

**STATE OF VERMONT**  
**HUD Consolidated Plan**  
**for**  
**Housing and Community Development Programs**

**Volume 3**

**Updated Action Plan**  
**for Program Year 2001-2002**



**Department of Housing and Community Affairs**  
**Agency of Commerce and Community Development**

**July 2001**

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**for**  
**Housing and Community Development Programs**  
**VOLUME 3**  
**Action Plan for Federal Fiscal Year 2001 – 2002**

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**Department of Housing and Community Affairs**  
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**Housing and Community Development Programs**  
**2001 - 2002**

## Action Plan

### Introduction

This document reflects the consolidated planning process required by the Community Planning and Development Program, U.S. Department of Housing and Urban Development, (HUD) for four formula grant programs: Community Development Block Grants (CDBG), HOME Investment Partnerships (HOME), Emergency Shelter Grants (ESG), and Housing Opportunities for Persons with AIDS (HOPWA).

In preparing its original consolidated planning document, the State of Vermont looked for broad guidance to the goals for these programs articulated by Congress and HUD:

- \$ Provide decent housing:** This goal encourages activities which assist homeless persons to obtain affordable housing; retain the affordable housing stock; increase the availability of permanent housing that is affordable to low-income citizens without discrimination; and increase supported housing that enables persons with special needs to live in dignity.
- \$ Provide a suitable living environment:** This goal encourages activities which improve the safety and livability of neighborhoods and communities; increase access to quality facilities and services; reduce the isolation of income groups by providing housing opportunities in mixed income settings; revitalize neighborhoods; and restore, enhance, and preserve natural and physical features of special value for historic, architectural or aesthetic reasons; and conserve energy resources.
- \$ Expand economic opportunities:** This goal encourages activities which create jobs accessible to low-income persons; provide access to credit for community development that promotes long-term economic and social viability; and empower low-income persons to achieve self-sufficiency in federally-assisted and public housing.

The strategy and plan which follow identify the State of Vermont's most pressing housing and community development needs and the State's proposed activities in allocating HUD resources to attempt to meet those needs. It must be understood that the State's ability to implement this strategy and plan is dependent upon continued federal resources from HUD and other federal agencies at customary levels.

In the course of developing its plan, the Vermont Department of Housing and Community Affairs undertook a process of broad consultation and extensive analysis of data related to population and economic indicators. We also examined historic patterns of funding in the Vermont Community Development Program, HOME Program and Emergency Shelter Grant Program.

In generating the priorities for this document, we built originally upon the work of existing organizations and documentation, most notably that of the Vermont Economic Progress Council and the Department's earlier development of the State's Comprehensive Housing Affordability Strategy. The Department has been aided in this effort by an advisory group which has met regularly with DHCA staff.

The priorities for housing and community development programs are based upon the foregoing consultations and analyses.

Two points need emphasis at the outset of this document:

- \$ It is intended that the primary beneficiaries of the strategy and plan are very low, low and moderate income persons as defined by HUD, and persons with disabilities or other special needs;
- \$ During our first year of consolidated planning, we recognized the need to develop a stronger base of data and information on community development needs and activities. We continue to work to improve our knowledge in these areas.

The State of Vermont welcomed HUD's decision to consolidate planning for the CDBG, HOME and ESG programs. It has provided us with an opportunity to take stock of past activities and look ahead with a vision that is more comprehensive than before. The Department of Housing and Community Affairs has used its first HUD Consolidated Plan as a strategic tool to target public and private investments to downtowns and curb sprawl. Vermont's Consolidated Plan was cited as a HUD Best Practice in 1999. The strategy and plan which follow are intended to continue this direction for the state, while maintaining the flexibility to respond to needs at the community level.

Preparation of this plan also involved reflection upon Vermont's existing Municipal and Regional Planning and Development Act (Chapter 117). Enacted by the Vermont Legislature in 1988, this law is a response to dramatic growth in various parts of the state during the early and mid-1980s. Its intent is to encourage development appropriate to Vermont.

Vermont law requires that all of our plans and programs be consistent with state planning goals set forth in 24 V.S.A. 4302 (see Appendix A). These state goals encompass, or are compatible

with, all of the broad categories found in federal regulations that structure CDBG, HOME and other programs covered in this Consolidated Plan.

Vermont law (3 V.S.A. 4020) requires that state agency plans and programs, such as the ones structured by this Consolidated Plan, be compatible with municipal plans approved by a regional planning commission as defined in 24 V.S.A. 4350. DHCA staff have examined the approved plans (see Appendix B) and find no incompatibilities. We interpret this requirement also to mean that projects funded through programs covered by this Consolidated Plan must be compatible with the provisions of such an approved plan, should the municipal applicant have one.

In municipalities that do not have approved plans, funding provided through programs covered by this Plan must be consistent with the state planning goals contained in 24 V.S.A. 4302.

## **The 2001 Updated Action Plan**

In consultation with HUD officials, the Department decided to update only Volume 3 of the Consolidated Plan. Volumes 1 and 2 of the plan (State Profile for Program Years 2000-2004 and Vermont's Public Housing Authorities and Continuum of Care) will be updated in the coming years as new information becomes available.

## Summary of Priorities

### An Emphasis on Downtown Preservation and Revitalization

#### *Background*

Downtowns and village centers were once the commercial and social heart of Vermont life. Today such centers continue to encompass the historical functions of commerce, government, education, religion, industry and housing in a cohesive concentration of buildings and public spaces that impart a sense of place, are linked by public infrastructure, and have at their core transportation intersections important to the community. Over the last several decades, however, economic, technological and social trends have brought enormous changes, frequently with adverse impacts on downtowns and village centers. As a result, we have seen major disinvestment in many of the state's key downtown areas, leaving run-down buildings, vacant store fronts and upper stories, and reduced tax base. At the same time, many Vermonters believe that we have lost much of the sense of community focus once found in these centers.

In response to growing concerns about this aspect of Vermont's future, in 1995 Governor Howard Dean announced a new initiative -- the Vermont Downtown Program. Administered through the Agency of Commerce and Community Development, the program works to coordinate state programs and activities, using state projects to bring new private investment to downtown areas. Initial focus has been on ACCD's major programs: Community Development, Economic Development, Historic Preservation, Housing, Planning, and Travel and Tourism.

Municipalities often have used Community Development Block Grants in the past to fund downtown planning and revitalization projects. To encourage them to continue to do so, in the initial FY1995-1999 Consolidated Plan, the Agency indicated a broad range of projects that would be encompassed by the emphasis on downtowns. We have continued to refine these priorities.

Based on current experience with implementing this preference, for the 2001 – 2002 period the Department of Housing and Community Affairs will continue to give preference to implementation and planning projects located in:

- § **Downtowns**, defined as the traditional central business districts of communities, characterized by a cohesive core of multi-storied commercial buildings, often interspersed with civic, religious, and residential buildings and public spaces, arranged along a main street and intersecting side streets and served by public infrastructure, that have served as the center for socio-economic interaction in the community.

## **Growth Centers:**

### *Background*

**Policies in the Consolidated Plan structure programs that affect land use. To contribute to implementation of Vermont’s smart growth agenda, the Agency encourages communities to implement thoughtful growth consistent with the land use planning goals found in state law (24 VSA 4302). While in most communities this means concentrating development in existing village centers, downtowns, urban neighborhoods, or industrial parks, in some it means establishing new town centers or “emerging downtowns”. In all instances, maintaining the rural, open characteristics of the surrounding landscape is a goal. The Agency of Commerce and Community Development, and the Agency of Natural Resources agree on the following definition for growth centers which they will use as an element in decisions about distribution of state resources.**

### *Growth Center Definition and Characteristics*

A growth center is one or more areas designated by a community in its municipal plan (adopted under the provisions of 24 VSA 4384-4387 and/or designated by a regional planning commission in its regional plan adopted under 24 VSA 4348, 4384a and 4384b) to accommodate a significant amount of growth anticipated by a community over the next twenty years. A growth center contains a mixture of uses that include, or have the potential to include commercial, business, civic, residential, including affordable housing, and recreational activity. Industrial uses may also be appropriate in densely settled, compact areas. Growth centers may include public spaces that promote social interaction, as well as distinct organization around central places or focal points. Often industrial parks and small traditional villages and hamlets do not have all of the uses noted above, but are considered growth centers nonetheless.

All growth centers have the following characteristics:

- 1. Lot size, road width, and setback requirements that replicate traditional growth center patterns already present within historic communities.**
- 2. Development density within the growth center that is far greater than the rest of the community.** While a growth center plan may include currently vacant land planned for development, when build-out is complete, there should be a clear edge between the growth center and the surrounding landscape. Historic medium to high densities within traditional villages and downtowns provide the best guidance for these communities as they grow out and fill in. New growth centers need to include densities that will produce compact development and facilitate alternative transportation uses. Development within the growth center is compact and concentrated, while outside the growth center development is more scattered and open space predominates.

- 3. A circulation system that is conducive to pedestrian use and other non-vehicular traffic and that supports transit opportunities.** Studies have shown that pedestrians will walk up to ¼ mile radius from a given point along a pedestrian oriented landscape. Transit stops, parking facilities, street networks, and pedestrian circulation systems should be set up under this principle. Pedestrians will not, however, walk ¼ mile across large parking lots.
- 4. When applicable, continued use and care of historic resources, with new construction that is compatible with the scale, size, design, and materials of the area's historic resources.** Infill of undeveloped land within a growth center should take priority over demolition of existing unless no other options are available. Brownfield redevelopment is strongly encouraged
- 5. The growth center is part of a comprehensive vision for the municipality articulated in a duly adopted and approved plan, supported by municipal regulations and capital improvement plan aimed at concentrating development in the growth center(s) while protecting the rural qualities of the landscape outside.**
- 6. The growth center is planned to the extent possible to absorb a large percentage of the growth anticipated within the municipality during the succeeding twenty-year period.**
- 7. When applicable, sewer service areas that are part of an adopted sewer allocation plan should be consistent with growth center boundaries.**

The agency notes that not all businesses, industries, or housing can be located in growth centers or in downtown areas. Some, such as those processing agricultural or forest products, may best be sited in rural areas.

Consistent with the priority extended to projects in downtowns and to growth centers, the Agency will generally not support projects that constitute sprawl. For purposes of this Plan, "sprawl" means dispersed development outside of compact urban and village centers along highways and in rural countryside.

**For the 2001-2002 period, funding preference for all programs covered by this plan will continue to be given to projects that maintain the historic settlement pattern of compact village and downtown centers separated by rural countryside.**

## **Affordable Housing Priorities**

### ***Background***

The State of Vermont used the 1992-94 Comprehensive Housing Affordability Strategy (CHAS) processes to assess its abilities to preserve and produce affordable housing. Through those years the State confirmed that it had made great strides toward providing affordable housing to very low income, low income, and moderate income Vermonters through a variety of different mechanisms and programs.

Particular concern emerged with respect to the "very lowest" income households, or those at or below 30% of median income, including Vermonters with special needs. Many of these households are residing in substandard housing and/or paying too much of their income toward housing costs. In the more recent housing market, some of these households are ending up homeless, including family households.

What also emerged was a recognition that a number of years had passed since the State had last conducted a comprehensive housing needs analysis, completed in 1986. In early 1994, the State's Housing Council, through contributing members, contracted with Market Decisions of Maine to conduct an extensive housing needs analysis on the basis of current markets and trends. This study confirmed the continuing need for the State to prioritize housing production and preservation for very low income individuals and families, particularly renters. A more recent study, conducted during 1998-99 by Planning Decisions, Inc., continues to support these findings and also documents that 22,000 households in Vermont are in need of affordable units. Of these, 20,000 are family households and 2,000 are elderly. (This analysis is discussed at greater length in the Housing Needs Section of the Consolidated Plan.)

### ***Northwest Housing Study***

The need for new housing in northwest Vermont is growing according to a study released in August by the Housing Council. The study indicates that, by the year 2010, the current gap of 7,400 housing units between supply and demand will expand to 10,000 housing units in the region. A strong regional economy will continue to drive demand for housing. However, the growing imbalance between housing supply and demand and significant shifts toward an older population are expected to exacerbate affordable housing needs, particularly for the workforce segment of the population. If this occurs, the ability of the six-county region to realize its otherwise bright economic development potential may be stymied.

Rental vacancy rates in some areas of northwest Vermont, primarily within Chittenden County, are below 0.5% and the number of homes for sale at affordable prices has decreased dramatically. At the same time, several major firms plan expansions that could result in 4,000 new high-quality, good-paying jobs. Growth in the service sector continues and several thousand lower-wage jobs are likely to be created. These factors will result in significant in-migration to the northwest Vermont region in order to meet employers' needs, which will place additional pressure on the already distressed housing market.

Highlights of the Housing in Northwest Vermont study show:

- Because of low vacancy rates and the lack of housing supply, the northwest region currently needs 7,400 additional housing units. Roughly 5,300 units of owner-occupied and 2,100 units of rental housing are needed in the region to achieve a better balanced housing market, even before taking into consideration the housing requirements associated with the projected economic and population growth over the next ten years.
- Between 2000-2010, the regional economy will add approximately 44,000 jobs and see a population increase of 41,000 persons.
- As a result of the projected population growth, over 23,600 additional housing units will be needed over the next ten years.
- Of the 23,600 new units needed, nearly 18,000 will be for owner-occupied housing. Of these, about 9,800 affordable homes will be needed for households with incomes below 120 percent of median income. Those households generally need some kind of affordable mortgage products.
- Of the 23,600 new units needed, approximately 5,600 will be for rental housing. About 3,700 of those units will be needed for households earning below 80 percent of median income, including 1,700 units needed for households earning below 30 percent of median income.
- Projected rental housing demand for the over 65 age group is expected to experience a more than doubling in the rate of increase in the number of households for 2000-2010 versus 1990-2000. This age group accounts for just over 25% of the expected renter household increase from 2000-2010.
- The expected gap in housing units will result in increased housing costs and an associated reduction in housing affordability, particularly for low- and moderate-income residents of the region, who enjoy fewer housing choices. This affordability pressure is most acute for the lowest income households earning below 30 percent of median income.
- The combination of continuing economic growth, the imbalance between housing demand and supply, and significant increases in older age categories will likely further exacerbate housing needs for low- and moderate-income residents of northwest Vermont as wealthier households compete with other households for housing. This competition may be a major factor contributing to recent upward pressure on rent levels and home prices in the region.

A similar study is currently underway to assess housing needs and demands in the Upper Valley Region of Vermont, an area also facing a severe affordable housing shortage.

## *Capacity*

Over the past ten years, the state has focused the greatest amount of resources to rental households below 60% of median, with extra effort being made to also house those at or below 30% of median. This effort has also been done in conjunction with the state's goal of promoting mixed income housing-where a project will also include units for households above 60% of median.

In providing affordable units for households below 30% of median, it is important to recognize the fact that rental assistance and deep project subsidies are required to provide the ongoing affordability. The dollars used for the bricks and mortar to build the project can not also be expected to provide long-term rental assistance to these units. If these subsidies are not in place, the affordability of the housing units is threatened, with tenants required to pay increasing percentages of their incomes for rent. With rental assistance in short supply in Vermont, some housing developers have expressed frustration in attempting to achieve the State's goals.

In addition, staff of the Department of Housing and Community Affairs and the Agency of Human Services will continue to promote partnerships between housing developers and human service providers which maximize the long-term viability of housing for Vermonters who need services to maintain the most appropriate level of independent living possible.

The state will continue to seek to:

- Maximize the utilization of federal and state resources that promote housing in community-based settings in order to provide Vermonters with the greatest levels of independence possible and necessary services to enhance such independence.
- Enhance community support for and acceptance of all Vermonters, including those with special needs.
- Increase the use of housing as a focal point for delivering other services which will increase independence, community acceptance, and support.
- Develop effective, project specific mechanisms for combining housing, health care, and other supportive services for Vermonters with special needs.

A smaller portion of housing resources have been focused on homeownership for households below 85% of median. Typically these programs include scattered site housing revolving loan funds.

Critical to the continued success of creating quality affordable housing projects are the effective partnerships between the private and non-profit sectors.

*Priorities for 2001-2002*

**The over-arching principle which drives all of Vermont's efforts in affordable housing is to continue to strive to achieve perpetual affordability through the use of mechanisms which produce housing resources that remain affordable over time. This principle applies to all affordable housing priorities stated below.**

As described below, each activity listed as a priority is understood to either address a chronic situation or enable a socially acceptable and efficient use of limited resources. Priorities are not ranked in any particular order of importance. Projects which satisfactorily address more than one priority are preferred.

For the 2001–2002 period, Vermont's Consolidated Plan priorities for affordable housing will continue to be to:

- \$ house families and individuals at low income levels, with special preference to projects housing families and individuals at or below 30% of area median income, including persons with special needs (see definition of special needs housing on page 11);
- \$ give a higher priority to housing families with children over independent living rental housing for the elderly;
- \$ preserve and improve existing mobile home parks and provide assistance to mobile home owners facing park sales, closures, or significant habitability issues; promote the development of new mobile home, manufactured home and other housing opportunities affordable to mobile home park residents where residents have a stake in the ownership of the community; increase availability of affordable financing options for the purchase or refinance of mobile homes in mobile home parks;
- \$ address the ongoing deterioration of the existing housing stock through acquisition, preservation, and rehabilitation of units to bring them into compliance with housing quality standards, with priority to lead hazard reduction and energy efficiency;
- \$ accomplish mixed income developments, including shared housing, to create integrated communities;
- \$ demonstrate leverage of resources and cost-effectiveness, including building weatherization, energy efficiency, and fuel switching available from private and public programs;
- \$ address the current and potential need for accessibility modifications and adaptable units to serve Vermonters with physical disabilities;

- \$ enhance opportunities to sustain and increase homeownership, including scattered site housing rehabilitation programs, offered on a regional basis, and limited equity cooperatives, among very low and low income households and households headed by individuals with special needs; and
- \$ address the need for net new in-fill family rental units in communities where there are tight housing markets, very low vacancy rates, or there is a high incidence of distressed housing.

During the consultation process for the new HUD Consolidated Plan for 2000-2004, Department staff and the Consolidated Plan Advisory Group heard considerable testimony regarding the increase in family and youth homelessness throughout the state. It was reported that, in many instances of family homelessness, at least one parent or sometimes both parents are working; nonetheless they are forced to homeless shelters because they cannot afford rental units. They are staying at shelters for longer stays than in previous years. There also appears to be a trend of homelessness among 17-18 year olds who are released from the jurisdiction of the state Agency of Human Services without clear housing treatment plans. DHCA staff and the Advisory Group wish to acknowledge these problems and have discussed the possible need for more transitional housing (a step between emergency shelter and permanent shelter) in the state. We will continue to work jointly with other state agencies to address these concerns and look forward to creative responses from local communities.

The Secretary of the Agency of Commerce and Community Development continues to encourage reuse and rehabilitation of second and third story spaces in downtown buildings for affordable housing.

### **Special Needs Housing Definition**

Special Needs Housing includes any project that incorporates a majority of special needs populations and provides service-enriched housing. Special needs populations include households or individuals who cannot live independently without supportive services. Such populations include, but are not limited to:

- persons in need of transitional housing to avoid or alleviate homelessness;
- youth at-risk;
- frail elders or persons with physical and/or mental disabilities;
- or other populations where a combination of housing and supportive services will enhance the quality of life for both residents and the community at large. (Elderly housing with optional services does not in and of itself constitute special needs housing.)

Criteria for Defining Special Needs Housing for Seniors and Adults with Physical Disabilities:

Projects that serve persons who are low-income and frail or physically disabled will be considered Special Needs Housing only if the project meets one or more of the following criteria:

1. Licensed Residential Care Homes; or
2. When licensure becomes available, licensed assisted living residences; or
3. Unlicensed combinations of affordable housing and affordable services that the Vermont Department of Aging & Disabilities find will help residents to accomplish independent living and/or aging in place and where services and housing are “affordable”. Projects will have a plan to utilize applicable Medicaid State Plan and Medicaid Waiver Program to the extent possible and in a manner that such waivers enhance overall project financial status; or
4. Projects selected as a demonstration site in Vermonters Coming Home, an initiative sponsored by the Robert Wood Johnson Foundation, the Vermont Department of Aging and Disabilities, the Vermont Housing Finance Agency, and the Office of Vermont Health Access.

**Competitive Criteria for Evaluating Special Needs Housing Projects**

The Vermont Agency of Human Services (AHS) will develop and maintain a system for the evaluation and ranking of housing projects that are seeking public financing. This ranking system will include a project-specific review and analysis conducted by the AHS Department that deals most directly with the special needs population being targeted by the project. The AHS analysis will aim to assist funding sources in making funding choices by requiring proposed projects to receive an official evaluation by AHS which can be used by housing finance & development agencies in their ranking processes.

In addition, awards to special needs housing projects may be further prioritized according to competitive factors including, but not limited to:

1. Demonstrated relative need as differentiated from market demand with the region;
2. Commitment from a department of the State of Vermont Agency of Human Services, or other funding source, to maintain high quality and affordable supportive services in conjunction with the proposed housing;
3. Whether the project provides opportunities for resident involvement in project or sponsor management; and
4. Affordability of services to low-income Vermonters.

## **Community Development Priorities**

### ***Background***

The priorities set out in this section represent an articulation of those which have developed over the life of the Vermont Community Development Program and in the development of the Consolidated Plan updates. Although these have not always been committed to writing, the Vermont Community Development Board had established informal priorities for which activities will receive preference within this competitive program. Further, despite the changes in the make-up of the Board over the decade and within the Agency and the State's Administration, these have remained remarkably consistent.

The Board has consistently held firm in the belief that municipalities had first claim on the state's allocation under the VCDP and that the needs and desires of the communities were the overriding factor in deciding how the funds should be distributed. However, as noted earlier in this Plan, it will be difficult for communities to successfully obtain funding for projects that constitute sprawl. In addition, as written in the Housing priorities, senior housing funding is not an equal priority with other housing priorities.

### ***Local Priorities***

The state is required by HUD regulations to insure that a community has "identified its community development and housing needs, including the needs of low and moderate income persons, and the activities to be undertaken to meet such needs" before a grant can be made.

To fulfill this requirement, applicants are asked to describe their needs and document how these were determined. They must demonstrate that the project is consistent with the goals and policies of their Community Development Plan.

The task for the VCDP, therefore, is to evaluate the information contained in the application; both as it relates to what is presented in all applications and as it relates to the priorities set forth by the Consolidated Plan.

For the 2001–2002 period, first priority for funding by the Vermont Community Development Program will be to those applications which demonstrate that the municipality has identified its community development and housing needs, including the needs of low and moderate income persons, and the activities to be undertaken to meet such needs.

## ***Economic Development***

For the period 2001-2002, the Vermont Community Development Program will encourage applications that:

- promote the creation of quality jobs for Vermonters and cultivate a highly skilled and adaptable workforce;
- enhance Vermont business competitiveness; and
- promote a healthy and sustainable economy.

### **The Links Between Economic Development and Affordable Housing**

Because the link between the housing market and job creation/retention has been well established by national research, and by in-state testimony, for the period covered by this update the department will adhere to the following policy.

We strongly encourage state, local, and regional economic development organizations to become familiar with housing market conditions in areas identified for major development projects, or for concentrations of development, especially those likely to bring new employees into the housing market. This can be accomplished by contact with realtors, with housing developers, and with regional planning commissions. A good working relationship with the non-profit organization addressing affordable housing options in the market will be especially important.

During the next year, DHCA will examine programs in other parts of the country through which companies provide assistance to employees to address their housing needs. As this information is compiled and analyzed for applicability to Vermont, DHCA will make it available to our regional partners (regional development corporations, regional planning commissions, and regional marketing organizations), business groups, municipalities, and housing developers.

### **Livable Wage**

During the 1997-98 public consultation process, the Department took the opportunity to learn about the Vermont Job Gap Study, a report by the Peace and Justice Center in Burlington. The study ---in four phases--- analyzed whether the Vermont economy is producing enough jobs that pay a livable wage (and provide a benefit package which includes access to health care), defined as an income sufficient to meet a family's basic needs, plus all the Federal and State taxes.

Among the study's conclusions \*:

- Income from full-time work is inadequate to meet basic needs for a significant percentage of working Vermont families;
- The minimum wage is less than half the amount needed for working families to meet their basic needs;
- The Federal poverty measure seriously under-estimates the cost of meeting basic needs, and therefore may be an inappropriate tool for determining eligibility for public assistance;
- Child care costs can be a severe burden for working families and prevent economic self-sufficiency;

- Vermont has a serious problem with involuntary part-time workers;
- assistance recipients subject to new workforce rules;
- Underemployment is a serious problem in Vermont;
- Commonly used economic indicators (unemployment, and per capita and average income) can be misleading and misrepresent the condition of many working Vermonters; and
- Research is needed to determine the potential impacts of increased wages on tax revenues, public assistance, consumer prices, and demand for goods and services.

\* The Vermont Job Gap Study, Phase 1.

During the next year, the Department intends to continue to work closely with the Vermont Department of Economic Development and other state agencies to continue to give attention to the livable wage issue as it bears on public policy and private sector development.

### ***Public Facilities***

For the period 2001-2002, the Vermont Community Development Program will continue to encourage applications:

- for projects located in downtowns or growth centers, as defined earlier;
- providing infrastructure for the creation and/or retention of jobs; and
- removing barriers to accessibility by people with physical disabilities.

The Department will continue to consider public facilities projects which are wastewater and/or water expansions. Funding priority will be given to funding projects which strengthen our existing downtowns, or enhance existing capacity. For projects which will encourage new growth in a town, projects will be funded where:

- \$ The proposed new infrastructure is consistent with the town and regional plans and is in an area identified in these plans as a new growth area.
- \$ The town's land use and health regulations implement the related goals of the town plan.
- \$ There are growth management tools in place to guide the growth which occurs in those new growth areas to make efficient and effective use of the public investment in infrastructure.

Additionally, towns receiving assistance for water and/or wastewater treatment expansions will be prioritized for municipalities which have adequately planned for their affordable housing needs, including adequate infrastructure capacity for future affordable housing needs. Examples include zoning which allows for high density residential development, inclusionary zoning, or density bonus provisions.

### ***Public Services***

For the period 2001-2002, the Vermont Community Development Program will continue to encourage applications that:

- \$ support projects located in downtowns or growth centers, as defined earlier;
- \$ provide services that support job creation and/or retention such as job training, or that support family self sufficiency;
- \$ provide services that support housing; and
- \$ provide services to persons with special needs.

### ***Housing***

For the period 2001-2002, the Vermont Community Development Program will continue to encourage applications that address the Affordable Housing Priorities discussed earlier.

## Homelessness

### Description of Need

In a rural state like Vermont, homelessness is not as visible a problem as in America's urban areas, but it does exist and the number of homeless families and individuals is growing each year. With the exception of the City of Burlington, where homeless people do gather in certain areas, the homeless population is dispersed and scattered throughout the state.

Nonetheless, the problem of homelessness in Vermont is a serious and growing one. In 1987, the State Department of Social Welfare estimated that there were 4,000 homeless people, based on a comprehensive survey of all shelters.

Today, the State Office of Economic Opportunity estimates that there are 14,700 people who experience an episode of homelessness during the year, approximately 40% of whom are families (this includes an estimate of those who “double up”.) The growing problem is exacerbated by Vermont's housing affordability problem: according to a report published by the Low Income Housing Information Service in 1999, Vermont ranked as the fourth least affordable state in the nation.

The following statistics provide other indicators of need:

- During the period of July 1, 1999 through June 30, 2000, the Emergency Shelter Grant (ESGP) grantees reported 4,897 (a 10% increase from the previous year) unduplicated individuals spent at least one night in one of Vermont's 22 overnight shelters, for a total of 63,111 bednights, with an average stay of 13 nights;
- In FY99, the Vermont Network of shelters for battered women served 19,332 women, children and men victimized in incidents of domestic violence (as reported by the Vermont Network Against Domestic Violence and Sexual Assault.) 642 individuals were provided emergency housing either in a shelter or through the safe home network;
- Based on the 1990 United States Census S Night Survey, at least 334 individuals are on the street or in shelters on a typical night;
- The Office of Economic Opportunity conducted a one night shelter censuses on December 5, 2000, which showed 276 persons staying in Vermont's shelters on a given night; thirty-four per cent (34%) of whom were children;
- Over 4,000 Vermont families found it necessary to use the services of Day Shelters, soup kitchens, and food shelves during FY2000; and
- More than 3,000 families (with 3,170 children) avoided homelessness through the payment of Rent/Mortgage arrearage by a social service provider as part of the Emergency Shelter Grant Program.

## Plan

This homeless strategy addresses the following:

- 1) Helping low income families avoid becoming homeless;
- 2) Reaching out to homeless persons and assessing their individual needs;
- 3) Addressing the emergency shelter and transitional shelter needs of homeless persons; and
- 4) Helping homeless persons make the transition to permanent housing and independent living.

Given the rural nature of Vermont and the minimal level of funding we receive as a state to address homelessness, the most efficient and successful interventions are preventative. Within funding guidelines and eligibility thresholds, the Office of Economic Opportunity (OEO) will prioritize preventative services to the precariously housed and the development of transitional housing units. Preventative services will include rent and mortgage arrearage, as well as utility and fuel arrearage which would contribute to the family or individual losing their current housing. Information on exactly how many persons are in danger of losing their current housing is not readily attainable, but we suggest that it is a significant percentage of the low income population and “working poor” who routinely pay more than 60% of their income for shelter.

One of the ways in which families can be assisted even further is by addressing a family or individual's overall needs. One of the methods used in Vermont to assess and assist families is the Family Economic Development Program (FED). The FED program identifies the level of risk that a family or individual is experiencing at the time of assistance and sets goals and plans for the future work that the family needs to do in order to maintain permanent housing. The FED is an appropriate method for nonprofit providers who are delivering services to families precariously housed and to those who are currently homeless.

In addition to those immediate preventative services, the Office of Economic Opportunity will continue to work with the public and private sectors on issues that directly affect the vulnerable population: transportation, jobs, job training, access to other services, health care, and child care.

The second priority area will be the emergency and transitional shelter needs of homeless persons, including the victims of domestic violence. Given the current funding level, it is imperative that shelters that exist currently be funded for their operating costs and costs necessary for renovation addressed toward health and safety issues. In addition, the Office will continue to work cooperatively with area land trusts to develop transitional housing units for families and individuals leaving the emergency shelters. As the Family Economic Development program is developed with transitional families, permanent housing will be the goal. The general scarcity of funds could pose the greatest obstacle in assisting families and individuals from transitional living to permanence.

Outreach in a rural state such as Vermont is essential to delivering services to families and individuals who are precariously housed, as well as to those who are currently staying in emergency shelters. Vermont's outreach network is extensive and includes well over 35 (thirty-five) nonprofit organizations and shelter operations. In Vermont the outreach network continues to be strengthened through the Coalition for Homeless Vermonters who meet on a monthly basis and have a vital role in decisions concerning the awarding of grants and setting the direction for policy issues around homelessness. At these meetings, providers of homeless services, the homeless, housing advocates and housing providers also continually assess current services as well as service gaps in the continuum of care for the homeless and strategize as to how to best meet their needs.

Outreach services to the homeless are delivered in a variety of ways and through the network of a variety of providers. These providers include:

- community action agencies;
- shelter organizations, and day care centers;
- social service centers;
- the domestic violence network; and
- the runaway and homeless youth network.

Outreach is done through the most appropriate method in a particular geographic area. It may be the extensive streetwork programs of the greater Burlington SMA, or through the outposting of advocates and service providers in the more rural areas of the state.

## **Other Special Needs**

See State Profile, Volume 1 of 2001–2004 Consolidated Plan, for a discussion of needs.

## Plan for Lead Hazard Reduction

The State of Vermont proposes the following activities to reduce childhood lead poisoning and to integrate lead poisoning prevention efforts into affordable housing programs during the next year.

- 1) Continue to implement provisions of Act 94 (An Act Relating to Childhood Lead Poisoning Screening and Lead Hazard Abatement), passed by the Vermont General Assembly in Spring 1993;
- 2) Continue to develop and implement appropriate recommendations of Act 94 (passed 1993, amended 1994) and Act 165 (passed 1996), including the development of financial strategies for lead hazard reduction in future years;
- 3) Continue to implement activities of the State and Community-Based Childhood Lead Poisoning Prevention Program, administered by the Environmental Health Division, Department of Health, through a grant from the U.S. Centers for Disease Control;
- 4) Continue to implement activities of the Lead-based Paint Hazard Reduction Grant Program (U. S. Department of Housing and Urban Development) in public and private housing stock, administered by the Vermont Housing and Conservation Board;
- 5) Seek additional HUD funds to address the continued need for lead-based paint hazard reduction in thousands of Vermont housing units;
- 6) Maintain regular contact with staff at the National Center for Lead Safe Housing in Columbia, Maryland;
- 7) Continue participation on the New England Lead Coordinating Committee, convened by the Tufts University School of Medicine;
- 8) Evaluate and amend Interim Policies on Lead-based Paint and other Toxic and Hazardous Materials of the Vermont Housing Finance Agency and Vermont Housing and Conservation Board, as appropriate;
- 9) Coordinate procedures with the Department of Health, the Vermont State Housing Authority and local Public Housing Authorities regarding childhood poisoning in owned and assisted units, as needed;
- 10) Continue to build databases in the Department of Health and the Department of Housing and Community Affairs regarding incidence of childhood poisoning and presence of lead hazards in the housing stock;
- 11) Coordinate lead hazard reduction efforts with activities of the State Office of Economic Opportunity Weatherization Assistance Program in low-income housing units;
- 12) Continue public information and education efforts;
- 13) Continue to develop public and private financial resources for lead-based paint inspection, abatement and prevention in Vermont's housing stock;
- 14) Coordinate with the Department of Health and affordable housing funders and developers in implementing the emerging "Healthy Homes" program being promoted by HUD; and
- 15) Continue coordination and collaboration among health, housing and historic preservation agencies and interest groups.

## **Anti-Poverty Strategy**

### **State Coordination of Anti-Poverty Efforts**

Vermont's goals, policies, and programs for reducing poverty are coordinated primarily through the Office of Economic Opportunity of the Agency of Human Services (OEO/AHS). Designated as the lead anti-poverty agency by the Governor in 1981, OEO administers the federal Community Services Block Grant, Emergency Shelter Grant Program, Weatherization Assistance Program, Community Food & Nutrition Program, as well as other federal and state programs which seek to combat poverty in Vermont.

In addition, the Department of Prevention, Assistance, Transition, and Health Access (PATH) of the Agency of Human Services administers a range of benefit programs for low-income Vermonters. PATH-administered programs include TANF, Food Stamps, Medicaid, General Assistance, AABD, and Fuel Assistance. PATH also administers Vermont's Reach Up Program, which provides education, training, and employment opportunities for welfare recipients working toward self-sufficiency. The Department of Employment and Training administers the federal Welfare-to-Work Program that is designed to place welfare recipients into jobs and provide ongoing support to ensure job retention.

Through its programs, OEO seeks to increase the self-sufficiency of Vermonters and strengthen Vermont communities. OEO works in partnership with the private sector, community-based organizations, agencies of government, and other groups to eliminate the causes and symptoms of poverty. In working with these groups, OEO provides program and grants management, resource identification and development, training and technical assistance, and advocacy for community-based organizations in a manner that fosters creativity and innovation. By connecting communities to resources within government and the private sector, OEO works to eliminate poverty.

OEO works closely with and through Vermont's five Community Action Agencies:

Champlain Valley Office of Economic Opportunity (CVOEO);  
North East Kingdom Community Action (NEKCA);  
Central Vermont Community Action Council (CVCAC);  
Bennington-Rutland Opportunity Council (BROC); and  
Southeastern Vermont Community Action (SEVCA).

As part of a national effort to define and measure the impact of anti-poverty programs, OEO and the Community Action Agencies named above have defined 6 major goals:

1. Low-income people become more self-sufficient;
2. Conditions in which low-income people live are improved;
3. Low-income people own a stake in their community;
4. Partnerships among supporters and providers of services to low-income people are achieved;
5. Agencies increase their capacity to achieve results; and
6. Low-income people, especially vulnerable populations, achieve their potential by strengthening their family and other supportive systems.

### **Coordination with Housing Organizations**

Many departments within the Agency of Human Services (AHS) have a long history of working closely the Vermont Department of Housing and Community Affairs (DHCA) and other housing organizations to assure that housing services reach Vermont's neediest citizens.

Examples of such collaborations include:

- AHS' active participation on the Housing Council, which provides a coordinating forum on housing policy and programs;
- Continued cooperation with non-profit organizations serving the homeless in Vermont to refine the statewide "Continuum of Care" strategy and plan;
- Continued collaboration among Community Action Agencies, State Government, and others to respond to the closure and/or sale of mobile home parks as governed by Act 252;
- Administration of the range of federal McKinney programs, including the Emergency Shelter Grant Program and the Supportive Housing Program;
- Enhanced coordination of the OEO Weatherization Program with other state agencies, housing providers, utility companies, local developers, and housing funders; and
- AHS' active participation in the development and review of the state's Consolidated Plan on an annual basis.

### **Implementation of CHAS/HOME Priorities**

The development and implementation of the State's Comprehensive Housing Affordability Strategy (CHAS) helped move Vermont's housing and social services infrastructures toward a more deliberate course in reducing the number of households with incomes below the poverty line. Priorities for the HOME program support the CHAS agenda. In the coming year, the State will continue its housing-focused anti-poverty efforts by further implementing the HUD Consolidated Plan priorities for affordable housing, discussed earlier.

## Self-Sufficiency Programs

The Vermont State Housing Authority and local housing authorities serve as primary vehicles for the implementation of HUD priorities regarding self-sufficiency among lower income families, particularly through the Agency of Human Services' Department of PATH's welfare-to-work program, Reach Up. This program relies in part on a network of community-based providers and Vermont's housing authorities who are linking their self-sufficiency efforts to Reach Up. In the coming year, the State will continue to support the efforts of these organizations in developing programs which encourage families toward greater economic self-sufficiency:

- **Barre Housing Authority** has implemented a Family Self-Sufficiency Program in cooperation with a number of state agencies, including the Department of PATH's Reach Up Program and the Department of Employment and Training;
- **Burlington Housing Authority** has developed a Family Self-Sufficiency Program, begun in October 1994, in cooperation with local and state agencies; and
- **Vermont State Housing Authority** has implemented a scattered-site Family Self-Sufficiency Program at locations throughout the state, in cooperation with a variety of local and state agencies.

## Lead-Based Paint Hazard Reduction Activities

In recent years, Vermont has undertaken a wide range of activities to address the problem of lead-based paint in the housing stock. Steps taken to address this housing and public health problem will hopefully prove important in assuring the long-term health and stability of lower-income children who are living in substandard housing.

As stated by the Alliance to End Childhood Lead Poisoning in a September 29, 1993 commentary in the *Wall Street Journal*:

"Every dollar invested in making children's homes lead-safe simultaneously buys America healthier and smarter children, and reduces health care and special education costs. Sending children to school "ready to learn" also relieves pressure on our educational system. Rehabilitating neighborhoods with decent, safe, and energy-efficient housing will build stronger communities, strengthen local economies, and train workers in skills with value to the private sector. By making our housing lead-safe, America can literally build its way to a brighter future for children."

## Coordination

In the last few years, affordable housing providers and representatives of health, mental health, environmental, labor and industry and service agencies have substantially strengthened their networking and coordination activities. The State, through the Department of Housing and Community Affairs, has actively encouraged and participated in these efforts, and will continue to do so.

In the next year, the following activities will be undertaken:

- oversee appropriate follow-up to the updated analysis of the State's housing needs;
- continue coordination efforts with housing providers and funders and human services representatives on a number of initiatives;
- continue coordination efforts with the Department of Health and housing and historic preservation representatives in implementing the recommendations of the Lead Paint Hazard Commission, including public education and lead paint hazard reduction initiatives;
- continue participation in the Vermont Affordable Housing Coalition and the Coalition for Homeless Vermonters; and
- continue coordination efforts with the agencies of Health, Labor and Industry, Natural Resources, Office of Economic Opportunity, and Attorney General to address serious health, safety and environmental issues in mobile home parks.

## **Coordination with Enterprise Community**

As noted earlier, in late 1994, the City of Burlington's Old North End received designation as one of the nation's 65 Enterprise Communities. As Burlington was Vermont's only applicant to the Enterprise Community/Empowerment Zones program, the Department of Housing and Community Affairs worked with City of Burlington officials and other state agencies to assure that Vermont put forward the best application possible.

As the City has implemented its program, the State remains closely coordinated with the Burlington effort. The Agency of Human Services has administered the HHS Title XX grant for the State and the City. Representatives of DHCA and AHS are active in an advisory capacity, serving as members of the Enterprise Community Steering Committee. The Steering Committee is charged with:

- monitoring the progress being made by the EC plan's principals in achieving strategic benchmarks and goals;
- ensuring that linkages among strategies anticipated by the plan are being established;
- ensuring that the commitments pledged by principals are being fulfilled;
- recommending adjustments to the plan;
- convening an annual meeting of the Enterprise Community's "Participating Entities," and
- planning for the sustainability of successful EC strategies.

In late 1999, the University of Vermont, working in collaboration with the City of Burlington and the Old North End Enterprise Community Steering Committee, received a Community Outreach Partnership Center (COPC) grant from HUD's Office of University Partnerships. Over a three-year period, the \$400,000 grant is being used to establish a COPC Center which will foster community leadership, examine UVM's role in the local/regional economy, and promote fair housing in the suburbs of Burlington. A representative of the Department of Housing and Community Affairs represents the Enterprise Community Steering Committee and the State of Vermont on the COPC governing board.

## **Low Income Housing Tax Credit**

For the past twelve years, the State of Vermont has made its LIHTC allocations in accordance with its Allocation Plan. The Agency of Development and Community Affairs (now Agency of Commerce and Community Development (ACCD)) was designated the State Housing Credit Agency in March 1987. The Department of Housing and Community Affairs (DHCA) works in partnership with Vermont Housing Finance Agency (VHFA) and the Joint Committee on Tax Credits to administer the program. Designated by administrative rule, the Joint Committee on

Tax Credits includes the Commissioner of the Department of Housing and Community Affairs or his or her designee, the Executive Director of the VHFA or his or her designee, the Executive Director of the State Housing Authority or his or her designee, the Director of the Office of Policy Research and Coordination, and one additional member representing housing interests appointed by the Secretary of the Agency of Commerce and Community Development. The composition of the Joint Committee on Tax Credits which considers the projects that will receive a LIHTC allocation helps to ensure the efficient use of the LIHTC allocations with other funding sources. VHFA is under contract with ACCD to issue credits to specific projects in accordance with the Allocation Plan.

The Allocation Plan contains basic requirements, including cost guidelines, which each project is required to meet. Evaluation criteria are then applied to projects meeting application requirements. Of primary preference are projects that meet Consolidated Plan priorities and serve the lowest income tenants and qualifying tenants for the longest period. Other guidelines address selection criteria required by Congress, such as project location.

In order to monitor and ensure compliance with tax credit laws, all LIHTC recipients are required to execute and record a Housing Subsidy Covenant approved by VHFA. To date, the HC has been used primarily by nonprofit housing developers, specifically Housing Vermont and its partners, who have joined forces with private investors, including Vermont banks. The State will continue to support terms offered to investors to maximize affordability and help to educate potential investors. In many cases, LIHTC projects are also dependent on other federal and State resources which increase the State's ability to ensure affordability to very low and low-income Vermonters beyond the rent and occupancy restrictions imposed by U.S. tax laws.

In calendar year 2000, more than \$1.3 million was allocated, contributing to the production of 340 newly built or rehabilitated units in 11 Vermont communities, targeted primarily for the lowest income tenants.

In 2000, a new state program was launched, bringing an additional \$100,000 in badly needed credits to supplement the federal Housing Credits. Allocations to three properties (representing 36 units) were made through the state program.

## **Public Housing Resident Initiatives**

The State of Vermont does not propose to take any actions or steps in this regard over the coming year.

## Activities

### Vermont Community Development Program

Since it assumed responsibility for the CDBG program in 1983, Vermont, through the Department of Housing and Community Affairs (DHCA), has managed this federal program funded by the U. S. Department of Housing and Urban Development (HUD). But in this seventeen-year period, DHCA had not comprehensively reexamined the program. Therefore, in fiscal year 2000 ending June 30, DHCA hired a consulting firm to take a look at the program to see how it could be more effective, fair and responsive. This redesign process involved extensive interaction with communities, organizations and individuals and also included a research component reviewing practices in twenty-two other states. The consultant team worked with a twelve member advisory group representing community development interests outside the Department. The VCDP was redesigned effective November 2000. A full report on the redesign is available on the Department's web site or at the Department.

The VCDP will continue to distribute CDBG funds to non-entitlement municipalities through a competitive process accepting applications at set times during the fiscal year. The number of funding cycles has been increased from three to six with two of those six cycles limited to the type of application that may be submitted. While set-asides were not recommended, there is targeting of VCDP funds for handicapped accessibility activities. There will continue to be 1) no priorities among the four program areas of economic development, housing, public facilities and public services, and 2) no geographic priorities for distribution of funds.

Our political tradition has required, however, that our programs be designed in a way that enables municipalities of all sizes and regions to be competitive. The redesign has addressed this by trying to level the playing field. The following actions have been implemented.

- The application has been simplified by eliminating some information and not requiring other information until after an award has been made.
- The Accessibility Modifications program is new and will hopefully encourage communities with little or no experience with the VCDP to apply for funding to assist them to meet the requirements of the American Disabilities Act (ADA) for its municipal buildings and community (non-school) library.
- The program will reimburse communities who have not received an award in the five years prior to applying. In addition, the application writing cost will be less as a result of the simpler application.

The VCDP is one of the most called upon programs in Vermont because it can be used for so many different activities. The redesign process indicated that the criteria used by the Community Development Board were unclear. Each application will be judged on its merits as it measures up to the application decision-making criteria.

It is fair to say the VCDP has been very successful as demonstrated by the tremendous projects that have been funded to improve the condition of Vermont's communities and residents. The Department will continue to implement the recommendations of the redesign, and more importantly, the redesigned VCDP will be reevaluated after it has been in effect at least one full year.

It is important to recognize that the VCDP is a federal program that comes with statutory and regulatory rules that the State must meet. This can put the program in the position of trying to balance the federal requirements with municipal desires. There must be accountability to Congress and taxpayers on the use of this resource; yet the statutory and regulatory requirements should not be so burdensome that communities reject CDBG funding outright. The Department will work with HUD officials and the congressional delegation, as appropriate, to bring about changes that benefit the program. For example, there are waivers to be requested as part of implementing the redesign.

The VCDP strives to be consistent, reasonable and somewhat predictable regarding success in being funded. DHCA recognizes that the program and its requirements are complicated, and therefore, the Department offers technical assistance to communities and organizations working on behalf of communities. DHCA is committed to work continually with communities to improve the program.

### **Vermont HOME Program**

For the tenth year of the HOME program in Vermont, the primary focus for the distribution of funds will continue to be to projects which provide units for very low income and special needs populations. Additional consideration will be given to projects which address the other general affordable housing priorities outlined in the Consolidated Plan. A mechanism of perpetual affordability will be required for all projects receiving an allocation of HOME funds.

There are no local jurisdictions in Vermont which qualify as a participating jurisdiction under the HOME Program. However, the State will provide a portion of its FY2002 funds for distribution in the City of Burlington, with the balance of funds to be available on a competitive basis throughout the rest of Vermont. This broader, statewide program will be administered by the Vermont Housing and Conservation Board (VHCB).

## Resources and Activities

### Affordable Housing

**General Priority: House families and individuals at very low income levels, with special preference to projects housing families and individuals at or below 30% of area median income, including persons with special needs.**

**Residents to be Assisted: Primarily very low income renters; some very low income mobile home park residents; some very low income homeowners.**

#### *Major Activities:*

- \$ Increase the supply of affordable housing through the acquisition and rehabilitation of existing housing units and, when appropriate, construction of new units.
- \$ Alleviate overcrowding.
- \$ Minimize involuntary displacement.
- \$ Ensure no net loss in assisted housing.
- \$ Provide rental assistance to alleviate housing cost burden on very low income Vermonters.
- \$ Identify sources of operating funds to subsidize units.
- \$ Provide for necessary and appropriate supportive services.
- \$ Implement recommendations of the 1993 Housing Summit and the Housing Assessment conducted by urban initiatives of special housing needs, to the extent feasible.
- \$ Develop greater expertise in the design and technology associated with special needs housing.
- \$ Identify funding sources to assist preservation/creation of adaptable and accessible housing units in the public, nonprofit, and private sectors.
- \$ Promote activity at local and regional levels, through meetings and technical assistance.

#### *Programs:*

- \$ **Federal**  
HOME; CDBG; Section 8 Certificates and Vouchers; ESGP; DOE/Other Energy Programs; Section 202 Elderly; Moderate Rehab SRO; Low Income Housing Tax Credit (LIHTC/HC); USDA-Rural Development; Historic Tax Credits; Shelter Plus Care; Section 811 Handicapped; HOPWA.
- \$ **Non-Federal Public**  
Vermont Housing and Conservation Board; Vermont Housing Finance Agency Multi-Family Bonding.
- \$ **Private**  
Vermont Community Loan Fund; Federal Home Loan Bank of Boston Community Investment and Affordable Housing Program; Other Private Grant and Loan Programs.

**General Priority: Give a higher priority to housing families with children over independent living rental housing for the elderly.**

**Residents to be Assisted: Very low and low income renters.**

***Major Activities:***

- \$ Increase the supply of affordable housing through the acquisition and rehabilitation of existing housing units and, when appropriate, construction of new units.
- \$ Alleviate overcrowding.
- \$ Minimize involuntary displacement.
- \$ Ensure no net loss in assisted housing.
- \$ Provide rental assistance to alleviate housing cost burden on very low income Vermonters.
- \$ Identify sources of operating funds to subsidize units.
- \$ Provide for necessary and appropriate supportive services.
- \$ Promote activity at local and regional levels, through meetings and technical assistance.

***Programs:***

**\$ Federal**

HOME; CDBG; Section 8 Certificates and Vouchers; DOE/Other Energy Programs; Moderate Rehab SRO; Low Income Housing Tax Credit (LIHTC/HC); USDA-Rural Development; Historic Tax Credits.

**\$ Non-Federal Public**

Vermont Housing and Conservation Board; Vermont Housing Finance Agency Multi-Family Bonding.

**\$ Private**

Vermont Community Loan Fund; Federal Home Loan Bank of Boston Community Investment and Affordable Housing Program; Other Private Grant and Loan Programs.

**General Priority: Preserve and improve existing mobile home parks and provide assistance to mobile home owners facing park sales, closures, or significant habitability issues; promote the development of new mobile and manufactured home or other housing opportunities affordable to mobile home park residents where residents have ownership in the community; increase availability of affordable financing options for purchase or refinance of mobile in mobile home parks.**

**Residents to be Assisted: Primarily low income mobile home park residents, including families with children and the elderly.**

***Major Activities:***

- Overcome the obstacles to the development or expansion of resident owned or nonprofit mobile home parks, and encourage development of new manufactured housing opportunities where mobile home owners have ownership in the land whenever possible. Monitor and support the DEC's proposal to streamline the State's on-site septic permitting process as it relates to development of new mobile home parks.
- Continue to pursue more rigorous enforcement of health and safety regulations in existing mobile home parks through the State Inter-Agency Compliance Group.
- Expand the current mobile home park database to include the inventory of infrastructure conditions (permits and orders) being compiled by the Agency of Natural Resources under their EPA Environmental Justice Grant, and submit the Registry of Mobile Home Parks to the Legislature as required every three years.
- Identify or develop financial resources for infrastructure repair that are available to both nonprofit and private mobile home park owners, increase utilization of the existing Water Supply State Revolving Loan Fund, and expand the pilot loan fund for septic systems, if possible.
- Work with VHFA and similar agencies to develop additional affordable financing options for mobile homes in mobile home parks, encourage utilization of programs like FHA Title 1, and efforts to expand the secondary market for mobile home loans by Freddie Mac and Fannie Mae.
- Continue to provide resources, and funding for technical assistance, to mobile home park residents and nonprofit housing agencies for mobile home park acquisition and rehabilitation.
- Analyze the results, costs, and benefits of the three Vermont Community Development Program grants for relocation of residents in mobile home parks that were closed, compare with any alternative proposals and other states' policies for park closings, and make recommendations as to how Vermont should respond to mobile home park closings and parks at risk of closing.
- Administer the mobile home park lot rent dispute resolution process, provide guidance to professional mediators engaged in resolving those disputes, and evaluate the results.

***Programs:***

- **Federal**  
HOME, CDBG, USDA-Rural Development, HUD, FHA.
- **Non-Federal Public**  
VHCB, VHFA, VSHA.
- **Private**  
FHLB, VCLF, Other Private Grant and Loan Programs.

**General Priority: Address the ongoing deterioration of the existing housing stock through acquisition, preservation, and rehabilitation of units to bring them into compliance with housing quality standards, with priority to lead hazard reduction and energy efficiency.**

**Residents to be Assisted: Primarily very low income renters; some very low income homeowners.**

***Major Activities:***

- \$ Continue to encourage development by the nonprofit sector, strengthening capacity in certain geographic regions and exploring consolidation of functions in other regions.
- \$ Promote greater activity in affordable housing development by other private developers;
- \$ Develop greater expertise in dealing with issues of hazardous materials in existing buildings and on-site, particularly lead-based paint, and seek additional financial resources to address these problems.
- \$ Encourage development of units which are accessible/adaptable for persons with disabilities, including homeownership opportunities.
- \$ Coordinate with other state and private agencies regarding health and historic preservation concerns in the rehabilitation of existing residential buildings.
- \$ Identify major, ongoing housing costs including energy costs for lighting, appliances, space heating and hot water, and develop management strategies to reduce these costs by considering them when rehabilitation is planned and when operation and maintenance plans are established.
- \$ Promote activity at local and regional levels, through meetings and technical assistance.
- \$ Improve access to affordable capital for lower-income homeowners making home improvement and energy efficiency investments.

***Programs:***

- \$ **Federal**  
HOME; CDBG; DOE/Other Energy Programs; LIHTC/HC; USDA-Rural Development; Historic Tax Credits; Lead Paint Hazard Reduction Program.
- \$ **Non-Federal Public**  
VHCB; VHFA.
- \$ **Private**  
VCLF; VDCU, FHLB; Other Public and Private Grant and Loan Programs.

**General Priority: Accomplish mixed-income developments, including shared housing, to create integrated communities.**

**Residents to be Assisted: Renters of all income levels, but primarily low income renters, and renters interested in forming limited appreciation cooperatives or living in shared housing.**

***Major Activities:***

- \$ Continue to work with developers and lenders to encourage mixed-income development.
- \$ Encourage public/private partnerships.
- \$ Identify sources of operating funds to subsidize some units.
- \$ Promote activity at local and regional levels, through meetings and technical assistance.

***Programs:***

**\$ Federal**

HOME; CDBG; Section 8 Certificates and Vouchers; DOE/Other Energy Programs; Section 202 Elderly; Moderate Rehab SRO; Low Income Housing Tax Credit (LIHTC/HC); USDA-Rural Development; Historic Tax Credits.

**\$ Non-Federal Public**

VHCB; VHFA Multi-Family Bonding.

**\$ Private**

VCLF; FHLB; Other Private Grant and Loan Programs.

**General Priority: Demonstrate leverage of resources and cost-effectiveness including building weatherization, energy efficiency and fuel switching available from public and private programs.**

**Residents to be Assisted: Primarily very low income renters; some very low income mobile home park residents; some very low income homeowners.**

***Major Activities:***

- \$ Promote public and private weatherization, energy efficiency and fuel-switching programs to support affordable housing development.
- \$ Promote affordable housing as an important industry which helps support the Vermont economy.
- \$ Promote use of private financial resources where applicable.
- \$ Promote activity at local and regional levels, through meetings and technical assistance.

***Programs:***

**\$ Federal**

HOME; CDBG; Section 8 Certificates and Vouchers; DOE/Other Energy Programs; Section 202 Elderly; Moderate rehab SRO; Low Income Housing Tax Credit (LIHTC/HC); USDA-Rural Development; Historic Tax Credits.

**\$ Non-Federal Public**

Department of Public Service and Utility DSM Programs; State Economic Opportunity Office; VHCB; VHFA Multi-Family Bonding.

**\$ Private**

VCLF; VDCU, FHLB; Other Private Grant and Loan Programs.

**General Priority: Address the current and potential need for accessibility modifications and adaptable units to serve people with physical disabilities.**

**Residents to be Assisted: Primarily very low income renters; some very low income homeowners.**

***Major Activities:***

- \$ Implement recommendations of the 1993 Housing Summit and the Housing Assessment conducted by Urban Initiatives of special housing needs, to the extent feasible.
- \$ Increase the supply of affordable housing through the acquisition and rehabilitation of existing units, and when appropriate, construction of new units.
- \$ Provide rental assistance to alleviate housing cost burden.
- \$ Identify sources of operating funds to subsidize units.
- \$ Develop greater expertise in the design and technology associated with special needs housing.
- \$ Provide for necessary and appropriate supportive services.
- \$ Identify funding sources to assist preservation/creation of adaptable and accessible housing units in the public, nonprofit, and private sectors.
- \$ Promote activity at local and regional levels through meetings and technical assistance.
- \$ Improve access to affordable capital for people with disabilities needing to invest in assistive technology.

***Programs:***

**\$ Federal**

HOME; CDBG; Section 8 Certificates and Vouchers; DOE/Other Energy Programs; Shelter Plus Care; Section 811 Handicapped; LIHTC/HC; USDA-Rural Development; HOPWA.

**\$ Non-Federal Public**

VHCB; VHFA.

**\$ Private**

VCLF; VDCU, FHLB; Other Private Grant and Loan Programs.

**General Priority: Enhance opportunities to sustain and increase homeownership, including scattered site housing rehabilitation programs, offered on a regional basis, and limited equity cooperatives, among very low and low income households and households headed by individuals with special needs.**

**Residents to be Assisted: Low income renters; persons with special needs.**

***Major Activities:***

- \$ Develop and implement targeted and subsidized mortgage programs.
- \$ Expand homebuyer education and counseling initiatives.
- \$ Encourage public/private partnerships.
- \$ Encourage regional revolving loan funds for scattered site housing rehabilitation.
- \$ Improve access to affordable mortgages and counseling-based lending for lower-income people seeking to become homeowners.

***Programs:***

- \$ **Federal**  
CDBG; DOE/Other Energy Programs; USDA-Rural Development; U.S. Department of Health and Human Services.
- \$ **Non-Federal Public**  
VHCB; VHFA.
- \$ **Private**  
VCLF; VDCU, FHLB; Other Private Grant and Loan Programs.

**General Priority: Address the need for net new in-fill family rental units in communities where there are tight housing markets, very low vacancy rates, and there is a high incidence of distressed housing.**

**Residents to be Assisted: Very low and low income renters.**

***Major Activities:***

- \$ Increase the supply of affordable housing, when appropriate, through the construction of new units.
- \$ Alleviate overcrowding.
- \$ Minimize involuntary displacement.
- \$ Ensure no net loss in assisted housing.
- \$ Provide rental assistance to alleviate housing cost burden on very low income Vermonters.
- \$ Identify sources of operating funds to subsidize units.
- \$ Provide for necessary and appropriate supportive services.
- \$ Promote activity at local and regional levels, through meetings and technical assistance.

***Programs:***

**\$ Federal**

HOME; CDBG; Section 8 Certificates and Vouchers; DOE/Other Energy Programs; Moderate Rehab SRO; Low Income Housing Tax Credit (LIHTC/HC); USDA-Rural Development.

**\$ Non-Federal Public**

Vermont Housing and Conservation Board; Vermont Housing Finance Agency Multi-Family Bonding.

**\$ Private**

Vermont Community Loan Fund; Federal Home Loan Bank of Boston Community Investment and Affordable Housing Programs; Other Private Grant and Loan Programs.

## **Homelessness**

**General Priority: House individuals and families and those persons precariously housed and at risk of homelessness; other special needs.**

**Residents to be Assisted: Low income renters and homeowners and currently homeless persons residing in emergency shelters or on the streets.**

### ***Major Activities:***

- \$ Maintain the availability of shelter beds and services in underserved geographic areas.
- \$ Provide rental arrearage assistance in areas without shelter facilities.
- \$ Provide mortgage arrearage assistance to homeowners who experience a sudden drop in income.
- \$ Collaborate in the development of transitional facilities.
- \$ Collaborate in the development of permanent affordable housing.
- \$ Provide the necessary supportive services through non-profit service providers.
- \$ Maintain the current level of existing emergency shelter beds.

### ***Programs:***

#### **\$ Federal Resources**

ESGP; EFSP (FEMA); CDBG; HOME; Supportive Housing Program; HHS Community Services Block Grant; HOPWA; USDA-Rural Development.

#### **\$ Non-Federal Public**

Vermont Housing and Conservation Board; Vermont General Fund Appropriation.

#### **\$ Private**

Land trust and nonprofit organizations; VCLF; United Ways; other private grants and foundations.

## **Community Development**

### *Economic Development*

**General Priority: Promote the creation of quality jobs for Vermonters and cultivate a highly skilled and adaptable workforce.**

**Residents to be Assisted: Low and moderate income people and people with special needs.**

### *Major Activities:*

#### **Workforce Development**

- Offer training programs that directly impact unemployed and underemployed workers.
- Work with local and regional partners to support programs reaching unemployed and under-employed people.
- Support partners that offer skills training, affiliation with educational programs, welfare-to-work programs.
- Work with a variety of public and private partners to pursue state-led policies and programs that will ensure Vermont's workers are prepared for job requiring higher skills.

#### **Promotion of quality jobs**

- Ensure training support is directed to companies that guarantee wages consistently at least 2 times minimum wage.
- Encourage all economic development partners to structure programs that reward skill development and payment of higher wages/benefits.
- Work with partners to implement specific technology outreach program including seminars, training, etc.
- Working with private-sector industry and utilities, promote appropriate access on local levels on an on-going and as-needed basis.
- Actively support and participate in alliance and organizations, both public and private, that promote and encourage entrepreneurship.
- Encourage companies who utilize a variety of employment opportunities like work-at-home, telemarketing especially in regionally depressed areas of the state.
- Provide information on an on-going basis to Vermont businesses and entrepreneurs.
- Support tax incentives for companies who offer job training, new employment and project higher wage jobs (and provide a benefit package which includes access to health care).

***Programs:***

- **Federal**

USDA Rural Development, SBA, US Dept. of Commerce, Dept. of Defense.

- **Non-Federal Public**

Housing & Community Development, Historic Preservation, Regional Development Corporations, Regional Planning Commissions, Regional Marketing Organizations, VEPC, VWTO, Chambers of Commerce, SBDC, Economic Development Council of Northern Vermont, VEDA, Vermont Technical Council, Dept. of Transportation, Dept. of Natural Resources, Dept. of Agriculture, Dept. of Employment & Training, Vt. Secretary of State, VMEC, Job Start, EPSCoR, POETS, Vermont Technical College, University of Vermont, Various Technical Centers and Community Colleges, WIBs, HRIC, Vermont Investment Forum, Business Roundtable, Wood Products Association, Sustainable Jobs Fund, BISHCA, State and Local Governments.

- **Private**

Vermont Utilities, Vermont Technical College, Champlain College, Vermont Captive Insurance Association.

## **General Priority: Enhance Vermont business competitiveness**

**Residents to be Assisted: Low and moderate income people and people with special needs.**

### ***Major Activities:***

- Actively participate in and support business incentive programs specifically tied to a commitment to quality jobs and higher wages.
- Support incentive programs that encourage industries offering quality jobs with minimum environmental impact.
- Actively support and/or participate in alliances and organizations that work with business to develop e-commerce solutions and opportunities.
- Actively support and/or participate in alliance and organizations that work with business to develop and encourage participation in international commerce.
- Support various lending partners and equity financing sources to encourage business growth and entrepreneurial activity.
- Assist business with regulatory and environmental issues and participate actively in any streamlining efforts either via legislation or working with local and regional partners.
- Support of partners specializing in assisting small business, microenterprise and research and development.
- Encourage program outreach to potential equity capital resources on a state, regional, national and global basis.

### ***Programs:***

- **Federal**  
USDA Rural Development, SBA, US Dept. of Commerce, Dept. of Defense
- **Non-Federal Public**  
Housing & Community Development, Historic Preservation, Regional Development Corporations, Regional Planning Commissions, Regional Marketing Organizations, VEPC, VWTO, Chambers of Commerce, SBDC, Economic Development Council of Northern Vermont, VEDA, Vermont Technical Council, Dept. of Transportation, Dept. of Natural Resources, Dept. of Agriculture, Dept. of Employment & Training, Vt. Secretary of State, VMEC, Job Start, EPSCoR, POETS, Vermont Technical College, University of Vermont, Various Technical Centers and Community Colleges, WIBs, HRIC, Vermont Investment Forum, Business Roundtable, Wood Products Association, Sustainable Jobs Fund, BISHCA, State and Local Governments.
- **Private**  
Vermont Utilities, Vermont Technical College, Champlain College, Vermont Captive Insurance Association.

**General Priority: Promote a healthy and sustainable economy.**

**Residents to be Assisted: Low and moderate income people and people with special needs.**

***Major Activities:***

- Work closely with regional partners to monitor state and regional impact of specific development activities.
- Support companies and programs that combine high-skills training, promotion and higher wages (quality jobs).
- Actively encourage companies/industries offering a combination of high-quality jobs and minimum environmental impact (e.g. financial services).
- Coordinate with other public and private partners to support a “smart” growth, unified agenda marrying the benefits of planned economic growth with the cultural, agricultural and historic values of Vermont.
- Actively work towards a unified economic development strategy that successful focuses all efforts at all levels within the state for the greatest possible benefit to all Vermont citizens.
- Encourage programs that educate and enhance business competitiveness by increasing export activity and encourages Vermont business participation in the global economy.
- Working with private-sector industry and utilities, promote appropriate IT access on local levels on an on-going and as-needed basis.
- Work closely with agency partners on specific community and downtown development projects.
- Work with agency, public and private partners to encourage the development and adherence to long-term strategies for planned economic growth.

***Programs:***

- **Federal**  
USDA Rural Development, SBA, US Dept. of Commerce, Dept. of Defense,
- **Non-Federal Public**  
Housing & Community Development, Historic Preservation, Regional Development Corporations, Regional Planning Commissions, Regional Marketing Organizations, VEPC, VWTO, Chambers of Commerce, SBDC, Economic Development Council of Northern Vermont, VEDA, Vermont Technical Council, Dept. of Transportation, Dept. of Natural Resources, Dept. of Agriculture, Dept. of Employment & Training, Vt. Secretary of State, VMEC, Job Start, EPSCoR, POETS, Vermont Technical College, University of Vermont, Various Technical Centers and Community Colleges, WIBs, HRIC, Vermont Investment Forum, Business Roundtable, Wood Products Association, Sustainable Jobs Fund, BISHCA, State and Local Governments.
- **Private**  
Vermont Utilities, Vermont Technical College, Champlain College, Vermont Captive Insurance Association.

## **Community Development**

### *Public Facilities*

**General Priority: Projects located in downtowns or growth centers as defined earlier.**

**Residents to be Assisted: Low and moderate income people and people with special needs.**

### *Major Activities:*

- \$ Promote the Vermont Downtown Program.
- \$ Support projects located in growth centers identified in municipal plans.
- \$ Encourage research on more intensive, profitable residential or commercial use of upper stories of downtown buildings.
- \$ Encourage projects to make upper stories of downtown buildings more accessible.
- \$ Encourage projects that bring older downtown buildings up to current code requirements in a cost effective way.
- \$ Implement downtown law.

### *Programs:*

#### **\$ Federal**

CDBG; HOME; USDA-Rural Development; EPA; ISTEA; FHA; Historic Tax Credits.

#### **\$ Non-Federal Public**

State planning funds; municipal planning funds; municipal revolving loan funds; Dept. of Labor & Industry; VEDA; VTDHP; VHCB.

#### **\$ Private**

Commercial lenders; nonprofit development corporations.

**General Priority: Provide infrastructure for creation and/or retention of jobs.**

**Residents to be Assisted: Low and moderate income people and people with special needs.**

***Major Activities:***

- \$ Promote growth center planning to maximize impact of infrastructure investment.
- \$ Provide technical assistance for municipal public facilities and infrastructure planning.
- \$ Provide technical assistance for municipal capital budgeting.
- \$ Catalog and publicize resources available for infrastructure development.
- \$ Coordinate ADCA infrastructure funding programs with those of ANR and USDA-Rural Development.

***Programs:***

**\$ Federal**

EPA; USDA-Rural Development; CDBG.

**\$ Non-Federal Public**

ANR; DHCA; Regional Planning Commissions; municipal planning funds; municipal capital funds.

**\$ Private**

Planning consultants.

**General Priority: Remove barriers to accessibility for people with physical disabilities.**

**Residents to be Assisted: Low and moderate income people with disabilities.**

***Major Activities:***

- \$ Support municipal projects to remove barriers to public buildings.
- \$ Encourage projects remodeling places of business and/or residential facilities to make them accessible.
- \$ Encourage residential developers to build or rehabilitate units that are barrier-free.
- \$ Refer developers to private nonprofit technical assistance sources.
- \$ Improve access to affordable capital for accessibility investments.

***Programs:***

- \$ **Federal**  
CDBG; USDA-Rural Development.
- \$ **Non-Federal Public**  
Municipal capital funds.
- \$ **Private**  
Commercial lenders; VCLF, VDCU.

## Community Development

### *Public Services*

**General Priority: Projects in downtowns or growth centers as defined earlier which provide support services that facilitate job creation and/or retention, or that provide services to low and moderate people, or to people with special needs.**

**Residents to be Assisted: Low and moderate income people with special needs.**

### *Major Activities:*

- \$ Support job training linked to specific business start-up or expansion.
- \$ Encourage day care and other employee support services that make jobs more available to single parents or to people with special needs.
- \$ Support parent-child centers, community care facilities, nursing homes or other services that address the needs of specific low/moderate income populations.
- \$ Improve access to affordable capital and counseling-based lending for lower-income entrepreneurs and would-be-entrepreneurs.

### *Programs:*

#### **\$ Federal**

CDBG; Medicare; Medicaid; USDA-Rural Development; Community Facilities programs.

#### **\$ Non-Federal Public**

AHS programs; VT Department of Employment and Training; VT Technical College; state vocational centers; HRIC.

#### **\$ Private**

Vermont Community Loan Fund, VDCU.

## Resources: Federal and Other Sources

### Summary of Federal and Non-Federal Housing and Community Development Programs with Match/Leverage Requirements

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#### Program

#### Match/Leverage Requirements

#### FEDERAL SOURCES:

#### Formula/Entitlement Programs

Community Development Block Grant (CDBG)	10% match requirement for business projects, sliding match for planning grants, 50% match for ADA projects, 25% match for slums and blight.
DOE/Other Energy Programs	None.
Emergency Shelter Grant Program (ESGP)	1 to 1 or 100% match requirement.
Federal Job Training Partnership Act	50% match requirement for training new employees. Managed by VT Department of Employment and Training.
HOME	25% match for rehabilitation and new construction.
National Park Service	Land and Water Conservation Fund requires a 50% match for recreation projects.
Public Housing Comprehensive Grants	None.
VT Agency of Transportation	Enhancement Program, 20% match required.
VT Department of Environmental Conservation	Water and sewer grants and loans, variable matching and requirements depending on purpose. Administration through the Vermont Department of Environmental Conservation.
<h4><u>Competitive Programs</u></h4>	
Historic Tax Credits	None.

***Program***

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***Match/Leverage Requirements***

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**Competitive Programs**

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HOPE 1	25% match requirement; a 7% credit is automatically available for administration provided by the grantee.
HOPE 2	7 points are awarded on the application when evidence of financial support is included in the application.
HOPE 3	33% match requirement.
Housing Opportunities for Persons with Aids (HOPWA)	Points awarded for leveraging.
Lead-Based Paint Hazard Reduction Program	10% match required. CDBG funds are the only <u>federal</u> match permitted.
Low Income Housing Tax Credit (LIHTC)	None.
Moderate Rehab SRO	Commitment of the necessary support services and mortgage/rehab financing must be demonstrated in the application.
Permanent Housing for the Handicapped Homeless	Same as Transitional Housing.
Public Housing Development	None.
Major Reconstruction of Obsolete Project (MROP)	None.
Comprehensive Improvement Assistance Program (CIAP)	None.
USDA-Rural Development (USDA-RD)	Water and waste disposal-grants up to 75% of project cost, loans up to 100% of local costs; business and Industry-loan guarantees up to 80%, intermediary relending program up to 100%; community facilities-no match required.

**Program**

**Match/Leverage Requirements**

**Competitive Programs**

USDA-RD 515 Rural Housing Preservation Grants

3% equity for private developers; none for non-profit.

Rental Vouchers

None.

Rental Certificates

None.

SAFAH

Up to 100 points are awarded for applications that leverage an amount equal to the SAFAH assistance requested.

Section 202 Elderly

2 of 1% of the Capital Advance but not more than \$25,000.\*

Section 811 Handicapped Homeless

2 of 1% of the Capital Advance but not more than \$10,000.\*

Shelter Plus Care

Supportive service match equal to the value of the rental assistance provided by HUD.

Small Business Administration

Loan guarantees can cover 85-90% of a bank loan. SBA 504 loans cover up to 40% of project costs.

Transitional Housing

25% match for first 2 years of funding; 50% match for final 3 years of funding.

***\*Items ineligible for inclusion in Capital Advance Fund will require additional cash investment.***

***Program***

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***Match/Leverage Requirements***

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**OTHER SOURCES:**

Federal Home Loan Bank Community Investment and Affordable Housing Programs (FHLB)

20% equity for Loan Program. Leverage encouraged for subsidized advance.

Local and Regional Revolving Loan Funds

Matching requirements vary.

Local/Private Grants and Contributions

Matching requirements vary.

Other Private Lender Programs

Matching requirements vary.

Vermont Community Loan Fund

Leveraging encouraged.

Vermont Economic Development Authority

40-70% match required, depending on program.

Vermont Housing and Conservation Board

No match required; leveraging encouraged.

Vermont Housing Finance Agency  
Multi-Family Bonding

Equity contribution required.

VHFA Mortgage Revenue Bonding

5% equity contribution required.

VT Department of Economic Development

Job training grants: 50% match required. Available for new and existing manufacturing jobs, to train for new technologies and for cross-training.

VT Department of Environmental Conservation

Water and sewer grants and loans available with varying matching requirements. Federal EPA funds are blended with state funds on the loan programs.

VT Division for Historic Preservation

Historic Preservation Grant Program: 50% match required.

## **Geographic Distribution**

Vermont is a very small state. It is also unusually homogeneous in terms of ethnic and racial diversity, and in terms of social and economic profile. This is especially true of the non-entitlement portions of the state because Vermont's one entitlement community, Burlington, is also home to a significant portion of the state's minority populations.

As the accompanying data volume indicates, Vermont is home to Native American, Afro-American, and Asian minorities. It also has a significant Francophone ethnic population along the Quebec border. While the Afro-American and Asian minorities tend to be concentrated in our larger communities, Native American and Francophone minorities tend to be much more thinly spread in small rural community

## Other Actions

In the coming year, the State of Vermont will continue to work on the following major public policy initiatives:

### Vermont Housing Council

In June 1992, Governor Howard Dean signed an Executive Order creating the Vermont Housing Council, which was convened for the first time in October 1992, and has been meeting regularly since that time. Members include representatives of the Agency of Commerce and Community Development, Vermont Housing and Conservation Board, Agency of Human Services, Office of Policy Research and Coordination, Vermont Association of Public Housing Directors, Vermont Housing Finance Agency, Vermont State Housing Authority, and Rural Development.

Representatives of the Agency of Natural Resources, the Department of Labor and Industry, and other state agencies are asked to participate from time to time. The Governor also appoints members to represent each of the following interests: nonprofit housing provider, private sector housing provider, and a low-income advocate.

The Council coordinates and oversees implementation of the State's housing policy, evaluates housing services and initiatives, and is a resource to housing providers in their efforts to supply decent and affordable housing to Vermonters. Several members have participated actively in the development of the Consolidated Plan. The Council's specific responsibilities for the next year will be to:

- assure that there is appropriate follow-up to the Housing Needs Analysis completed in the state by Market Decisions in late 1994 and an updated assessment being completed currently by Planning Decisions Inc.;
- continue to coordinate programs and funding activities to target special needs populations;
- explore creation of a rehabilitation program to address the many deteriorating rental units owned by the private sector;
- continue to coordinate plans for "assisted" housing for frail elders with the Agency of Human Services, Department of Aging and Disabilities, and the Department of Labor and Industry;
- continue to work closely with USDA-Rural Development to conduct joint planning and eliminate redundancy in public processes;
- support a study analyzing future housing demand in the Connecticut Valley;
- assure that there is appropriate follow up to the Northwestern Vermont Housing Study completed in the fall of 2000; and
- continue to coordinate programs and funding activities to target family and special needs populations.

In addition, the Housing Council will continue to:

- recommend initiatives to increase the supply of affordable housing, encourage the availability of sites for such housing, seek the elimination of regulatory barriers for such housing, and promote the development of additional financial resources;
- consider innovative public/private partnerships and initiatives designed to create and maintain affordable housing opportunities for low income Vermonters; and
- provide an organized forum for the discussion of affordable housing issues and propose reasonable solutions.

### **Strategy for Mobile and Manufactured Homes**

In addition to the priorities listed in the Action Plan, the Department will work on the following issues related to mobile homes and mobile home parks.

- Continue to support the assistance provided to mobile home owners through the Champlain Valley Office of Economic Opportunity and the Lake Champlain Housing Development Corporation;
- Help provide outreach and education to mobile home park residents and mobile home park owners on water, sewage, and habitability issues in mobile home parks via the State Inter-agency Compliance Group;
- Explore ways to promote the use of manufactured housing by affordable housing developers and the nonprofit sector; and
- Promote consumer awareness around purchasing and financing new and used mobile homes.

### **Special Needs Housing**

Several State and quasi-State agencies -- the Agency of Human Services, Department of Housing and Community Affairs, Vermont Housing and Conservation Board, Vermont Housing Finance Agency, and Vermont State Housing Authority -- collaborated in late 1992 to undertake a Special Needs Housing Study, completed in February 1993. The study was prompted by the high degree of attention paid to the housing for people with special needs during the 1992 CHAS process. Conducted by the nationally-recognized firm, Urban Initiatives, the study confirmed that in Vermont there is "...a great shortage of units for persons with special housing needs whose income is less than 30% of median income." A series of recommendations was made emphasizing more creative use of existing public and private resources and suggesting approaches to delivering the necessary social supportive services that are typically needed in developing such housing.

The 1994 Housing Needs Analysis conducted by Market Decisions confirmed a continuing high degree of need for affordable housing for persons with special needs. The HUD Consolidated Plan Advisory Group also reviewed the State's commitment to this population in the affordable housing and community development priorities of the Plan.

The Housing Council will continue to oversee Vermont's progress in addressing the special needs agenda through its monitoring of Consolidated Plan implementation.

## Lead-Based Paint

The issue of lead-based paint in Vermont's older housing stock remains a major concern for the health, housing, and historic preservation communities. The State has some of the oldest housing in the United States, more than 70% constructed before 1978 when the use of lead paint was banned. Because the State is so reliant upon this older housing stock to meet the needs of low and moderate income people, primarily renters, the concern about lead safety presents considerable challenges.

Since 1996 the State has had a law (Act 165) that has reduced the number of Vermont children exposed to lead paint hazards in their homes by requiring rental property owners and child care providers to safely address potential problems in pre-1978 buildings. Rates of blood lead screening among young children are increasing and fewer of the children being tested are showing elevated levels of lead. Over 8,000 landlords, maintenance workers, contractors, and others have been trained in lead safe work practices. Public awareness of the potential dangers of lead paint hazards has improved in the last decade thanks to the efforts of the Vermont Department of Health, the Vermont Housing & Conservation Board's Lead-Based Paint Hazard Reduction Program, and other health and housing groups.

HUD recently finalized its Lead Safe Housing Regulation requiring various levels of intervention based on the type and amount of federal assistance a project receives. These new requirements are based on many of the same principals found in Vermont's law: 1) train workers in lead-safe work practices; 2) maintain painted surfaces in good condition; 3) fix any problems using safe methods; and 4) perform specialized cleaning to remove lead-contaminated dust. Many other states are examining Act 165 as a reasonable and practical approach to addressing lead hazards in their housing stock. HUD has approved Vermont's Essential Maintenance Practices (EMP) course to meet the training requirements of the new Lead Safe Housing Regulation, affirming Vermont's approach. Because of the EMP law and the activities of VHCB and the Health Department, compliance with the new Regulation will not adversely affect Vermont's affordable housing programs.

The HUD funded Lead-Based Paint Hazard Reduction Program has provided assistance to make over 900 homes and apartments lead-safe since 1994. The Program is currently administering its third state-wide lead hazard control grant (\$3,000,000) received in 1999. Many of the units receiving assistance were perpetually affordable rentals being rehabilitated by non-profit housing developers. Many low-income homeowners and private rental property owners also received assistance. The Program is working closely with all the federally-funded housing programs in the State to coordinate implementation of the Lead Safe Housing Regulation.

Vermont has made significant strides in the last decade to address this preventable problem by raising awareness about the potential dangers and working to eliminate hazards in our older housing stock. Continued vigilance is required to make sure these old properties are maintained in good condition and do not become serious hazards to resident children's health.

## **Comprehensive Planning**

In recent years, the State has embarked on a statewide planning process which places the provision of affordable housing as one of its highest priorities. In 1990, the Department of Housing and Community Affairs published a guide, *Planning for Affordable Housing*, containing strategies to implement affordable housing goals and objectives. In the next year, the department will:

- continue to assist in the preparation, improvement, and implementation of the affordable housing plans of municipalities, regional planning commissions, and state agencies; and
- continue to provide information and technical assistance to regional planning commissions and municipalities in meeting affordable housing goals.

## Fair Housing

The State of Vermont has, for several years, followed the existing HUD guidance regarding an annual certification to affirmatively further fair housing in our CDBG and HOME programs. Affirmative marketing of HOME-funded units has been actively encouraged by the Vermont Housing and Conservation Board and the Community and Economic Development Office (CEDO), City of Burlington, the organizations which administer the state's HOME program for the Department of Housing and Community Affairs. Recipients of HOME funds must provide information and otherwise attract eligible persons from racial, ethnic, and gender groups in the housing market area. All correspondence, notices and advertisements related to HOME funds must contain either the Equal Housing Opportunity logotype or slogan. Participants in the HOME program are required to use affirmative fair housing marketing practices in soliciting renters or buyers, determining their eligibility, and concluding all transactions. In addition, owners of HOME-assisted housing must comply with the following procedures:

- Any advertising of vacant units must include the equal housing opportunity logo or statement. Advertising media may include newspapers, radio, television, brochures, leaflets, or be simply a sign in a window;
- Outreach is expected to community organizations, employment centers, housing agencies, social service agencies, medical centers, schools and municipalities; and
- Owners must maintain a file containing a record of all marketing efforts, e.g., copies of newspaper ads, copies of letters, etc.

In connection with the preparation of the original 1995-1999 Consolidated Plan, we received preliminary guidance from HUD, indicating that by 1996 states would be expected to undertake an **Analysis of Impediments to Fair Housing Choice** -- a comprehensive review of policies, practices and procedures which affect the location, availability and accessibility of housing and current residential patterns and conditions. Because of severe budgetary constraints and staffing reductions, the Department of Housing and Community Affairs was unable to complete this activity until 1996.

For the first time, Governor Howard Dean declared April 1996 Fair Housing Month. The Department began a consultation process with the State's Human Rights Commission, the City of Burlington's Community and Economic Development Office, and the Champlain Valley Office of Economic Opportunity, funded by HUD to develop a fair housing public education program. CVOEO, with Department support, successfully applied for Fair Housing Initiatives Program funding from HUD in 1998 to implement a testing program, education and outreach, and increased enforcement of fair housing laws in Vermont. The Department also worked with the member agencies of the Vermont Housing Council to begin to develop an approach to promoting fair housing throughout the state, based upon available human and financial resources and within the context of existing Vermont laws and practices.

## **Analysis of Impediments to Fair Housing Choice and Action Plan**

In the fall of 1996, the Department contracted with the Kent Group of Illinois to conduct an Analysis of Impediments to Fair Housing Choice and an Action Plan for Vermont. This work was conducted on behalf of the Vermont Housing Council, whose member agencies contributed to the cost of the analysis. The Kent Group was asked to:

- identify impediments to fair housing choice in Vermont;
- recommend actions necessary to address impediments to fair housing choice;
- describe state and federal fair housing requirements and outline steps necessary to meet those requirements;
- identify strategies and action steps required to increase statewide awareness of fair housing issues, and, as needed,
- provide related technical assistance to the Department in implementing the Action Plan.

In addition, Kent was asked to prepare a “kit” for local municipalities interested in actively furthering fair housing in their communities. Over the course of the fall, Kent conducted a broad consultation process throughout Vermont, including focus groups and individual interviews. With the Department’s assistance, they also surveyed Vermont’s 290 cities, towns, and villages. Key impediments and recommended solutions are as follows:

### ***Private Sector Impediments to Fair Housing and Recommended Solutions***

- **Focus group participants were concerned with the hidden nature of some forms of fair housing discrimination. Often times, individuals suffering discrimination do not have fair housing expertise and do not realize they have been discriminated against. In a situation where several prospective tenants are vying for the same apartment, how will a prospective tenant know if a landlord is discriminating against them because they belong to a protected class? The single mother with three children may be viewed as an added risk. If she is told she was last to see the apartment, how will she know or prove differently? Testing is the only way to eliminate this selective form of discrimination. The Human Rights Commission is the only known agency to perform testing within the State. However, the agency has primarily used testing as a means of obtaining independent confirmation for Fair Housing charges. The Commission, due to budget and staff constraints, cannot perform random testing. Frequently volunteers are used as testers. However, 9 V.S.A. '4553 (a)(7) which guides the agency states, “...volunteers may not be used to investigate complaints.”**

**Recommendation**

*Testing is a widely recognized tool to ferret out subtle forms of housing discrimination. We recommend that the Vermont Housing Council, in cooperation with the Human Rights Commission and the Champlain Valley Office of Economic Opportunity, work to develop a state-wide testing program.*

**Action taken:** CVOEO, with Department support, successfully applied for Fair Housing Initiatives Program funding from HUD and under the grant has established a statewide testing program to conduct both audit and complaint-based testing.

- **Lead-based paint hazard reduction was by far the most discussed subject at the fair housing focus groups. Act 165, An Act to Prevent Childhood Lead Poisoning in Rental Housing and Child Care Facilities, places new responsibilities on rental property owners in properties built before 1978. Of concern from a fair housing perspective is that landlords will not be able to comply due to cost constraints. As a result, landlords not in compliance may be hesitant to rent to families with children under age 6 due to fear of liability.**

**Recommendation**

*Heightened awareness of the hazards of lead-based paint is important to the safety of our children. The State of Vermont has taken great efforts to implement strategies to combat the dangers of lead-based paint poisoning. Problems faced by the State of Massachusetts and others were investigated before devising new State legislation. Inevitably, due to the cost of dealing with lead-based paint whether contained or abated, the fear of liability will be of concern to Vermont landlords. We recommend that fair housing advocates research the impact this may have on families with children. Testing may be a useful tool in determining the existence of discrimination due to lead-based paint issues.*

- **Mobile home parks have been found to be both an affordable and desirable homeownership opportunity that deserves some form of preservation mechanism.**

**Recommendation**

*The State of Vermont should be commended for progressive legislation which has promoted mobile home ownership. Act 252, passed in 1988 and amended in 1990 and 1993, instituted a process for notifying the State of a mobile home park owner's intent to sell or close an existing mobile home park of 2 or more units. The legislation also gives the residents or a nonprofit organization working with the residents the first opportunity to purchase the property. Other amendments to Vermont law have been made to clarify landlord/tenant questions and to encourage more mobile home park development.*

*We recommend that the State continue its efforts along with help from the Vermont Mobile Home Owners Association and others to continue working towards elimination of these barriers.*

*Vermont has already eliminated the largest obstacle to mobile homes as stated by an interviewee, “They [mobile homes] are scattered throughout [the State]. They are mixed in and not concentrated in low income communities.”*

### ***Public Sector Impediments to Fair Housing and Recommended Solutions***

- **A significant difference between Vermont’s Fair Housing & Public Accommodations Act and the Federal Fair Housing Act is that the State law does not include the provision of legal representation for the complainant or respondent in discrimination cases that proceed to court.**

#### **Recommendation**

*Kent Group recommends that the State work towards equivalency with Federal Law. This is critical because legal representation provides the enforcement authority for fair housing discrimination complaints. The State should ensure that there is an open administrative process which is accessible to complainants, especially for low-income people or for classes protected solely under state law. We note that the lack of equivalence means that Vermont is not eligible to receive federal funding for fair housing enforcement.*

**Action taken:** The Vermont Human Rights Commission and the state law were declared substantially equivalent with the federal law and enforcement policy so that the HRC was eligible for federal funding from HUD for fair housing enforcement.

- **As expected, the survey of Vermont towns, cities and villages indicates that less than 5% of responding communities have fair housing mechanisms in place such as a fair housing ordinance, civil rights officer and/or complaint intake procedures.**

#### **Recommendation**

*The local and regional nonprofit sector plays a significant role in the provision of fair and affordable housing in Vermont. This assistance is often provided in cooperation with a statewide nonprofit organization, State agency, municipality, or for-profit developer. As the federal role in housing programs decreased substantially in the 1980s, the nonprofits have taken a lead role in attempting to address the housing needs in Vermont’s communities. It is interesting to note that in Vermont there are almost as many not-for-profit workers as there are state and local government workers, 28,141 and 32,845 respectively (1990 U.S. Census). There is very limited staff in most of Vermont’s municipalities. Often local government staff consists of a lone town clerk. However, as recipients of Small Cities CDBG funds, Vermont municipalities are required to certify that they will “affirmatively further fair housing.”*

*It is a natural occurrence that the five regional Community Action Agencies (CAAs), nonprofit housing groups and regional planning commissions have taken on an involvement in promoting affordable housing in communities. We recommend that the State work with these groups and the Legal Department of the Vermont League of Cities and Towns to ensure that municipalities receive a “fair housing kit” comprised of fair housing education and outreach materials. In*

*addition, the State should work with these groups to provide periodic fair housing training seminars for representatives of local governments. The fair housing training video produced by the Champlain Valley Office of Economic Opportunity can be very useful in this endeavor. The State, through the Vermont Housing Council, and in cooperation with the Human Rights Commission and the Vermont League of Cities and Towns, should work to develop the resources to educate and train local government officials.*

**Action Taken:** In 1997, the Department of Housing and Community Affairs coordinated a fair housing training for interested municipal officials.

- **In the 1998 amendments to the Fair Housing Act, section 3607(b)(1) permits local and state governments and the federal government to establish “reasonable” occupancy limitations for housing units. Based on information provided by the Vermont Human Rights Commission only fifteen Vermont municipalities have occupancy codes.**

#### **Actions Planned for 2001-2002**

The staff of HUD Fair Housing and Equal Opportunities Office will conduct training for DHCA staff and Fair Housing Committee members in late April, 2001. The goal of the training is to update the state on the most current fair housing issues and practices, and to strengthen the state’s ability to assist Vermont communities in affirmatively furthering fair housing.

- **In the 1998 amendments to the Fair Housing Act, section 3607(b)(1) permits local and state governments and the federal government to establish “reasonable” occupancy limitations for housing units. Based on information provided by the Vermont Human Rights Commission only fifteen Vermont municipalities have occupancy codes.**

#### **Recommendation**

*In the absence of any local or state occupancy standard, a landlord can establish its own occupancy limit. However, a privately enforced occupancy limit must be at a minimum “reasonable.” Individuals, especially landlords and tenants, do not always agree on what is reasonable. To leave less to interpretation, we recommend that the Housing Council, in cooperation with the Human Rights Commission, work to develop a state-wide occupancy code.*

- **The percentage of fair housing discrimination complaints which include race as a basis is disproportionate to the racial composition of the State of Vermont. According to the July 1, 1994 U.S. Census Bureau estimates, the racial composition of Vermont was less than 2% non-white. However, 9.9% of total cases filed with the Vermont Human Rights Commission and 22.8% of total cases filed with HUD Fair Housing Enforcement Center - Boston are filed under the basis of race discrimination.**

#### **Recommendation**

*Efforts to date by the Champlain Valley Office of Economic Opportunity, Inc. and the Racial Justice/Equity Project should be commended for their extensive community awareness campaigns related to race relations and public awareness. We recommend that the State of Vermont continue to work with these agencies as well as others to monitor, promote and strengthen cultural diversity and opportunity for all.*

**Action taken:** CVOEO, with Department support, successfully applied for Fair Housing Initiatives Program funding from HUD and in partnership with the Racial Justice and Equity Project, Vermont Center for Independent Living, and Vermont Legal Aid, held a series of fair housing workshops around the state for social service agencies and will continue this training and outreach through the duration of the grant period.

The Department worked with the Champlain Valley Office of Economic Opportunity to develop fair housing kits and distributed them to communities throughout the state in 1997.

A Fair Housing Subcommittee was established by the Vermont Housing Council in 1997. The group continues to meet on a regular basis to monitor implementation of the above recommendations and the state's fair housing needs and activities.

### **Program Specific Requirements:**

## **Vermont Community Development Program**

(In the event the federal allocation is reduced, the Agency reserves the right to amend the Vermont Community Development Program Specific Requirements. Any proposed revisions would be subject to a public hearing process as required.)

### **Method of Distribution**

#### ***Introduction***

The Vermont Community Development Program (VCDP) is funded under Title I of the Housing and Community Development Act of 1974, as amended [42 U.S.C. Section 5301 et seq.], herein referred to as the "FEDERAL ACT." All municipalities in Vermont, except Burlington (which receives funds directly from HUD), are eligible to apply for VCDP funds.

The VCDP is authorized under the Vermont Community Development Act [Title 10 V.S.A., Chapter 29], referred to in this CONSOLIDATED PLAN as the "STATE ACT." The Agency of Commerce and Community Development, which administers the VCDP utilizing staff of the Department of Housing and Community Affairs (DHCA), is referred to in this CONSOLIDATED PLAN as the "AGENCY".

#### ***Funds Distribution***

The AGENCY anticipates receiving \$8,910,000 (up \$356,000 from FFY00) as the Annual CDBG Award from HUD for the 2001 program year (FFY01). These funds will be administered

in conformance with the CONSOLIDATED PLAN in effect at the time of award. In the interest of meeting timely distribution requirements of HUD, the AGENCY reserves the right to award some of the FFY01 funds in Cycle VI under the 2000 CONSOLIDATED PLAN.

Any funds from previous years -- those being funds not yet awarded, funds that have been recaptured from previous awards, or program income -- will be awarded under the provisions of the PLAN in effect at the time of award.

### ***Funds Distribution Limitations***

The VCDP must meet the requirement that at least 70% of the Annual HUD Award be for activities that principally benefit persons of low and moderate income.

Grants for activities which aid in the prevention or elimination of slums and blight (Slums and Blight) or that are designed to meet community development needs having a particular urgency (Urgent Need) are not required to provide a direct benefit to persons with low and moderate incomes. These, therefore, may not count toward the 70%. Grants for these activities combined will be limited to 10% of the total Annual HUD Award.

However, the VCDP redesign process resulted in a change in how the amount for Slums and Blight or Urgent Need projects is calculated – the result is an increase in this funding. Grants for activities funded under both Slums and Blight or Urgent Need will be limited to approximately 13% of the total Annual HUD award (up from 10%).

The General Administration activity costs may not exceed 12% of a VCDP grant award. This limitation assures compliance with the federally imposed cap of 20% of the total Annual HUD Award and program income that may be used for all VCDP planning and general administrative purposes, including both state and local costs. Program management costs, those directly related to carrying out program activities, are not considered general administration and planning costs.

The FEDERAL ACT restricts the total funds that may be used to fund public service activities to 15% of the Annual HUD Award that is allocated for assistance to municipalities. The maximum allowable for public service activities is shown by Chart I.

The State may use up to one percent of the Annual HUD Awards for FFY88 through FFY01 -- to the extent funds remain undistributed for these program years -- to provide technical assistance to local governments and nonprofit recipients. The amount established for this VCDP CONSOLIDATED PLAN is shown in Chart I.

The FEDERAL ACT provides that one percent of the Annual HUD Award may be allocated for the provision of technical assistance for micro enterprise development. The amounts established for FFY01 are shown in Chart I.

Chart I  
FFY 2001 DISTRIBUTION PLAN

	FFY 2001 Allocation
<b>Available Funds</b>	
FFY 2001 Annual HUD Award	\$ 8,910,000
 <b>Allocations</b>	
Implementation Grants (IG)	\$ 7,703,600
Accessibility Modifications Grants (AM)	200,000
Home Access Grants (HA)	100,000
Planning Grants (PG)	450,000
Technical Assistance <sup>(1)</sup>	89,100
Micro enterprise Technical Assistance <sup>(2)</sup>	89,100
State Administration	278,200
Total	\$ 8,910,000

(1) FFY2001 Technical Assistance funds not spent during the period of July 1, 2001 through June 30, 2002 will be spent in future periods.

(2) FFY2001 Micro enterprise Technical Assistance funds not spent during the period of July 1, 2001 through June 30, 2002 will be spent on Implementation and Planning Grant awards in the last funding cycle.

NOTE: The figures in Chart I are based on the current Federal budget. However, if the allocation is changed, all of the amounts for allocation will also be revised accordingly.

**\$** Funds will be allocated so that each funding cycle will have funds to award.

**\$** The Agency reserves the right to adjust fund categories by up to \$100,000.

**\$** Recaptured funds will be reallocated as soon as feasible.

Program Limitations

Public Service Limitation (15% of allocation for IG's, AM's, HA's & PG's):.....	\$1,268,040
Federal 20% Cap for general administration and planning:.....	1,782,000
Limit on Slums & Blight and Urgent Need (13% of Total): .....	1,150,000

## Funds Distribution Special Considerations

**1. Lead-Based Paint:** The VCDP has continually used the Community Development Block Grant (CDBG) funds as a match towards HUD grants to the State of Vermont for lead-based paint hazard reduction work. The Vermont Housing Conservation Board (VHCB) received a \$3 million grant in 1994 and a \$1.8 million grant in 1996. Any applicant with a project involving units that need lead-based paint hazards addressed must work with the VCDP and the VHCB to coordinate the approach of melding the two funding sources to best address the lead paint work.

**2. Program Income/Unrestricted Revenue:** The plan for the use and management of repayments will be required at the time of closeout rather than at the time of application. In addition, the active use of repayments from prior HUD grants will be a funding competitive factor. If the repayments are determined to be inactive by the Department, the funds will be recaptured for other communities to use.

**3. Repayments:** Communities or their designee who receive repayments from VCDP loans will be required to return 50% of the loan principal to the Department of Housing and Community Affairs (DHCA). The exception will be scattered site housing rehabilitation revolving loan fund (RLF) programs where the repayments stay within the RLF. Repayments received by DHCA as Program Income will be available to municipalities through the funding cycles. Repayments received as Unrestricted Revenue will be used for economic development purposes and community emergencies not fundable under the VCDP.

**4. Non-fundable, but eligible projects:** Due to the limited funds available and the many types of projects that can be funded, the following project types will not be funded under the VCDP due to the belief these projects are too much a direct municipal government responsibility to be competitive under the VCDP.

Fire

Police

Ambulance

Emergency 911 Phone system

**5. Grant vs. Loan:** This is not a competitive factor. All direct assistance to a for-profit entity must be in the form of a loan, which cannot be deferred more than two years and cannot have a loan term length exceeding twenty-five years. All direct assistance to a non-profit housing entity providing perpetual affordability is expected as a grant, except those projects where a deferred loan is necessary for tax credit purposes. All other projects may be structured as a grant or a loan.

**6. School Projects:** VCDP funds cannot be expended on school education activities. School education activities are those costs historically paid for with state federal education funds or local taxpayer funds included in the school budget. Since school districts are not eligible applicants, any decision that must be made by the voters of the applicant community(s) must be made by the municipal voters and not the school district voters.

7. **Municipally Owned Projects:** The municipal government must contribute a match towards the project. (The amount is a funding competitive factor.)
8. **Municipal Water/Waste Water Projects:** Applications must include written communication successfully supporting the amount of funding budgeted from the following sources:
  - ◆ Rural Development
  - ◆ Agency of Natural Resources
  - ◆ Economic Development Administration (EDA)
  - ◆ Municipal Bonding
9. **Disaster related projects:** The State of Vermont has received three grants in recent years as a federal follow up to either flooding or ice damage disaster federal declarations. The funding was from the Disaster Recovery Initiative (DRI) program from HUD. These funds have typically been used for property buyouts, emergency shelter improvements or construction and generator purchases. These activities are not fundable under regular VCDP applications even if they are eligible, as these activities are more appropriate for disaster-related funding sources and are not competitive when reviewed with the other housing, economic development and public facility projects that communities have submitted to the VCDP. In the case of applications under the Disaster Assistance Program described in this Consolidated Plan, the types of activities that will be allowed will be determined on a case by case basis.
10. **Application Costs:** For any municipality that submits a Major or Minor Application and has not received a VCDP award within the prior five years, 50% of the application writing fee will be reimbursed by the program provided the application meets thresholds and comes to the CD Board for consideration. The 50% reimbursement will occur even if the grant is never funded.

### *Distribution Schedule and Process*

There will be six funding cycles during the year covered by this Consolidated Plan (July 1, 2001 to June 30, 2002). There will be four cycles that both Major and Minor Applications will be accepted and two cycles for Minor Applications only.

#### CD Board Meeting

September 2001  
November 2001  
December 2001  
March 2002  
May 2002  
June 2002

#### Applications Accepted

Major and Minor  
Minor Only  
Major and Minor  
Major and Minor  
Minor Only  
Major and Minor

## ***VCDP Program Requirements***

The VCDP must meet one of the three national objectives. The three national objectives are:

### **1. Low and moderate income benefit**

The FEDERAL ACT requires that not less than 70% of VCDP funds be granted for eligible activities which principally benefit persons of low and moderate income.

### **2. Slums and Blight**

A community development activity can be eligible for funding under the national objective of preventing or eliminating slums and blight in a clearly delineated geographic area or for a seriously substandard structure(s) or property. (There is a 25% match requirement.)

### **3. Urgent Need**

A community development activity can be eligible for funding under the national objective of meeting community development needs having a particular urgency.

## ***VCDP Program Policies***

Activities are eligible for funding within four broad program areas: economic development, housing, public facilities, and public services. For each of the program areas, the AGENCY has developed the following non-statutory, non-regulatory policies.

### **Economic Development**

1. **Project Evaluation:** According to the FEDERAL ACT and HUD regulations, VCDP assistance to a for-profit entity must be "appropriate to carry out economic development projects that shall minimize, to the extent practicable, displacement of existing businesses and jobs."

The Project Evaluation must consider:

- a) the cost of the activities should be reasonable;
- b) to the extent practicable, reasonable financial support has been committed for the activity from non-federal sources, prior to receipt of CDBG funds;
- c) to the extent practicable, CDBG funds granted for the activity does not substantially reduce the amount of non-federal support;
- d) the proposed activity is financially feasible;
- e) the activity to be subsidized does not provide more than a reasonable rate of return on investment to the owner; and
- f) to the extent practicable, CDBG funds are disbursed on a pro-rata basis with funds from other sources.

The municipality applying for VCDP Funds to loan to a for-profit entity will be responsible for hiring a pre-approved consultant to conduct an independent Project Evaluation (Business Analysis) to determine whether the public investment requested is the financing needed to make the project happen. The FEDERAL ACT requires that the public benefit provided by an economic development activity should be appropriate to the amount of CDBG assistance provided.

2. **Hiring:** VCDP-funded employers and grantees are required to work with the Vermont Department of Employment and Training (DET) to recruit potential employees, or to use an equivalent pre-approved personnel hiring process.
3. **Equity Commitment of For-Profits:** A for-profit loan recipient must make a cash equity commitment equal to 10% or more of the overall financial package.
4. **Job Creation/Retention:** The amount of VCDP funding assistance for actual jobs created or retained should not exceed \$20,000 per job. In the situation when a project includes both job creation and job retention, but 51% of the jobs being retained do not meet the LMI VCDP requirements, the amount of VCDP funding assistance for the created jobs can exceed \$20,000 but should not exceed \$40,000.
5. **Loans of VCDP Funds:** All direct assistance to a for-profit entity must be in the form of a loan, which cannot be deferred more than two years and cannot have a loan term length exceeding twenty-five years. The remaining terms and conditions of the loan are negotiated between the municipality, the borrower and the AGENCY. They must be reasonable and comply with the AGENCY grant agreement. VCDP funds must be adequately secured by the assets of the borrower. A **grant to a non-profit** to assist a for-profit entity must be approved by the Agency.

## Housing

1. **Affirmatively furthering fair housing:** In an effort to affirmatively further fair housing, the applicant shall also include a determination of the impediments to fair housing choice in the municipality's housing and community development program and activities. This will include a review of the municipality's fair housing history. The term "fair housing choice" means the ability of persons, regardless of race, color, religion, sex, handicap, familial status or national origin, of similar income levels to have available to them equivalent housing choices.
2. **Loans of VCDP Funds:** VCDP funding assistance to a for-profit developer must be in the form of a loan, which cannot be deferred more than two years and cannot have a loan term length exceeding twenty-five years. The remaining terms and conditions of the loan are negotiated between the municipality, the borrower and the AGENCY. They must be reasonable and comply with the AGENCY grant agreement. VCDP funds must be adequately secured by the assets of the borrower.
3. **Section 8 Housing Quality Standards:** All units rehabilitated in full or in part with VCDP funds must be brought up to Section 8 Housing Quality Standards or their equivalent. This policy will be reviewed for applicability in programs designed to solely abate units for lead or solely bring a unit back to pre-flood (or other disaster) conditions.

## **Public Facilities**

1. **Handicapped Accessibility Match:** Public facility projects designed to improve handicapped accessibility shall provide a minimum 1:1 cash or cash-in-kind match in other non-VCDP resources. Program management costs are to be included as part of the matching determination. This requirement applies to all Accessibility Modifications grants. If the accessibility improvements are less than 50% of the costs of the project, the 1:1 match is not required unless the basis on which the project meets benefit under the Low and Moderate Income National Objective is the American Disabilities Act. ADA activities can not be funded under Slums and Blight or Urgent Need.

**Note: The Home Access grants do not require a match, but there is an expectation that these grants will leverage other funds.**

2. **Extended Use:** Public facility acquisition projects which provide a community service, such as a parent-child development center, shall be required to serve a VCDP eligible activity for a minimum of five (5) years beyond the completion of the grant.

## **Public Services**

1. The applicant must demonstrate that no other funding source is available and more appropriate to fund the service.
2. If funded, an evaluation must be performed at the end of the grant and provided to the AGENCY.

## ***Application Criteria***

A Letter of Intent is no longer required; early notification is encouraged.

All applications exceeding \$150,000 are **Major Applications** while those \$150,000 or under are **Minor Applications**.

The application calendar will be set out in the Application Instructions and Forms.

Funds will be allocated so that each funding cycle will have funds for distribution.

For Major Applications, the CD Board will meet for at least one day per funding cycle to review applications that have met the eligibility and application threshold criteria and have received a staff analysis.

The AGENCY reserves the right to defer applications to the next funding cycle.

Applicants must meet all VCDP and HUD public hearing and citizen participation requirements prior to submitting an application.

Applications must meet the threshold criteria established in this CONSOLIDATED PLAN and those set out in the Application Instructions and Forms to be reviewed by the staff and submitted to the CD Board for consideration. Applications that fail to meet the threshold criteria or fail to provide documentation requested by the AGENCY will be returned to the applicant with a written explanation of the reasons for rejection.

Applications that are returned to the applicant and then brought into compliance with the threshold criteria and/or provide the requested documentation may be resubmitted for consideration in a subsequent cycle.

A municipality may submit only one application for consideration during a cycle, with the exception that a municipality may submit an AM application even if it is submitting another application (IG, HA or PG).

For any application that serves more than one region (a region is defined as a county or the service area of any of the ACCD block grant partners (RDC, RPC, RMO), a consortium application must be submitted with at least one community representing each region or sub-region. In addition, any project where one municipality is providing a governmental service to another municipality(s), each municipality must be a member of the consortium; with one municipality being the lead applicant.

All grantees unable to meet award conditions by the date specified as part of the award will have its award automatically terminated unless the Secretary, upon recommendation of the CD Board, agrees to a later date. This initial deadline date will be approximately five to six months after award for Major Applications and three to four months for Minor Applications.

### ***Eligibility Thresholds***

All applications for VCDP funds must meet the following eligibility thresholds in order to be considered for review. Planning Grant applications will be reviewed against those thresholds that are applicable.

**These eligibility thresholds are statutory and cannot be waived by the AGENCY. Failure to meet all eligibility thresholds will result in rejection of the Application.**

- **Eligible Applicant** - The only eligible applicants are Vermont towns and cities and incorporated villages chartered to function as general purpose units of local government. A municipality may apply: as a single applicant, as the lead applicant of a consortium, as a member of a consortium, but not as a single applicant and as lead applicant of a consortium.
- **Eligible Activity** - Only those activities eligible under the Federal Act may be funded under this program.
- **Federal Objective** - Each proposed VCDP activity must meet at least one national objective. The national objective claim must be fully supported, and in some cases, the AGENCY should pre-approve your approach for meeting the national objective.

- **State Objective** - Each proposed VCDP activity must meet at least one state objective.
- **Public Hearing** - Each VCDP applicant must conduct at least one (1) public hearing with notice as required by the STATE ACT, prior to application submission. HUD regulations require a minimum of two (2) public hearings, each at a different stage of the program, for the purpose of obtaining citizens' views and responding to proposals and questions. The VCDP complies with this regulation by requiring the first public hearing during the application stage and the second public hearing prior to the completion date of the funded grant program.
- **Community Development Plan/Municipality Plan** - Each VCDP applicant must have adopted a community development plan that addresses the municipality's need, priorities, and strategies in the areas of housing, economic development, public facilities and public services. Rather than include the plan in the application, the applicant must certify that it has a duly adopted plan and that the project is consistent with the plan. The plan must include the needs of low and moderate income persons.  
If a municipality has an municipal plan adopted in accordance with 24 VSA Ch.117, it can serve as the community development plan provided it meets all the criteria listed above.

**Note – Effective January 2002, each applicant must have an adopted municipal plan as identified in, and in accordance with 24 VSA Chapter 117 (Municipal Plan). The Municipal Plan cannot be expired, and the project must be consistent with the Municipal Plan. Prior to January 2002, a community may use its Municipal Plan or adopt a Community Development Plan.**

- **Anti-Displacement Plan** - Under the provisions of the Uniform Act [42 USC 4601 et seq.] each successful applicant, including all municipalities in joint applications, must submit a Residential Anti-Displacement and Relocation Assistance Plan (ADP) and state whether or not the proposed activity (ies) will result in displacement, relocation, property demolition, or property change of use.

**Note – This requirement does not apply to Planning Grants.**

**In addition to these statutory thresholds, applications must meet the thresholds set out in the Application Instructions and Forms.**

### *Selection Criteria*

The CD Board will use the following decision-making criteria when making its recommendations of funding. Staff analyses of applications will be written based on these criteria. Each of the three criteria has equal weight. The Application Instructions and Forms will define in more detail each criterion.

1. **Project Need:** The project must meet a documented community or regional need. This will include such factors as:

- ▶● Need documentation
- ▶● Appropriate solution
- ▶● Appropriate funding
- ▶● Meeting Consolidated Plan priorities
- ▶● Meeting local and regional plan priorities
- ▶● Health/safety risks to beneficiaries
- ▶● Impact if project not funded

**2. Project Impact:** The project must show how well it meets a national objective and how well it impacts the community. This will include such factors as:

- ▶● Ability to meet the need
- ▶● Number/percentage of very low, low and moderate income persons directly benefiting
- ▶● Longevity of the benefit
- ▶● Beneficiary involvement in developing the project
- ▶● New opportunities to low-income persons
- ▶● Indirect benefit to LMI persons and the community
- ▶● Cost effectiveness

**3. Project Feasibility:** The project must be attainable and the representations and commitments within the application must be believable. This will include such factors as:

- ▶● Readiness to start
- ▶● Proposed time frame is realistic
- ▶● Proposed benefit is realistic
- ▶● Costs are appropriate and justified
- ▶● Prior VCDP performance record

## ***Grant Types***

Please refer to Chart II for a summary of VCDP grant programs.

### **Planning Grants (PG)**

Specific Requirements:

- The minimum request per application is \$3,000.
- The maximum request for a single or consortium application is \$40,000.
- A cash or cash in-kind match of the VCDP Funds being requested is required. The match is 10% for the first \$20,000 requested and 50% for the request exceeding \$20,000.
- The maximum grant period is two years; eighteen months is preferred.

**Note - Awarded Planning Grants do not necessarily lead to the award of an Implementation Grant.**

### **Implementation Grants (IG)**

#### Major IG

- ▶• Minimum request per application is \$150,000
- ▶• Maximum is \$750,000
- ▶• Maximum grant period is two years

Economic Development projects structured as a loan to the business requires a 10% equity contribution by the business. The 10% is calculated as a percentage of the total project cost including all funding.

Slums and Blight projects require a 25% match. A cash or cash-in-kind match of at least 25% of the VCDP funds being requested under the Slums and Blight National Objective is required. The match must be applied towards remediation of the slums and blight conditions.

#### Major IG (Multi-year)

- ▶• Minimum request per application is \$250,000
- ▶• Maximum is \$1 million
- ▶• Minimum grant period is three years
- ▶• Maximum grant period is four years
- ▶• Both phases of the project must meet benefit respectively
- ▶• Maximum of \$1 million will be forward committed from future funding year

Economic Development projects structured as a loan to the business requires a 10% equity contribution by the business. The 10% is calculated as a percentage of the total project cost including all funding.

Slums and Blight projects require a 25% match. A cash or cash-in-kind match of at least 25% of the VCDP funds being requested under the Slums and Blight National Objective is required. The match must be applied towards remediation of the slums and blight conditions.

Minor IG

- ▶● Minimum request per application is \$50,000
- ▶● Maximum is \$150,000
- ▶● Maximum grant period is two years

Economic Development projects structured as a loan to the business requires a 10% equity contribution by the business. The 10% is calculated as a percentage of the total project cost including all funding.

Slums and Blight projects require a 25% match. A cash or cash-in-kind match of at least 25% of the VCDP funds being requested under the Slums and Blight National Objective is required. The match must be applied towards remediating the slums and blight conditions.

Accessibility Modifications (AM)

- ▶● Minimum request per application is \$5,000
- ▶● Maximum is \$100,000
- ▶● Maximum grant period is two years
- ▶● 50% match required

**Note:** Since there is only \$200,000 in AM funding for the year, these grants will be awarded on a first-come first-serve basis.

Home Access (HA)

- ▶● Minimum request per application is \$5,000
- ▶● Maximum is \$100,000
- ▶● Maximum grant period is two years

**Note:** Since there is only \$100,000 in HA funding for the year, these grants will be awarded on a first-come first-serve basis.

**Interim Financing Program (IFP)**

The Interim Financing Program provides short-term loans to municipalities who apply on behalf of businesses or developers for VCDP eligible projects.

The maximum loan commitments under the Interim Financing Program that are outstanding under this CONSOLIDATED PLAN and any prior PLANS at any one time will be limited to \$1.5 million with the possibility of raising this to \$2.5 million if the Agency determines the increase in the portfolio is feasible.

The interest rate for an IFP loan will be based on project needs and grant administration costs. It will be negotiated between the grantee municipality, the borrower, and the AGENCY. Interest derived from IFP loan repayments will be returned to the VCDP and be used as program income by the VCDP to fund eligible community development activities of all grant types and for VCDP

administrative costs. The AGENCY may allow a portion of the interest to pay for the grantee's IFP grant general administration costs.

Specific Requirements:

- The use of the funds must meet federal CDBG requirements.
- The borrower must secure an unconditional and irrevocable Letter-of-Credit for the full amount of the loan payable to the municipality and the VCDP.
- IFP applications will be accepted for a maximum amount of \$1.0 million.
- The proposed project must be completed and the IFP funds returned within 12 months of execution of the grant agreement, allowing funds to be available for the scheduled distribution to future VCDP grant programs.
- Grantees must requisition the funds on a reimbursable basis.

### **Disaster Assistance Program (DAP):**

The Disaster Assistance Program (DAP) provides grant monies to assist municipalities and their residents who are victims of damage caused by floods, earthquakes or other disasters that have been declared a state of emergency by the Governor.

Specific Requirements:

- The use of the funds must meet federal CDBG requirements.
- DAP applications will be accepted for a maximum dollar amount to be set after the declaration of a state of emergency.
- An application under the DAP is automatically competitive provided the costs are justified and a strong management plan is in place, and the activities are directly assisting eligible Beneficiaries who were impacted by the disaster.
- The maximum grant period is two years.
- Applications must be received within four months of the date of the Governor's declaration of a state of emergency.

### **Section 108 Program:**

The State of Vermont is considering utilizing the Section 108 program, which is a loan guarantee provision of the Community Development Block Grant program. If the decision is to allow Section 108 applications, the guidelines will be provided at the public hearing and will be included in the final draft that will go to HUD.

Selection Process for all Grant Types

1. All accepted IG, and PG applications (including multi-year) are reviewed by the staff of the Department of Housing and Community Affairs. An analysis by the Department is provided to the nine-member Vermont Community Development Board which makes a recommendation to the Secretary of the AGENCY. The Secretary makes the final decision on awards as provided under state statute.

2. All accepted AM applications are reviewed by the staff of the Department of Housing and Community Affairs on a first-come first-serve basis, depending on the balance of funds available for this program. An analysis by the Department is provided to the nine-member Vermont Community Development Board which makes a recommendation to the Secretary of the AGENCY. The Secretary makes the final decision on awards as provided under state statute.
3. All IFP and DAP requests will be reviewed and loans made on a first-come first-serve basis, depending on the balance of funds available for this program.  
All accepted IFP and DAP applications are reviewed by the staff of the Department of Housing and Community Affairs. An analysis by the Department goes to a Selection Committee consisting of the Chair or designee of the CD Board, the DHCA Commissioner or designee, the VCDP Director and the Community Development Specialist. The Selection Committee makes a recommendation to the Secretary of the AGENCY. The Secretary makes the final decision on awards.

NOTE: The Agency reserves the right to have IFP and DAP applications go through the full CD Board process if there is no compelling reason to activate the Selection Committee.

### ***Urgent Needs Statement***

For a community development activity to be eligible for funding under the national objective of meeting community development needs having a particular urgency, that activity must be designed to alleviate existing conditions which the applicant certifies:

- pose a serious and immediate threat to health or welfare;
- are of recent origin or recently became urgent;
- cannot be alleviated with the applicant's resources; and
- no other resources are available to the applicant.

A condition will generally be considered to be of recent origin if it developed or became critical within 18 months preceding the applicant's certification.

The documentation of urgent need should include:

- records concerning the nature and degree of seriousness of the condition requiring assistance;
- evidence that the applicant certifies that the proposed activity is designed to address the urgent need;
- information on the timing of the development of the serious condition; and
- evidence confirming that other financial resources to alleviate the need are not available.

**Chart II**  
**Synopsis of Grant Types**

	Major Implementation	Minor Implementation <sup>3</sup>	Minor Planning	Minor AM	Minor HA	Multi-year Funding Implementation	Interim Financing	Disaster Assistance
<b>Annual Allocation</b>								
	\$7,703,600	See footnote 1	\$ 450,000	\$ 200,000 <sup>2</sup>	\$ 100,000	See Footnote 1	\$1,500,000(Cum. Cap)	Disaster Specific
<b>Funding Limits</b>								
Maximum	\$ 750,000	\$ 150,000	\$ 40,000	\$ 100,000	\$ 100,000	\$ 1,000,000	\$1,000,000	Disaster Specific
Minimum	\$ 150,000	\$ 50,000	\$ 3,000	\$ 5,000	\$ 5,000	\$ 250,000		
<b>Grant Duration</b>								
	24 months	24 months	18 to 24 months	18 to 24 months	24 months	48 months	12 months	24 months
<b>Application Process</b>								
Early notification	Requested	Requested	Requested	Requested	Requested	Requested	Requested	Requested if possible
Submission dates	Application deadlines	Application deadlines	Application deadlines	Application deadlines	Application deadlines	Application deadlines	Open submission	Open submission
Recommendations by:	-Board recommends to Agency Secretary	-Staff recommends to the CD Board -Board recommends to Agency Secretary	Staff recommends to the CD Board -Board recommends to Agency Secretary	Staff recommends to the CD Board -Board recommends to Agency Secretary	Staff recommends to the CD Board -Board recommends to Agency Secretary	-Board recommends to Agency Secretary	Selection committee recommends to Agency Secretary <sup>4</sup>	Selection committee recommends to Agency Secretary <sup>4</sup>
Awards by:	Agency Secretary	Agency Secretary	Agency Secretary	Agency Secretary	Agency Secretary	Agency Secretary	Agency Secretary	Agency Secretary
<b>Selection Criteria</b>								
	Need	Need	Need	Need	Need	Need	Need	Need
	Impact	Impact	Impact	Impact	Impact	Impact	Impact	Impact
	Feasibility	Feasibility	Feasibility	Feasibility	Feasibility	Feasibility	Feasibility	Feasibility
<b>Special Requirements</b>								
Thresholds	Consolidated Plan & Application	Consolidated Plan & Application	Consolidated Plan & Application	Consolidated Plan & Application	Consolidated Plan & Application	Consolidated Plan & Application	Consolidated Plan & Application	Consolidated Plan & Application
Match requirements	10% equity match in for-profit loans 1:1 cash or cash-in-kind match for ADA 25% of VCDP Funds in cash or cash-in-kind for Slums & Blight; which must be applied to remediating the S&B condition.	-10% equity match in for-profit loans 1:1 cash or cash-in-kind match for ADA  -25% of VCDP Funds in cash or cash-in-kind for Slums & Blight; which must be applied to remediating the S&B condition.	10% of VCDP Funds in cash or cash-in-kind for first \$20,000; 50% of VCDP Funds exceeding \$20,000	1:1 cash or cash-in-kind match	None	-10% equity match in for-profit loans  -25% of VCDP Funds in cash or cash-in-kind for Slums & Blight; which must be applied to remediating the S&B condition.	Negotiable, but expectation is to meet IG match requirements	
Other	Business Analysis needed in for-profit loans	Business Analysis needed in for-profit loans				Business Analysis needed in for-profit loans	Irrevocable Letter-of-Credit by municipality	Apply within 4 months of disaster declaration

<sup>1</sup> This is the allocation for all Implementation Grants, including both major and minor ones as well as multi-year grants.

<sup>2</sup> Funds for AM projects not spent during the period of July 1, 2001 through June 30, 2002 will be used for other Implementation Grant awards in the last funding cycle.

<sup>3</sup> No more than \$1,000,000 can be forward committed.

<sup>4</sup> The Agency reserves the right to have IFP & DAP applications go through the full CD Board process if there is no compelling reason to activate the Selection Committee.

## Program Specific Requirements:

### Vermont HOME Program

#### Method of Distribution

The FFY2001, Home Investment Partnerships Program (HOME) allocation to the State of Vermont is expected to be \$3,990,000. The Vermont Department of Housing and Community Affairs (DHCA) was designated the agency responsible for developing the Consolidated Plan and the agency responsible for administering HOME funds.

In FFY2001, HOME funds will be utilized for the following programs:

1. **Acquisition and Rehabilitation Program**, to be used for acquisition and rehabilitation of conventional rental properties to make them affordable to low income households, convert them to cooperative properties, or for the acquisition and improvement of mobile home parks; some funds will be available for rehabilitation of single-family homes owned by very low income households;
2. **New Construction Program**, to be used for the production of cooperative properties, conventional rental properties that serve an area or market where existing housing stock is limited, housing for households/individuals with documented special needs, or the construction of new mobile home parks. Units created under this program must be affordable to low income households;
3. **Rehabilitation of Existing Owner-Occupied Manufactured Homes Program**, rehabilitation of existing manufactured housing stock is an eligible activity. Income eligible owners of manufactured housing units qualify for HOME funds to pay for rehabilitation, including the creation or repair of a permanent foundation, rehabilitation of the unit, acquisition of land for the permanent siting of the unit, and relocation costs associated with moving a unit;
4. **Operating Subsidies**, to be used for projects serving "Youth at Risk," a priority of the Agency of Human Services; and
5. **Refinancing existing debt**, multi-family projects developed by locally based housing organizations that receive HOME funds for rehabilitation may utilize HOME funds to refinance existing debt if there is significant rehabilitation of the property proposed in addition to the refinancing.

All rehabilitation activities undertaken through the HOME program must meet the Section 8 Housing Quality Standard (HQS), except where municipalities have adopted a higher standard. All HOME-funded activities will also comply with all applicable Federal requirements, including but not limited to, environmental reviews, historic preservation, accessibility, labor standards, non-discrimination and fair housing, equal employment opportunity, contracting and procurement practices, and relocation requirements.

The State of Vermont has pursued and intends to continue to pursue waivers for housing for low income Vermonters with high priority special housing needs to make their housing more affordable.

### ***Community Housing Development Organizations (CHDOs)***

A minimum of fifteen percent (15%), or \$598,500 of the FFY2001 HOME allocation, will be reserved for Community Housing Development Organizations (CHDOs) as defined in 24 CFR 92.2.

Up to five percent (5%), or \$199,500 of the State's total HOME allocation, will be reserved for organizational capacity funding for CHDOs to implement HOME-funded projects. The statewide program will use \$174,500 of this amount and the City of Burlington will use \$25,000.

### ***City of Burlington***

Approximately ten and a half percent (10.5%), or \$425,000 of the State's total HOME allocation, will be distributed to the City of Burlington to be used in accordance with the City's HUD-approved Consolidated Plan.

### ***Statewide Allocation***

The balance of the funds, or \$2,966,500, will be distributed to projects on a competitive basis throughout the state, excluding projects located in the City of Burlington.

### ***Statewide Program Administration***

The State's program, excepting the City of Burlington, will be administered by the Vermont Housing and Conservation Board (VHCB) under an agreement with the Department of Housing and Community Affairs.

The State recognizes that its Consolidated Plan cycle is not consistent with the ability of its agent, VHCB, to commit HOME funds. Considering the fact that Vermont's HOME Program is recognized by HUD as a national leader in achieving the goals of the HOME Program, we find this inconsistency to not be an issue in program delivery.

### ***Administrative Costs***

The State intends to use up to 10% of the HOME allocation for administrative and planning costs, distributing funds among the three entities involved with administering Vermont's HOME Program: Department of Housing and Community Affairs, City of Burlington, and Vermont Housing and Conservation Board. The State may use up to \$399,000 in FFY2001 funds for eligible administrative costs.

### ***New Construction***

No more than \$1,550,000 of the total FFY2001 HOME allocation will be available for HOME-eligible new construction projects.

### ***Housing for Teens at Risk - Operating Subsidies***

Up to, but no more than fifteen percent (15%) of the statewide program funds or \$598,500 of HOME funds will be available for operating subsidies for projects that house teens at risk.

## Statewide Program Guidelines

### *Eligible Applicants*

Eligibility to apply for HOME funds will be no more restrictive than that required by HUD regulations. Consistent with the HUD regulations, at least 15% will be distributed to Community Housing Development Organizations, as defined by HUD. Applications will be accepted on a rolling basis and acted upon at regularly scheduled Board meetings based on project readiness.

### Threshold Criteria for Eligible Applicants

The following criteria must exist in any application to be considered for a commitment of HOME funds:

1. Perpetual affordability secured by a housing subsidy covenant, ground lease with appreciation restrictions, or other mechanism, including the designated enforcing entities, acceptable to DHCA. At least one of the following enforcing entities will be considered acceptable: Vermont Housing and Conservation Board, or the Department of Housing and Community Affairs; and
2. Project must include at least one of the following Consolidated Plan priorities for affordable housing:
  - a. Serve household(s) at very low income, with preference for projects targeted at <30% area median income; or
  - b. Serve households with special needs; or
  - c. Preserve and rehabilitate existing housing units (acquisition may also be included);
  - d. Preserve a mobile home park; or
  - e. New construction as described previously.

### *Additional Analysis*

Justification should be provided by the applicant or analysis will be done by VHCB on the following:

1. **Need for project**, including projected or existing residents and local market need and demand.
2. **Affordability**

At a minimum, is the project "affordable" as defined in the HUD regulations?

Breakdown of "target" populations by the four income groups: lowest, very low, low and moderate with percentage of annual income to be paid toward housing cost by occupant - are cash flow projections reasonable and do they maintain affordability?

If mixed income, is distribution among populations reasonable according to local need and market?

Is perpetual affordability mechanism reasonable based on VHCB experience?

### 3. Project Costs and Design

Are projected costs reasonable based on VHCB experience? Soft costs will be evaluated based on needs of particular projects in relation to other projects similar in size and population served.

Can projects be completed within 24 months of commitment of HOME funds? Progress reports will be required every 6 months.

Has the local utility company been asked to make a contribution to energy efficiency and is the contribution, if any, reasonable?

#### *Efficient Use of Federal Resources*

Consistent with 24 CFR Section 92.250(b), projects using other federal assistance in addition to HOME funds will require an analysis of whether the amount of HOME funds invested is reasonable to achieve affordable housing. This analysis will confirm that the project can be sustained from rent levels affordable to the targeted population while maintaining adequate levels of maintenance or repair and fully funding reserves required by lenders or grantors. This analysis will be done by VHCB for each application.

#### *Commitments of HOME Funds*

The distribution of HOME units must, at a minimum, achieve the allocations by income group required by HUD for rental (all funds to <80% of median; at least 90% of funds to <60% of median; for projects with five (5) or more HOME units at least 20% of units to <50% of median) and homeownership units (all funds to <80% of median for principal residence first-time buyers). Commitments of HOME funds will not exceed any per unit cap required by HUD. Based on the Program Guidelines, HOME funds may be committed to a project as a whole provided that per unit allocations are not required to meet HUD requirements. Terms will be determined consistent with HUD requirements and will reflect the ability of the project to maintain affordability and to serve the lowest income population based on market demand. Grants may be appropriate.

For units serving households at or below 30% of area median income without federal assistance for operations or that provide an operating subsidy with nonfederal resources, a maximum contribution of HOME funds per <30% unit is acceptable.

#### *CHDO Plan*

The State of Vermont has an extensive track record in working with Community Housing Development Organizations (CHDOs) and other nonprofit organizations, through the support of the Vermont Housing and Conservation Board and the Vermont Housing Finance Agency.

A minimum of fifteen percent (15%) of the statewide HOME allocation, or \$598,500, will be reserved for CHDOs as defined in 24 CFR 92.2. Vermont may use a portion of this reservation for eligible predevelopment costs.

In addition, the State will reserve up to five percent (5%) of its total HOME allocation, or \$199,500 for operating costs for CHDOs that implement HOME-funded projects.

Vermont's housing entities will continue to provide assistance aimed at strengthening CHDOs and other nonprofit housing developers.

### ***Refinancing Guidelines for HOME Projects***

Multi-family projects developed by locally based housing organizations that receive HOME funds for rehabilitation may utilize HOME funds to refinance existing debt, consistent with 24 CFR 92.106(b)(2), if they meet the following guidelines:

1. Refinancing is necessary to permit or to continue affordability under 24 CFR 92.252;
2. Rehabilitation is the primary eligible activity. A minimum of \$7,500 of rehabilitation per unit is required;
3. The grantee must demonstrate management capacity and practices that ensure that the long term needs of the project can be met and the targeted population can be served over an extended affordability period;
4. The grantee must demonstrate that the new investment is being made to maintain current affordable units, to create greater affordability in current affordable units; or to create additional affordable units;
5. Refinancing will be limited to projects that have previously received an investment of public funds;
6. The minimum HOME affordability period shall be 15 years and all HOME assisted projects are required to be perpetually affordable;
7. HOME funds may be used anywhere in the state of Vermont with the exception of the City of Burlington;
8. HOME funds cannot be used to refinance multifamily loans made or insured by any Federal program, including CDBG.

## **Program Specific Requirements:**

### **Emergency Shelter Grants Program**

#### **Process of Awarding Grants**

##### ***Goal***

To help municipalities and nonprofit organizations provide emergency shelters, day centers, drop-in centers and support services for homeless families and/or individuals.

##### ***Amount and Source***

One or more grants will be awarded by the state Office of Economic Opportunity to Vermont municipalities or, with municipal approval, nonprofits whose purpose is to assist the homeless. Grants must be matched by the grantee with cash and/or in-kind contributions. The State will award a total of approximately \$338,000 in Emergency Shelter Grant Program funds during FFY 2002. This program is funded from a U.S. Department of Housing and Urban Development (HUD) McKinney Homeless Assistance Program grant.

##### ***Calendar***

Application Deadline - sixty days from notice

Award Announcement - ninety days from receipt of application

##### ***Program Guidelines***

###### 1. Use of funds:

- Renovation, rehabilitation or conversion of buildings to be used as emergency shelters;
- \$ Maintenance, operation, insurance, utilities and shelter furnishings;
- \$ Essential Social Services which include the following: assistance in obtaining permanent housing; employment, health, and substance abuse counseling; assistance in obtaining other benefits; child care, transportation and other job placement assistance; and staff salaries to provide these services; and
- \$ Homeless Prevention activities including payment for short term subsidies, payment for utility arrearage, payment for security deposits or first month's rent, mediation services for landlord-tenant disputes, payment for legal services for indigent tenants in eviction proceedings, payment to prevent foreclosure on home and other innovative programs to prevent homelessness.

Emergency Shelter Grant regulations limit the amount of the State allocation which can be used for Essential Service and Homeless Prevention to 30% of the total State allocation and 10% for staff costs

related to operations. OEO may, therefore, reduce applicant requests which are not within 30% of their ESGP grant request total if the total statewide requests for funding of Essential Service or Homeless Prevention exceeds the maximum allowed under the regulations.

Services must be new or must constitute a quantifiable increase in the level of services that have been provided during the 12 calendar months immediately preceding receipt of the grant.

2. To be eligible an applicant must:

- \$ Be a municipality or be an approved nonprofit;
- \$ Certify that the assisted property will be maintained as an Emergency Shelter for at least:
  - 10 years if grant is used for major renovation or conversion of building;
  - 3 years if grant is used for rehab other than major renovation or conversion;
  - the period of funded assistance is provided if that assistance is not rehabilitation or renovation, and
- \$ Provide evidence of a one-to-one match or request relief for the match requirement in the application.

3. Grant funds may not be used for the following:

- \$ Acquisition costs;
- \$ Staffing costs (except for Essential Social Services and Operations as noted above);
- \$ Rehabilitation services such as preparation of work specifications, loan processing or inspections;
- \$ Renovation, rehabilitation or conversion of buildings owned by primarily religious organizations or entities unless the structure being renovated has been leased to a wholly secular organization.

4. Eligible sources of matching funds:

Each applicant must supplement its Emergency Shelter Grant Program (ESGP) award with an equal amount of funds from other sources. To be eligible, the matching funds must be expended during the ESGP grant period. Therefore, funds that have been previously committed to a shelter program may be considered matching funds as long as these cash or non-cash resources are utilized after the ESGP award date. Relief from the match requirement can be given upon request from those shelters that can document the lack of available match.

Matching funds may include various non-cash contributions such as the value of any donated material or building; the value of the lease on the shelter facility; any salary paid to staff in carrying out the program; and the time and services of volunteers valued at the rate of \$5.00 per hour. The grantee should determine a reasonable method for calculating the fair market value of donated material, real estate, or rental agreements.

5. Obligation of funds:

Obligation of funds must occur within 180 days from the date that the grant funds are made available. Funds not expended by the completion date will be recaptured and reallocated to other shelters. The ESGP grant award will be written for the period of July 1 to June 30, of the current Fiscal Year.

### ***Selection Process***

All applications will be evaluated by the Office of Economic Opportunity. Part of the selection process may involve a site visit of the finalists at which time the documentation listed in the application will be reviewed.

Selection will be from those applicants which most fully address the following items in order of priority:

1. All applicants must meet the eligibility criteria stated in (2) above.
2. Rural shelters and homeless service providers.
3. Operations costs to insure the availability of shelter beds.
4. Applicants which will use ESGP funds to provide homeless prevention services to shelter occupants to obtain permanent shelter or to families and/or individuals who are at risk of becoming homeless.

### ***Reporting Requirements***

The grantee must submit two progress reports to the Office of Economic Opportunity: an Interim Report and a Final Report.

## **Program Specific Requirements:**

### **Housing Opportunities for Persons with AIDS (HOPWA)**

The Vermont HIV/AIDS Care Consortium coordinated an effort with the Department of Housing and Community Affairs, Vermont Housing and Conservation Board and other housing funders and providers to develop a second successful application to the non-formula HOPWA program. In March 1999, the Vermont Housing and Conservation Board began the administration of the second, three year, \$1.1 million grant.

This HOPWA grant was developed in direct response to a study of the housing needs of persons living with HIV/AIDS in Vermont undertaken by the Housing Committee of the HIV/AIDS Care Consortium. Consumer surveys and caucuses were completed, and the results used as the basis for the program guidelines and structure. The HOPWA grant provides assistance in the forms of long-term rental assistance, emergency assistance associated with housing, and supportive services for direct consumer assistance. One fully accessible apartment has been developed by the Brattleboro Area Community Land Trust which will be set aside for rental by a household with HIV/AIDS. Additionally, the Housing Committee has set aside funds for one unit in Bennington and possibly a third unit with the location to be determined.

## **Monitoring**

The Department of Housing and Community Affairs will develop and implement a monitoring plan that will track the progress in meeting the priorities and goals of the Consolidated Plan and ensure compliance with all federal and State laws, regulations, and policies.

Monitoring will be focused on three areas:

1. progress being made in meeting the goals and priorities of the Consolidated Plan;
2. timeliness of distribution of the federal funds; and
3. compliance with regulatory requirements.

### **Monitoring of Progress**

The State's housing and community development programs will submit progress reports to DHCA on a regular basis which outline how resources have been allocated in accordance with priorities, including timeliness of fund distribution.

### **Timeliness of Fund Distribution**

Federal funds administered by the Department flow through accounts controlled by the Department with a requisition process being used to reimburse recipients. There will be a continual monitoring of each account using a computerized database to compare actual expenditures against spending plans. Other funding programs will report to the Department regarding timeliness of fund distribution.

### **Compliance with Regulatory Requirements**

Generally, site visit monitoring and progress reports will be used to ensure that funds are being used in compliance with program requirements. For existing federal programs administered by the Department, one site monitoring visit will be made to each recipient each year. Progress reports are required on a regular basis, at a minimum, semi-annually. Progress of sub-recipients will be monitored by recipients in a similar manner. The Department may request copies of all progress reports from sub-recipients and will include a review of all monitoring activities of recipients at each site visit. The site visits will monitor compliance with requirements, such as national objectives, equal opportunity, procurement, environmental review, labor standards, financial management, and program performance and inspection of all construction activities. Recipients are required to submit certifications of their intent to comply with program requirements.

A *Grants Management Manual* produced by the Department is used in the CDBG Program and supplied to each recipient. This provides written quality standards and performance/production guidelines for all programs and contains copies of all pertinent laws, regulations, policies, and procedures. The Vermont Housing and Conservation Board has developed a similar handbook for HOME grantees.

## Summary of Citizen Comments

Summarized below are the comments on the draft of the Consolidated Plan Action Plan for FFY 2001-2002 provided to the Department of Housing and Community Affairs. Comments were encouraged throughout the several months spent on the development of the document. Two public hearings were conducted: one prior to the drafting of the plan and one when the draft was finalized and available to the public. Public hearings were held:

November 14, 2000      Pavilion Auditorium in Montpelier.

April 9, 2001      Pavilion Auditorium in Montpelier.

Notification of the November hearing was advertised in the following Vermont newspapers:

Notification of the April hearing was advertised in the following Vermont newspapers:

Bennington Banner	10/26/00	Bennington Banner	3/02/01
Brattleboro Reformer	10/25/00	Brattleboro Reformer	3/03/01
Burlington Free Press	10/25/00	Burlington Free Press	3/02/01
Caledonian Record	10/25/00	Caledonian Record	3/02/01
Newport Daily Express	10/25/00	Newport Daily Express	3/01/01
Rutland Herald	10/25/00	Rutland Herald	3/02/01
St. Albans Messenger	10/25/00	St. Albans Messenger	3/01/01
Times Argus	10/25/00	Times Argus	3/02/01

Comments were accepted through April 10, 2001.

### **Comment: Housing for low income seniors**

Late in the public process of updating the Action Plan, two commenters urged that the Department change the housing priorities to include a clearer preference for housing with services for low income seniors. They expressed concern that Vermont demographics indicate an anticipated surge in the next several years in the number of senior citizens needing affordable rental housing.

### **Response:**

The Action Plan update continues to give priority to family housing over independent living rental housing for the elderly due to the data derived from the 1998 Statewide Housing Needs Assessment. This study shows that the need for affordable family units exceeds 20,000 compared to the need for 2,100 affordable elderly units. However, the Department also acknowledges that this data needs to be updated with new Census data for a more accurate analysis of the current housing market. We will undertake this work in the next year.

The Action Plan does show a priority for special needs housing, which is inclusive of elderly housing with appropriate supportive services attached to projects. Coordination of services with housing has been and still is a high priority of the Consolidated Plan and for the Department. Considerable

consultation was done on the 2001 definition of special needs housing. The Department believes that it is very important to have significant involvement with the Agency of Human Services to determine priorities for funding special needs housing and to coordinate supportive services with housing units.

**Comment: Use of VCDP Funds for Organizational Capacity**

One commenter asked the Department to amend the Action Plan to include creation of a working committee charged with developing recommendations on how the VCDP can provide this financial support.

**Response:**

During the “CD Redesign” process (1999-200), the Department did consider a request to include organizational capacity funding as an eligible activity for both planning and implementation grants. The Department declined to include this as part of the current program and instead increased the frequency of the planning grants cycle to six times/year. Planning grants can be used to fund feasibility studies of affordable housing projects and can therefore reduce the financial strain on nonprofit housing development corporations. The Department also notes that it is willing to explore capacity funding in the future. However, the implementation of the CD Redesign is still in its early stages and the Department is not ready to undertake this activity at this time.

**Comment: Clarify Disaster Program (DAP Requirements)**

One commenter asked the Department to clarify DAP requirements and add an additional requirement, specifically: “DAP projects funded under this program should seek to reduce or prevent the recurrence of the damage through such measures as structure elevation or relocation, structure buyout, elevation of utilities, better site drainage and other mitigation measures. ”

**Response:**

The Disaster Assistance Program (DAP) is a VCDP program taken out of the state’s annual CDBG HUD award. The Disaster Recovery Initiative (DRI) Program has been a special HUD funding source awarded to the State and is not part of the CDBG/VCDP funding. The Action Plan is clarifying that the types of activities that have been funded under the DRI in the past are not fundable under the VCDP. The DRI activities funded in the past may be fundable under the DAP, and the decision will be made on a disaster by disaster basis.

The Department has not added the suggested additional requirement for the DAP.

The VCDP does not view its funds as a source of funding in the event that the primary federal and state and local funding for disasters is not sufficient. The Consolidated Plan will remain silent on this issue as there may be a disaster that the situation may warrant VCDP assistance in a way not anticipated at this time.