

VHCB TRANSITIONAL HOUSING FUND
Information for Potential Applicants
March 24, 2004

Goals and Use of the Fund

The Vermont Housing and Conservation Board has made \$300,000 in funding available for the development of transitional housing for households who were previously homeless or who are otherwise in need of short term housing with accompanying support services. The goal of the fund is to expedite the funding process to provide a timely response to urgent needs.

Eligibility

Applicants to the “Fund” must be either a 501(c)(3) non-profit organization or a municipality.

Transitional housing developments containing fewer than ten units may apply to the fund. Projects containing ten or more units may be considered through financing through VHCB’s standard application process and will be subject to the guidelines and schedules of that process. VHCB staff reserves the right to have projects with less than ten units considered by the Board.

Amount of Funding Available

- Funds will be available on a first come, first serve basis.
- Applicants may apply for up to \$18,000 per client bedroom for group living projects and up to \$25,000 per apartment for independent apartments.
- Applicants proposing developments outside of the City of Burlington may simultaneously apply for HOME funds in an amount to be determined by VHCB staff based on the number of HOME units and number of bedrooms within those units.
- Applicants intending to serve households with young children in buildings constructed prior to 1978 are encouraged to also apply to VHCB’s Lead Paint Hazard Reduction Program (828-2912).

Process

- Potential applicants to the fund are strongly urged to call the VHCB housing staff (828-3250) early in the development process to discuss the project. Applicants are advised not to purchase the property until a VHCB funding award has been made. Applicants should also consult VHCB’s “Building Feasibility Checklist” to guide them in property selection as well as the instructions to the application to learn about evaluation criteria and priorities for funding.
- VHCB staff will visit the site to learn about the building and its location and to discuss the project with the potential applicant. Staff will advise the applicant regarding the likelihood of funding.
- Applicants may wish to apply to the VHCB Feasibility Fund to pay for some of the pre-development work such as appraisal, financial feasibility analysis, preliminary architectural or engineering work.

- Applicant submits a complete VHCB application including all attachments. Such attachments include but are not limited to a Purchase and Sales Contract, a recent appraisal that supports the purchase price, proposed floor plans and an independent cost estimate. Project budgets shall clearly show income sources and income uses and shall separate expenses covered by rents charged to residents from expenses covered by other income sources. If services are to be provided, a copy of the the Service Delivery Plan or description of services to be provided shall be included.
- VHCB staff reviews and either approves or rejects the application. If the application is approved, staff will draft a Commitment Letter that contains any conditions of the approval.
- VHCB chair signs off on the commitment.
- Staff prepares a Grant Agreement.
- After meeting any conditions in the Commitment Letter/Grant Agreement the project proceeds to closing and VHCB funds are available.

Criteria

The applicant must demonstrate sufficient expertise to develop and manage the proposed housing. This requirement may be satisfied by hiring a consultant or by contracting with a qualified non-profit housing organization. In cases where two organizations are involved, a Memorandum of Understanding that clearly outlines the roles and responsibilities of each organization will be required. If the applicant plans to provide services to residents of the transitional housing, a copy of the service delivery plan shall be provided to VHCB staff.

The ongoing financial viability of the sponsoring organization as well as the project itself must also be demonstrated.

Normal VHCB project underwriting criteria shall apply including but not limited to readiness thresholds and a level of rehabilitation necessary to keep the project financially and functionally viable over the long term. “Evaluation Criteria” are contained in the information that accompanies the application and are as follows:

Thresholds

The five thresholds that projects have to meet before applications are taken to the Board are as follows:

- A. A satisfactory legal mechanism for insuring **perpetual affordability** is proposed
- B. The project is in a **location** that meets Board priorities and does not, in the opinion of staff, have a large number of negative features.
- C. The project is **ready to proceed** should funding be awarded. Readiness includes the presence of site control with agreement on purchase price based on an appraisal acceptable to VHCB staff, and reasonable certainty that the project will have permits and other financing or equity within six months. Sufficient pre-development work should have been undertaken to demonstrate overall project feasibility. The application should be complete with

all requested materials submitted. Budgets shall be based on cost estimates, engineering studies, and other third party assessments, as applicable. Operating budgets shall be based on quotes and building history. Applications for HOME funds must include income verifications and copies of General Information Notices consistent with Federal relocation regulations, if applicable.

- D. The project shall be **financially viable**, meaning that affordability is maintained, operations and reserves funded over time using standards and assumptions acceptable to VHCB staff. Projects with project based rental assistance must have a back-up plan for when that assistance expires.
- E. If major health and safety issues have been identified, there must be a financially and practically viable plan for successfully addressing those problems.

Priorities for Funding - based on "Housing Policy", priorities previously established by the Board, and, in the case of HOME funds, the Consolidated Plan (not listed in order of importance):

- A. There is a demonstrated need for the type of housing proposed as compared to the need for other types of housing in the community
- B. The project involves neighborhood or downtown revitalization. This means that rehab. will generally take priority over new construction unless the new construction is infill housing or contributes towards cleaning up a blighted neighborhood.
- C. A portion of the project serves very low income households and/or households with special housing needs. Affordability to this population and presence of support services or a social service component are additional considerations under this priority.
- D. The project represents "at risk housing" or housing where there has already been an investment of public funds.
- E. The project fulfills dual or multiple goals of the Vt. Housing & Conservation Board including but not limited to historic preservation.
- F. There are existing identified and severe health or safety threats to lower income households and the project would correct those conditions.

Contributing Factors or Considerations (not listed in order of importance):

- A. Leverage including presence of a bargain sale and amount of request - examined both on a per unit basis and as percentage of total funds available
- B. Services are located convenient to the project or public transportation is available
- C. Overall cost effectiveness of product as it relates to quality and value of the product and the number of other priorities being addressed.
- D. Capacity and track record of applicant in housing development.

- E. Capacity and track record of applicant in housing management.
 - F. The project will create or contribute to a mixed income development or community or provide affordable housing for lower income households in a middle or upper income community
 - G. Community involvement or support
 - H. Level of resident involvement in the development and management of the project
 - I. Livability including but not limited to quality of design and unit layout
 - J. The project will not cause displacement, especially of lower income households
 - K. There are other amenities available nearby such as open space or recreation
 - L. The project is the result of a collaborative effort between different organizations, entities, or agencies where each party has a different role to perform
 - M. The project is located in a village area or compact growth center designated by a municipality where municipal infrastructure such as water and sewerage either exists or will exist in the near future.
 - N. The project will result in reduced rent for lower income households and/or failure to undertake the project will result in loss of equity for mobile home owners or coop members.
 - O. Project does not negatively impact another VHCB goal in a significant fashion
 - P. Project is consistent with other adopted VHCB policies and guidelines
 - Q. There is a long term plan for stewardship of resource to be used for perpetually affordable housing
 - Other _____
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