

Grantee: Vermont

Grant: B-11-DN-50-0001

October 1, 2020 thru December 31, 2020 Performance Report

Grant Number: B-11-DN-50-0001	Obligation Date:	Award Date:
Grantee Name: Vermont	Contract End Date: 03/03/2014	Review by HUD: Reviewed and Approved
Grant Award Amount: \$5,000,000.00	Grant Status: Active	QPR Contact: No QPR Contact Found
LOCCS Authorized Amount: \$5,000,000.00	Estimated PI/RL Funds: \$1,246,000.00	
Total Budget: \$6,246,000.00		

Disasters:

Declaration Number

No Disasters Found

Narratives

Summary of Distribution and Uses of NSP Funds:

NOTE: The State did consider the needs of the City of Burlington, the only Vermont Entitlement community, for NSP3 funding. However, using the HUD Mapping Tool, the City's need score at 1.13 did not meet the State minimum score of 8, or when incorporated into the overall State score, it brought the State's aggregated score below the minimum of 8. See Appendix 2, of the NSP3 Plan posted to the Department of Economic, Housing and Community Development (DEHCD) website at www.dhca.state.vt.us/vcdp. Preference for Rental Projects: The \$5M allocation has been split at a ratio of 58% for single family ownership and 40% for Multi-family affordable rental projects. This decision is based on multiple factors, such as referring to the 2010 Housing Needs Assessment report that states the need of 8000 units of affordable homeownership and the need for 5000 new units of affordable rental housing, which roughly correlates to a 60/40 split between homeownership and rental units. Likewise, in an effort to meet the mandate of using 25% of the allocation to assist households at or below 50% AMI, at least \$1,500,000 would be used for rental units as it is quite difficult to qualify households at or below 50% AMI to be homeowners. Vermont is allocating \$2,900,000 towards Housing Acquisition and Rehabilitation Program (HARP); \$1,800,000 towards the Vermont Housing Conservation Board (VHCB) Multi-Family Rental Housing units, of which \$1.5M will fund units to benefit households at or below 50% area median income (AMI); \$200,000 towards VHCB Administration; and \$100,000 towards State Administration. Determination of Areas of Greatest Need: Vermont utilized the HUD NSP3 Mapping Tool to identify areas of greatest need. Additionally we created a database of known foreclosed single family homes, and proposed properties for multi-family affordable rental projects, and overlaid those properties on the map created using the HUD Mapping Tool. The State minimum Needs Score is 8. The identified areas of greatest need taken in the aggregate for the State total 8.16. See APPENDIX 2 of the NSP3 Plan posted at www.dhca.state.vt.us/vcdp. The resulting map was the basis for the targeted areas submitted for approval with this application. Although there are several towns where concentrations of foreclosed properties are more evident, the rural nature of Vermont includes many smaller towns, where even the presence of a small number of foreclosures has significant impact for not just the immediate neighborhood, but the town as a whole. The map submitted includes these rural communities where acquiring foreclosed homes, and employing local trades-people to make repairs and energy upgrades will help to stabilize those neighborhoods, the towns, and create much needed employment opportunities for the trades-people who will work on these homes. Further, the proposed multi-family affordable rental properties are targeted in somewhat larger communities by design based on the need for the housing units, location to services, transportation if possible, and a more active labor market. Meeting Low-Income Target -Total funds set aside for low-income individuals = \$1,500,000* *Based on the State minimum of \$f \$1M in potential Program Income from the HARP It is anticipated that the majority of the 25% setaside to assist households at or below 50%

Summary of Distribution and Uses of NSP Funds:

of AMI will be used for rental housing through the Multi-family Projects; however, homeownership opportunities will not be excluded. It will be required that any partner selected to do rental housing have a proven track record for completing and managing affordable housing. All potential multifamily development projects must have approved underwriting for financial feasibility. Serving low income households (50% AMI or below) through rental housing is a priority in the Vermont NSP plan.

How Fund Use Addresses Market Conditions:

Housing Acquisition and Rehabilitation Program (HARP) - work with the local NeighborWorks Homeownership Centers (HOC's), local realtors, local listings, First Look Program to review what homes are listed for sale and review what homes in the area have sold at within a recent timeframe to establish a potential base when looking at REO's, the condition of the homes, amount of anticipated rehabilitation needed, and what we could re-sell the home at an affordable level to individuals <120% of the area median income (AMI). Appropriateness factors are: 1. targeted community; 2. price point; 3. visual condition of property; 4. inspection reports; 5. appraisal report; 6. knowledge of market area; 7. neighborhood qualities from



a re-sale perspective; and 8. Property taxes are a major factor to consider from the aspect of affordability. An added benefit of working with the HOC's on identifying properties to purchase, conduct preliminary inspections, develop scope of work, hire the contractors and provide oversight of the renovations, the HOC's are already working with individual(s) interested in purchasing homes through the homebuyer education courses, budgeting and financial literacy that increases the number of qualified candidates in the local market area that are ready, willing and able to buy a home.

The overall approach is in keeping with the intent of the NSP to "stabilize" neighborhoods by removing vacant and abandoned, and in some cases blighted properties from the neighborhoods, to arrest the further decline of surrounding property values; increase homeownership opportunities; and provide for long-term, sustainable affordability. Under NSP3, the HARP will continue to focus on the targeted communities as identified through the HUD Mapping Tool, as well as to broaden the scope of work started under NSP1.

Multi-Family Rental Projects - the Multi-Family projects will be only undertaken in the identified and approved targeted communities. In addition, per the 2010 Housing Needs Assessment report, there is a demand between now and 2014 of 5000 new affordable rental housing units for households, 80% area median income (AMI), which demonstrates the need. During the underwriting process, the project will be reviewed against multiple factors, and one being the demonstrated need through a marketing study, and ability to cash-flow the project as the ability to lease-up the units in a relatively short period of time must exist.

Ensuring Continued Affordability:

Continued affordability for the Vermont NSP for rental and homeownership housing will be assured by using the federal HOME program minimum requirements for continued affordability. However, permanent affordability will be the goal and will be an important factor in reviewing proposals that can meet this goal. Perpetual affordability covenants will be put in place for all multi-family properties. For the Housing Acquisition and Rehabilitation Program (HARP), homes must be resold only to buyers with incomes at or below 120% of area median income (AMI). In the shared equity option, the homeowner can only realize a 25% portion of any appreciation, the remaining appreciation stays with the property, effectively keeping the home affordable in perpetuity. Option two provides a 0% deferred second mortgage subsidy to the homebuyer, due on sale or refinancing of the property to ensure the subsidy stays with the property. An appropriate and enforceable affordability mechanism will be used for all NSP properties with a required minimum 15 year term for homeownership and rehabilitated rental properties and a required minimum 20 year term for all newly constructed properties. See Appendices 3 and 4 of the NSP3 Plan posted at www.dhca.state.vt.us/vcdp.

Definition of Blighted Structure:

A structure that exhibits objectively determinable signs of deterioration sufficient to constitute a threat to human health, safety and public welfare and/or an aggregation of deferred maintenance items that constitute incipient code violations and which pose an impending threat of harm to the occupants of the dwelling. Any structure unfit for use, habitation or dangerous to persons or other property meets this definition. This would include structures showing evidence of physical decay and damage, dilapidation, neglect, unsanitary conditions, environmental or biological contaminations, functional obsolescence and lack of maintenance.

In cases where it is unclear or uncertain if a structure meets the definition of a "blighted structure" for the Vermont NSP program; the Vermont Department of Labor and Industry, Vermont Department of Health, Vermont Agency of Natural Resources and the local Health Officer will be consulted to document conditions of the structure for threats to life, health and safety.

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Definition of Affordable Rents:

Affordable rents for the Vermont NSP will be defined as those rents affordable to households at or below 30% AMI, 50% AMI, 80% and 120% AMI. The HOME rents for Vermont could be used to ensure affordable rents. Other established affordable rent definitions commonly used in Vermont such as: fair market rents, LIHTC rents, other rent limits imposed by other funding sources will be allowed. In all cases affordable rents under the Vermont NSP Plan will be defined as rents that do not exceed 30% of the adjusted income of a family whose annual income equals the income limit for the unit, as determined by HUD, with the adjustments for number of bedrooms in the unit. Where possible project-based Section 8 vouchers will be secured for as many units as possible. See Appendix 3, HOME Rent Limits of the NSP3 Plan posted at www.dhca.state.vt.us/vcdp.

Housing Rehabilitation/New Construction Standards:

Achieving high housing quality and energy efficiency standards is a priority for the Vermont's NSP. All multi-family housing consisting of 2 or more units assisted with NSP funds will be required to meet at a minimum the State of Vermont Department of Public Safety Public Building Codes which incorporate both the National and International Building Codes, any additional Municipal building codes and zoning permit requirements, in addition, HUD Section 8 Housing Quality Standards (HQS) and meet or exceed Vermont building code requirements and promote built environments which are green, energy efficient and healthy. All single-family, owner-occupied or rented units shall comply with the State of Vermont Department Public Safety Fire and Safety codes, in addition to any municipal building codes and zoning permit requirements, and incorporate built environments which are green and energy efficient. It should be noted that CDBG Lead Paint regulations apply to all NSP funded properties. All housing units assisted with NSP funds will be required to meet the existing Vermont affordable housing funders' policy on the Conservation of Energy and Water in Residential Properties adopted by VHCB, VHFA and VCDP. In addition to the complete policy below; single family homes assisted with NSP funds should achieve an Energy Star HER rating of 80 or less if appropriate. Further, as stated in the NSP3 Regulations, all gut rehabilitation which requires the replacement of the interior of a building that may or may not include structural elements or new construction of residential buildings up to three stories must be designed to meet the standard for Energy Star Qualified New Homes. All gut rehabilitation or new construction of mid-or high rise, 4 stories or greater, multi-family housing must be designed to meet American Society of Heating, Refrigerating and Air-Conditioning Engineers (ASHRAE) Standard 90-1-2004, Appendix G, plus 20 percent, the Energy Star standard for multi-family buildings piloted by the Environmental Protection Agency and the Department of Energy. Other rehabilitation requirements that will be met in all cases include, the replacement of older obsolete products and appliances, such as windows, doors, lights, hot water heaters, furnaces, boilers, air conditioning units, refrigerators, cook stoves, clothes washers and dryers with EnergyStar labeled products, low flush toilets, showers and faucets; steps should be implemented to mitigate the impact of disasters of flooding, fires, earthquakes and hurricanes.



Vicinity Hiring:

Definition of Vicinity by the Federal Register Vol. 75, No. 201, October 19, 2010 - "HUD defines vicinity as each neighborhood identified by the NSP3 grantee as being the areas of greatest need."

HARP - under NSP1 a very sound procedure has been established to promote vicinity hiring, and to date over 52% of the contractors would meet the definition of "vicinity" that are working with the Homeownership Centers (HOC's) which puts the work at the local level, working with local realtors, inspectors and contractors. When seeking bids, the RFB's are advertised in local publications and the HOC's have a pool of pre-qualified local contractors that are asked to submit bids on projects. However, due to the rural nature of Vermont and less densely populated communities, for instance in the Northeast Kingdom, frequently, there is not a sufficient number of "vicinity" contractors available and requires going beyond the immediate vicinity to secure an adequate number of workers to complete a job. All Memorandum of Agreements with the HOC's will include language to require that every effort will be made to hire contractors and employees from within the vicinity of the work to be performed, further, all contractors that need to hire subcontractors will be required to make every effort to hire within the vicinity. Staff will monitor the developers and contractors efforts closely and this will be reported through the Quarterly reports. Mult-Family Rental Projects - all contracts and loan agreements between the Vermont Housing Conservation Board (VHCB) and the Housing Partnerships for the respective projects will include appropriate language mandating that every effort be undertaken to hire contractor, small businesses or employees from within the vicinity of the specific projects. This requirement will be discussed at pre-bid conferences, or when pre-qualifying contractors, developers will be required to include the appropriate language in all construction contracts. Staff will monitor the developers and contractors efforts closely and this will be reported through the Quarterly reports.

Procedures for Preferences for Affordable Rental Dev.:

Staff have actively been working with nonprofit and forprofit developers since the initial announcement of the intention for NSP3, such as June 2010 to establish a pipeline of eligible, viable multi-family rental projects through the Vermont Housing Conservation Board (VHCB). The \$5M allocation has been split at a ratio of 58% for single family ownership and 40% for Multi-family affordable rental projects. This decision is based on multiple factors, such as referring to the 2010 Housing Needs Assessment report that states the need of 8000 units of affordable homeownership and the need for 5000 new units of affordable rental housing, which roughly correlates to a 60/40 split between homeownership and rental units. Likewise, in an effort to meet the mandate of using 25% of the allocation to assist households at or below 50% AMI, at least \$1,500,000 would be used for rental units as it is quite difficult to qualify households at or below 50% AMI to be homeowners. Vermont is allocating \$1,800,000 towards affordable rental units. The greater identified need is for homeownership units in Vermont; however, there clearly is a significant need for affordable rental units and VHCB has a long-standing track record of working with developers to create sustainable and where possible perpetually affordable units of rental housing.

Overall	This Report Period	To Date
Total Projected Budget from All Sources	\$0.00	\$6,246,000.00
Total Budget	\$0.00	\$6,246,000.00
Total Obligated	\$0.00	\$6,246,000.00
Total Funds Drawdown	\$0.00	\$5,108,000.00
Program Funds Drawdown	\$0.00	\$5,000,000.00
Program Income Drawdown	\$0.00	\$108,000.00
Program Income Received	\$0.00	\$108,000.00
Total Funds Expended	\$0.00	\$5,108,000.00
HUD Identified Most Impacted and Distressed	\$0.00	\$0.00
Other Funds	\$ 0.00	\$ 0.00
Match Funds	\$ 0.00	\$ 0.00
Non-Match Funds	\$ 0.00	\$ 0.00

Funds Expended

Overall	This Period	To Date
Agency of Commerce and Community Development	\$ 0.00	\$ 100,000.00
Vermont Housing Finance Agency (VHFA)1	\$ 0.00	\$ 3,008,000.00
Vermont Housing and Conservation Board (VHCB)	\$ 0.00	\$ 2,000,000.00

Progress Toward Required Numeric Targets

Requirement	Target	Projected	Actual
Overall Benefit Percentage	99.99%	.00%	.00%
Minimum Non Federal Match	\$.00	\$.00	\$.00



Overall Benefit Amount	\$624,537,540.00	\$.00	\$.00
Limit on Public Services	\$750,000.00	\$.00	\$.00
Limit on Admin/Planning	\$500,000.00	\$173,871.25	\$.00
Limit on Admin	\$.00	\$173,871.25	\$.00
Most Impacted and Distressed	\$.00	\$.00	\$.00
Progress towards LH25 Requirement	\$1,561,500.00		\$1,626,128.75

Overall Progress Narrative:

No new activity to report. Time has been focused on the CDBG-CV funding and there is no additional staff capacity to work on closing out the NSP grants.

Project Summary

Project #, Project Title	This Report	To Date	
	Program Funds Drawdown	Project Funds Budgeted	Program Funds Drawdown
NSP3-HARP Acquisition, NSP3-HARP Acquisition	\$0.00	\$3,030,000.00	\$2,137,184.63
NSP3-HARP Rehab, NSP3-Housing Acquisition and	\$0.00	\$1,116,000.00	\$762,815.37
NSP3-State Administration, NSP3-State Administration	\$0.00	\$100,000.00	\$100,000.00
NSP3-VHCB Administration, NSP3-VHCB Administration	\$0.00	\$73,871.25	\$73,871.25
NSP3-VHCB Multi-Family 25% set aside units, NSP3-VHCB	\$0.00	\$1,626,128.75	\$1,626,128.75
NSP3-VHCB Multi-family units, NSP3-VHCB Multi-family	\$0.00	\$300,000.00	\$300,000.00

Monitoring, Audit, and Technical Assistance

Event Type	This Report Period	To Date
Monitoring, Audits, and Technical Assistance	0	3
Monitoring Visits	0	1
Audit Visits	0	0
Technical Assistance Visits	0	1
Monitoring/Technical Assistance Visits	0	1
Report/Letter Issued	0	0

