

Vermont Housing & Conservation Board
Guidelines for Release of VHCB Housing Restrictions

1. Grantees are expected to select properties that are suitable for long-term operation as affordable housing.
2. Grantees are expected to improve, finance and manage properties for long-term operation as affordable housing.
3. Grantees are expected to contact and work proactively with VHCB to address risk factors for long-term operation of the project as affordable housing once they are identified. This may include but is not limited to changes in support service funding, extended poor performance, major physical deficiencies, inability to refinance necessary repairs or improvements and major negative impacts related to location.
4. Grantees must document to the satisfaction of VHCB the reasons why a property is no longer feasible to operate as affordable housing. Documentation may include but is not limited to the following:
 - evidence of discontinuation of funding for essential support services;
 - studies, maps, or other evidence of locational hazards or impacts;
 - cost estimates for repairs and necessary improvements;
 - analysis of the feasibility of financing repairs;
 - cash flow analysis of alternative operational scenarios.
5. If VHCB and the Grantee agree that a particular affordable housing use for a project is no longer feasible, the Grantee is expected to work with VHCB to identify another affordable housing use.
6. If another affordable housing use cannot be identified, sale of the property and release of the VHCB affordability requirements may be permitted by VHCB upon repayment of VHCB's original grant and/or loan obligations. If the sale of the property results in a gain in excess of the obligations to VHCB and other lenders VHCB may require payment of a share of the return based upon its participation in the financing of the project.
7. In cases in which VHCB's original grant or loan obligations cannot be repaid, release of VHCB's Affordability requirements will be at VHCB's sole discretion.

For projects that involve VHCB grants, the authority for making the decision to release VHCB restrictions is placed with the Chair of the Board of Directors upon consideration of a staff recommendation. At his or her discretion, the Board chair may elect to refer the decision to the entire Board. In cases involving the grants of over \$100,000, review by the entire Board is required. In cases in which the discharge of a VHCB loan is involved, the Board or its authorized designee is required to make the decision.

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