Projects receiving an award must seek donors with certain tax liability to purchase the awarded credits.

Enter the amount of tax credit funds your project will need to be successful. The application will calculate the amount of tax credit donations you will need to raise.

Please note: CDFA cannot guarantee tax credit awards in the year(s) you have requested. CDFA reserves the right to award tax credit funding as a grant, loan, equity, or a combination thereof.

- Year 1 Requested Allocation
- Year 2 Requested Allocation
- Total Project Cost

#### **IV. Project and Readiness Information**

- **Project Name** (Be brief)

- **Project Address**

- **Executive Summary**

Briefly describe the project you are seeking tax credits for, why you are seeking them, the problem your project addresses, and the outcome you are expecting.

- **Property Description**

If this project involves the acquisition, construction, or renovation of real estate, provide detailed information on the property. Describe the property, its ownership structure, and the status of site control.

Please describe the historical significance of your project property, if applicable. Is it listed on the National and/or State Register of Historic Places? Is it located in a local historic district?

List any mortgages or deed restrictions that are on the property. Is there anything that would prevent CDFA from putting a use-restricting mortgage lien on the property?

Please upload a recent property appraisal, planning and zoning approvals, and an asset management plan, if applicable, in the "Project Information and Public Benefit Attachments" component of the application.

- **Performance Security**

CDFA places a 10-year performance lien on any property purchased, developed, or renovated with tax credit funds. Please indicate the type of performance security you will provide if you are awarded CDFA Tax Credits. CDFA reserves the right to reject any offer it determines insufficient to ensure performance security.

- **Project Timeline and Readiness**

What is your project work plan? When will the project begin? When will it be completed? Include key tasks, estimated completion dates, and who (e.g. "which individual or entity is responsible for completing which tasks") is responsible for completing tasks.

If your proposal includes construction, discuss the status of architectural and engineering plans and provide cost estimates.

What permits, approvals, agreements, or other requirements are necessary to complete the project? Have they been secured? If not, describe your strategy and timeline for securing them.

Applicants are expected to adhere to the CDFA Energy Policy guidelines. (See Appendix C)

In the box below please:

1. Indicate whether you have completed an energy audit (retrofit projects) or energy design charrette (new construction) in the past 3 years, or provide your plans for completion (required prior to a tax credit award).
2. Briefly describe any communication with the relevant utility agency regarding potential energy incentives.
3. Indicate if your project plans to meet any of the "recommendations" from the Energy Policy.

## V. Public Benefit and Purpose

- **Community Development Issue**

Describe the community development issue to be addressed. How does your project address one or more of the following community issue areas: Basic Human Needs, Access to Economic Opportunity, Vibrant Communities?

CDFA created a set of 13 [Community Progress Indicators](#) that help illustrate socioeconomic issues across the state. This powerful tool enables community economic development stakeholders to better understand the issues and trends affecting their local community and region. Please reference appropriate data from CDFA's Community Progress Indicators, or provide other metrics/relevant data to support your proposal.

- **Proposed Community Development Solution**

How does your project address or solve the community development issue described above, and why is your organization qualified to address it? What constituencies will this project benefit and how does the project fit within the community's broader strategy or plan? How is the project economically beneficial to the locality and/or state?

- **Community Input and Support**

Provide evidence of community resident and stakeholder input and general community support for your project. What process was used to bring community members together to design this project? Provide the names and roles of any other organizations that will be involved in the completion of this project.

- **Outcome Measures**

What are the goals and measurable outcomes of your project, and what is your methodology for tracking them? How will success be measured or evaluated? Include both quantitative and qualitative outcomes.

Where applicable, enter the totals of the proposed project or program outcomes:

- Total housing units created
- Type of housing dropdown:
  - Family
  - Senior
  - Transitional
  - Supportive
  - Permanent
- Housing affordability period
- Total Number of persons served
- Total Number of low income persons served
- Total Number of new jobs created
- Total Number of jobs retained
- Total Number of square feet of commercial/community facilities space developed
- Other outcomes
- Qualitative outcomes

- **Project Information and Public Benefit Attachments**

- Photos and/or renderings of project property
- Map of project location or area
- Evidence of planning, zoning, and/or any other state or local approvals (if applicable)
- Evidence of site control (Purchase and Sale or Lease Agreement) (if applicable)
- Independent Property appraisal completed within the past 5 years (if applicable)
- Asset Management Plan (Plan for long term sustainability of the project asset with a view to operating, maintaining and renewing the assets in the most cost effective manner possible. Address how the implementation of your project will affect the operating and maintenance costs?)
- Letters, news articles, studies in support of project (Use "other attachments" for additional documentation)

- Historical Information (if applicable)
- Completed Energy Audit Report, Design Charrette notes, or CDFA Waiver (See Appendix C)
- Evidence of communication with your utility regarding the project or CDFA Waiver. (See Appendix C)

## **VI. Project Finance and Development/Fundraising Capacity**

- **Project Funding**

Why does your project need tax credit funding? Are you pursuing other sources of financing? If so, what other sources are you pursuing, and what is the current status of other funding?

- **History with CDFA (all programs)**

Provide all funding history with CDFA. Include the program, amount of grant/loan, and current status.

- **Other Public/Private Investments**

Has your organization received or administered grant funds or loans from other sources in the past five years? If so, please describe.

- **Project Implementation**

Describe your organization's current staff and its capacity to carry out the implementation of your proposed project. What will their responsibilities be?

- **Fundraising Plan – Project Specific**

What is your plan for obtaining tax credit commitments? Have any business donors expressed an interest in purchasing CDFA tax credits from you, if you were to be awarded? Does your organization have the capacity to sell tax credits to businesses outside of your region? If you are hiring a consultant, how much have you budgeted?

- **Finance and Development Capacity Attachments**

- List of or link to Board of Directors (including affiliation)
- Letters from committed donors
- Other Funding
  - Status of non-tax-credit funding sources
  - Timeline for securing non-tax-credit funding sources
  - Letters of agreement from committed non-tax-credit funding sources (including contact information and loan terms, equity agreements or other details)
- Planning and/or feasibility study performed for this project (if applicable)
- Fiscal Year start and end dates
- Management Prepared Financial Statements for current Fiscal Year (Balance Sheet, Profit and Loss, Cash Flow)
- Operating Budget
  - Current fiscal year
  - Budget-to-actual for most recent completed fiscal year
  - Proposed operating budget, including new revenue and expense assumptions related to the proposed tax-credit funded project or program *after* it is completed.
- Most Recent Financial Statements - submit one of the following
  - Audited Financial Statement (required for organizations with operating budgets > \$1 M)
  - Review Financial Statement (required for organizations with operating budgets \$500,000 - \$1 M)
  - IRS Form 990 (required for organizations with operating budgets <\$500,000)
  - The above list outlines the minimum requirements by organizational budget, but please submit the most detailed and comprehensive document that your organization has. For instance, if your organization has \$400,000 in annual operating revenue, and you have an audited financial statement prepared each year, please submit the most recent audit (NOT the IRS 990).

**Note:** There is no need to submit multiple documents for this section.
- Financial Status Overview (narrative describing applicant's financial situation)
- Operating Reserve (Yes/No – If Yes, amount)
- Endowment (Yes/No – If Yes, amount)

- Line of Credit (Yes/No – If Yes, amount)
- Other Attachments – Applicants may upload any other relevant documents not listed in other attachment sections.

### **VII. Project Budget**

The applicant organization must provide a complete and detailed budget for the proposed project.

The budget must include:

- Sources and Uses – detailed list of all proposed funding sources, including CDFA Tax Credits, and project expenses/funding uses (table provided in the online application).
- Budget narrative – detailed description of each line item, underlying budget assumptions, and any additional information to help explain the project budget.

### **VIII. CERTIFICATION**

Prior to application submission, CDFA requires an Authorized Official of the applicant organization to sign a certification.

An Authorized Official can be the Executive Director, Chief Executive Officer, Board Officer, or other person authorized by the applicant organization.

The Authorized Official will be asked to certify that the application is being submitted with the full knowledge and approval of the organization's Board of Directors and that the organization will comply with:

- New Hampshire conflict of interest laws (as defined by RSA 7:19-a and RSA 292:6-a), and;
- CDFA's Privacy Policy (in compliance with RSA 91- A, New Hampshire's Right-to-Know law.).
- Additionally, the Authorized Official must certify that, should their organization be awarded, CDFA will require a ten-year performance security instrument be placed on their organization's assets concurrent with contract signing, and prior to disbursement of Tax Credit equity.

## APPENDIX B: RECENT TAX CREDIT AWARD RECIPIENTS

In 2021, CDFA awarded tax credits to fifteen organizations, including the following:

- **Sullivan County (Newport) – \$108,500:** Tax Credits will support the Sullivan County Lead Abatement Program, a county-wide effort to remove lead hazards from sixty low- to moderate-income housing units in the next three years. This pilot program demonstrates strong community and economic benefit through the creation of safer and improved housing stock and a job training program within the region.
- **Family Promise of Southern New Hampshire (Nashua) – \$400,000:** Funds will support the expansion of the organization's transitional housing program, which provides residency and case management for families temporarily experiencing homelessness. The project includes the addition of sixteen family suites and demonstrates a strong community and economic benefit by increasing access to transitional housing and services.
- **Lakes Region Community Developers (Belmont) – \$750,000:** Funds will support the Gale School Redevelopment Project to transform a dilapidated, historic property into a vibrant community facility housing a childcare center operated by Boys & Girls Club of Central NH and a program center operated by Lakes Region Community Services. The project demonstrates a strong community and economic benefit by increasing access to quality, affordable childcare, supporting the creation of 21 jobs and expansion of vital community services.
- **Mascoma Valley Preservation (Grafton) – \$300,000:** Tax Credits will support the rehabilitation of three historic buildings in East Grafton. The project demonstrates strong community and economic benefit by rehabilitating an affordable housing unit and community space in a rural, under-resourced area.
- **The Music Hall (Portsmouth) – \$63,000:** The organization will leverage funds to install a new, state-of-the-art lighting system. The Music Hall is an important community hub and economic driver within the region. The project demonstrates strong community and economic benefit by increasing access to arts and improving energy efficiency.
- **Southwestern Community Services (Keene) – \$475,000:** Tax Credits will support the organization's collaborative approach to the "21 in 21" neighborhood revitalization program in Keene's East Side. The project demonstrates strong community and economic benefit, through the rehabilitation and weatherization of twenty-one workforce housing units.

For additional information on last year's projects, please consult [our annual report](#).

## APPENDIX C: CDFA ENERGY POLICY 2022

**Intent:** CDFA recommends that funding applicants complete appropriate evaluation of comprehensive energy opportunities prior to, or concurrent with, the planning/design of the project in order to inform a design that: 1) reduces future operating and maintenance costs; 2) improves occupant comfort and health; and/or 3) improves facility durability.

In consideration of the uncertain availability of utility program incentives due to the November 2021 NH Public Utilities Commission Order significantly reducing these incentives, CDFA has shifted this energy policy to provide recommendations only.

Please note: CDFA expects that, implementation of Energy Efficiency and Renewable Energy improvements can provide significant project benefits even where utility incentives may not be available. Please contact CDFA for energy technical assistance and to suggest financial resources to further offset the costs of energy assessment and improvements.

The following recommendations apply to all CDFA CDBG, Tax Credit and Clean Energy Fund applications. These policies apply to any project proposing a physical alteration to existing energy systems (building envelope, mechanical systems, lighting, etc.) or for new construction (includes additions and “gut” rehabs).

**Exceptions: Waiver request forms will not be necessary while the policy only includes recommendations.**

**Note:** *Italicized* Terms are defined below.

Alterations or New Construction	
<b>Requirements</b>	Implementation must meet Current NH State Energy Code
<b>Recommendations</b> (may improve scoring or likelihood of full award)	<i>Level II Energy Audit</i> <sup>1</sup> or <i>Energy Design Charrette</i> if project impacts any energy-related building system <b>Timeframe:</b> <i>Concurrent with design</i>
	Documented consultation with appropriate utilities for incentives <sup>2</sup> <b>Timeframe:</b> <i>Concurrent with design</i>
	Project incorporates reasonable recommendations from <i>Energy Audit</i> that exceed current NH State Energy Code
	High performance construction (LEED, Energy Star, Passive House, or Net Zero)
	<i>Commissioning</i> of any new energy system
	<i>Building Electrification</i>
	Installation of Solar Photovoltaics

<sup>1</sup> Consists of an ASHRAE Level II Energy Audit completed by Accredited Energy Professional or Organization.

<sup>2</sup> Documentation of Consultation with utilities includes a copy of email communications about the project or a document committing incentives.

## Water/Wastewater Projects

Recommendations	<i>Energy Audit</i> <sup>3</sup> <b>Timeframe:</b> <i>Concurrent with design</i>
	Documented consultation with appropriate utilities for incentives <b>Timeframe:</b> <i>Concurrent with design</i>

### TERMS

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**Accredited Energy Professional or Organization:** Work must be completed or signed off by a professional with one of the following designations appropriate to the work being completed, and with experience having completed at least two ASHRAE Level II energy audits: Professional Engineer (PE), Certification from the Association of Energy Engineers (AEE), or certification from the Building Performance Institute (BPI).

**ASHRAE Level I Energy Audit:** Includes interviews, a preliminary energy use analysis and a walkthrough of the facility. A preliminary report details low-cost/no-cost measures, areas of concern, and potential capital improvements for further study. This level of detail is adequate for prioritizing energy efficiency projects and to assess whether a more detailed audit is necessary.

**ASHRAE Level II Energy Audit:** This includes the ASHRAE Level I analysis, but adds detailed energy calculations and financial analysis of proposed energy efficiency measures. Energy consumption is broken out by end-use, identifying areas which present the greatest efficiency opportunities. Utility rates are analyzed to determine if there are rate change opportunities. Key building representatives are interviewed for insights into building operational characteristics, potential problem areas, and to define financial and non-financial goals of the audit. This level of detail is adequate to justify project implementation.

The term “Energy Audit” in CDFA’s policy refers to an ASHRAE Level II Energy Audit unless otherwise specified.

**Building Electrification:** Converting building systems that use fossil fuels (gas, oil, or propane) to high efficiency electric equipment (i.e. air source heat pump) that can be powered by increasingly clean and renewable electricity. This can also include conversion of inefficient electric heating technologies to high-efficiency heating technologies.

**Commissioning:** A process that verifies and documents that the selected building systems have been designed, installed, and function according to the owner’s project requirements and construction documents, and to minimum code requirements. Refers to the 2015 International Energy Conservation Code (IECC) requirement for Building Commissioning (Section C408 - System Commissioning) that was amended from the 2015 NH State Energy Code. Occupants must be trained on the Commissioning Plan and system operation.

**Energy Design Charrette:** Consists of a meeting of the design team and utility representative(s) to discuss energy efficiency opportunities and potential incentives.

### ENERGY POLICY CONTACTS

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Utility Contacts and Energy Consultants contact list [here](#).

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<sup>3</sup> Level I or Level II Energy Audit as recommended by an *Accredited Energy Professional or Organization*.



## APPENDIX D: BRIDGE FINANCING FOR TAX CREDIT PROJECTS

CDFA offers bridge financing to qualifying Tax Credit awardees. An organization that receives Tax Credits may be ready to begin project implementation but may lack readily available financial resources to do so. It may be advantageous for an awardee to begin implementation, as soon as possible, because:

- The awarded project serves a critical need.
- The cost of construction increases dramatically over time.
- The organization has secured all other (non-CDFA) funding/pledges/financing needed to complete the project.
- The organization is depending on future operating funds that can only be fully realized when the project is completed and operational.

As an example, an organization that is awarded CDFA Tax Credits in June of 2022 could receive tax credits for State Fiscal Year (SFY) 23 (July 1, 2022 – June 30, 2023) and/or SFY 24 (July 1, 2023 – June 30, 2024). Even if the organization secured pledges for the entire tax-credit award amount, the awardee might not receive all of the proceeds from the tax credits for up to two years after receiving the award. Such a delay could significantly affect the organization's ability to complete the project on time and on budget.

To address this important timing and funding gap, CDFA offers bridge loans to organizations that receive tax credits, under the following conditions:

- The tax-credit award is greater than \$75,000.
- It is advantageous for the project to get started before all of the committed funds needed to complete the project are available.
- Staff/underwriting review of the tax-credit application determines that the applicant has the financial and organizational capacity to take on the temporary debt.

Bridge loan parameters:

- Amount: From a minimum of \$60,000, up to the total tax-credit award\*.
- Term: The bridge-loan term will be tied to the timing of the tax-credit award (up to two years plus one calendar quarter).
- Interest rate: 4% (Interest would accrue only on drawn funds.)
- Repayment: Interest to be billed and paid quarterly. Principal repayment to be withdrawn from cash received by CDFA from project donors. No pre-payment penalty. Interest will be recalculated as principal is 'repaid' (through redemption of donor pledges to the project).
- Priority: Priority for bridge financing will be determined by CDFA staff, based on the percentage of committed tax-credit pledges secured by the organization (regardless of the year of the pledge) and overall project need.

\* CDFA will consider expanded bridge financing (i.e. greater than the net tax-credit award amount) to organizations that have other, committed, future contributions to tax-credit projects (such as capital-campaign pledges). This 'expanded financing' would be available ONLY if the organization meets CDFA underwriting standards for total debt needed (in excess of the net tax-credit award amount), and ONLY for the same term as tax-credit bridge financing (two years plus one calendar quarter).

Bridge loan process:

- A proposed term sheet would be provided to the organization with the tax-credit award letter. If the organization accepts the loan terms, final review and approval would be required pursuant to CDFA's Credit Policy. Final loan documents generally would be circulated within sixty days after an organization notifies CDFA that it will accept the loan offer.
- Once a bridge loan is approved by CDFA, and final loan documents are executed, the organization would be able to draw funds on a monthly basis, up to the amount of secured tax-credit pledges (regardless of the SFY of the tax-credit pledge).
- 'Interim' draws on tax-credit awards would only be permitted through the bridge-loan program for tax-credit awards greater than \$75,000. For awards of \$75,000 or less, interim draws on secured pledges may be allowed at the discretion of the CDFA project manager.