

**Vermont Housing & Conservation Board
National Housing Trust Fund (HTF) Rehabilitation Standards Procedures**

Note: *These procedures outline the compliance process for both VHCB staff and HTF recipients.*

- 1) Potential applicants must notify VHCB staff of their intent to apply for HTF funding. Applicants are notified of the HTF Rehabilitation Standards through the HTF Application Supplement, VHCB's online HTF Handbook, Vermont's HTF Allocation Plan, and direct communication with VHCB staff. All of the above documents can be found on the [VHCB HTF Handbook page](#).
- 2) VHCB Asset Manager documents the pre-application site visit by completing the HTF site visit form with project name, date, names of people in attendance, and very brief summary of condition of property. VHCB Asset Manager notifies the applicant/developer that the HTF Rehabilitation Standards must be reviewed thoroughly by the project architect and taken into consideration when developing the scope of work.
- 3) The HTF Rehab UPCS Checklist must be completed as part of the scope of work development. The checklist must be done for the buildings, grounds, and all units. (Checklist link here)
- 4) With submission of the HTF Application Supplement, applicant must acknowledge and provide a response to the HTF Rehab Standards requirement (Part E (6) of Supplement). The HTF Supplement includes an applicant certification that the project will comply with all applicable requirements (F of Supplement).
- 5) Rehabilitation projects applying for HTF funding must have a scope of work and a 20-year itemized capital plan that are in alignment, meaning that the capital plan will reflect the capital needs of the project, post-construction. The 20-year capital plan shall be provided in the format of a spreadsheet as would be included as part of a building industry standard Capital Needs Assessment (CNA). Replacement reserve withdrawals reflected in the 20-year pro forma must tie back to the 20-year itemized capital plan; VHCB staff shall confirm.

Projects that have a third party CNA that is 2 years old or less may utilize the spreadsheet in that CNA and update the itemized capital plan based on the final scope of work as it evolves during the design and development phase of the project – adjusting the replacement needs, schedule, and cost of all capital building components for the 20-year capital plan period. This task may be performed by the project architect or other qualified design team member.

If the project does not have an existing third party CNA that is 2 years old or less, a CNA provider shall be hired during design and development to create a baseline post-construction CNA with itemized spreadsheet which shall account for the planned scope of work on the project. Under both circumstances, these itemized spreadsheets shall be submitted to VHCB prior to closing, and these capital plans will also serve as the project's first 20-year capital plan which will be

subject to 5-year updates pursuant to HTF and VHCB CNA guidelines. The 5-year updates are from project completion date (clean Certificate of Occupancy), so at project year's 5 and 10 there will be 5-year updates (taking the project CNA's through years 25 and 30, respectively), that continue to tie back to the cash flow and reserves.

- 6) Before closing, at the time final plans and specs are submitted to VHCB Asset Manager for review, developer demonstrates detailed review and consideration of VHCB's HTF Rehab Standards and compliance with the Special HTF Condition regarding compliance with HTF Rehabilitation Standards (see #7) by submitting:
 - a. Completed HTF Rehab Standards UPCS Checklists – Project-wide and Units
 - b. Signed Architect Certification (confirming the project complies with applicable standards, including VHCB's HTF Rehabilitation Standards)
 - c. Updated 20-year itemized capital plan from the design/development process (see #5)

Note: If any specific elements of the proposed rehabilitation scope of work do not meet the HTF Rehabilitation Standards, Recipient must submit a written waiver request (at least 3 weeks prior to going out to bid) to VHCB staff for review and approval.

- 7) HTF funding recommendations to the VHCB board shall include the following Special HTF Condition regarding compliance with HTF Rehab Standards:

Prior to closing, Recipient shall submit documentation from the project architect that the project complies with VHCB's HTF Rehabilitation Standards. If a specific element of the proposed rehabilitation scope of work does not meet the HTF Rehabilitation Standards, Recipient must submit a written waiver request (at least 3 weeks prior to going out to bid) to VHCB staff for review and approval.

Documentation needed to support this condition (see also #6): Completed HTF Rehab checklists; Architect's Certification; waiver letter(s) (if any); CNA Capital Plan; 20-year pro-forma. The CNA Capital Plan and the 20-year pro-forma should have the same replacement reserve withdrawals. These two documents should integrate with each other. (See #5) Included in the response to this condition should be confirmation that the developer (recipient) understands that they will provide VHCB with 5-year CNA updates that continue to show positive 20-year replacement reserve balances for the HTF affordability period of 30 years. These are 5 years from project completion date, which is based on the clean Certificate of Occupancy (CO), so at year 5 and year 10. VHCB will send the developer an email with this statement and have them confirm and agree.

- 8) VHCB Asset Manager reviews the documents submitted above, and any waiver requests submitted, together with the final plans and specs. On behalf of VHCB, VHCB Asset Manager signs off on the submissions, documents approval or denial of any waiver requests, and signs the "Asset Manager Certification" before closing.
- 9) These steps are included in the HTF Project Process Checklist and HTF Closing Checklist used by VHCB Federal Housing Program staff to track compliance at the various stages of development.