

Vermont Housing & Conservation Board

Guidelines for Use of Housing for All Revenue Bond Funds

Act 85 of 2017 created a new source of funding for affordable housing in Vermont – the Housing for All Revenue Bond (HRB) – to be administered by the Vermont Housing & Conservation Board. The Act directs \$2.5 million of the state’s property transfer tax revenue, annually for twenty years, to the Vermont Housing Finance Agency for debt payment on bonds to be issued by the agency. The proceeds of the bond will be transferred to VHCB to fund the development and rehabilitation of owner-occupied and rental housing for Vermonters with very low to middle-incomes.

VHCB will allocate the HRB proceeds in accordance with 10 V.S.A. Chapter 15 and its adopted rule. Requests for HRB funds will be made through the Common Housing Application used by Vermont’s statewide housing funders. This document provides further guidance to potential applicants on the eligible uses, funding priorities and process for submitting proposals. The guidelines are based on Act 85, state and local housing needs assessments, stakeholder input and information gathered through a series of public outreach meetings held by VHCB and the Vermont Department of Housing and Community Development throughout Vermont.

VHCB will award the HRB proceeds (estimated at \$34 million) in the form of grants and loans over three years. It anticipates reserving approximately 25% (or \$8.5 million) for the third year and committing all the funds no later than July 1, 2020.

VHCB goals for the use of HRB funds include:

- The development and improvement of 550-650 units of housing,
- Meeting the highest priority housing needs,
- Geographic distribution,
- Leveraging an additional \$70-100 million in additional resources¹: and
- Allowing for the piloting of new approaches to providing affordable housing.

HRB funds will supplement funding available for affordable housing projects through VHCB including Vermont Housing and Conservation Trust funds, and the federal HOME and National Housing Trust Fund programs.

Use of Funds

HRB funds may be used for multi-or single family housing. New construction, rehabilitation and homeownership activities are eligible. Approximately 10% of the bond proceeds are available for innovative projects or programs that meet HRB goals, targeting and eligibility requirements. Further guidance for the use of these innovation funds will be issued separately but eligible applicants may submit proposals for innovation funding at any time.

Income Targeting

All housing funded directly with HRB funds shall be affordable to households at or below 120% of the area median income. No less than 25% of the housing funded with HRB will be targeted to households at 50% of AMI. No less than 25% of the housing funded will be targeted to households between 80% and

¹ Based on the federal and state housing programs and resources available as of December 2017.

120% of AMI. The income targeting applies to housing created with HRB funding as a whole, not to individual projects.

Award Amount

The average award of HRB funds is expected to be \$50,000 per unit. The maximum is \$70,000. It is expected that applicants will leverage other state, federal and private resources to the greatest extent feasible.

Distribution of Funds

HRB funds will be distributed statewide. They will be awarded to eligible applicants in the form of grants and loans on a competitive basis for locally-driven affordable housing projects. Projects must be located in areas targeted for growth and reinvestment.

Eligible Applicants

Entities eligible for VHCB funding by statute may apply for HRB funds. These include municipalities, nonprofit organizations and cooperative housing organizations. Public-private partnerships including eligible entities for the purpose of affordable housing development or rehabilitation are encouraged. To receive HRB funds, an applicant must:

1. Make acceptable assurances to VHCB that it will comply with HRB conditions and requirements agreed to during the application and closing process;
2. Commit to the permanent affordability of the housing units at the required income levels and as detailed in a Housing Subsidy Covenant (VHCB may modify this requirement based on the level of HRB funding awarded and the program or project design);
3. Be organizationally and financially sound;
4. Have the experience or demonstrated capacity to undertake, develop, construct or rehabilitate, manage, operate or sell the proposed housing project or program; and
5. Demonstrate familiarity with or ability to develop the capacity to meet the requirements of other federal, state or local housing programs that may be used in conjunction with HRB fund.

Application Process

Entities seeking HRB funds must apply to VHCB using the [Common Housing Application](#). Applications are accepted several times a year according to established due dates. [VHCB Board Meeting and Application Due Dates](#) Applications are reviewed by VHCB Housing Staff which provides recommendations to the full Vermont Housing & Conservation Board. The board makes funding decisions at regularly scheduled meetings. To be considered at a particular board meeting, applications must be complete and submitted by the application deadline set for each meeting.

Funding Priorities

In addition to the criteria and considerations in VHCB's [Policy on Funding Affordable Housing Projects](#) and [Underwriting Policies and Procedures](#); priority will be given to projects based on:

1. Homes created through new construction or rehabilitation of vacant and substandard units that are brought back into service;
2. How the proposed projects helps meet the HRB income targeting requirements;
3. Location in state-designated downtowns, village centers, new town centers, or neighborhood development areas;

4. Geographic distribution;
5. Contribution to historic preservation, community revitalization and development;
6. Providing entry into the homeownership market; and
7. Readiness to proceed within 12 months.

Additional information on VHCB's housing programs and policies are available at vhcb.org.