

**Vermont Housing & Conservation Board
Habitat Criteria and Standard Grant Conditions
Updated June 2013**

The following criteria shall be satisfied as part of the application process. At the discretion of VHCB housing staff, any criteria that is not satisfied as part of the application process may be expressed as a VHCB Special Conditions.

Criteria

1. The maximum subsidy shall be \$22,000 per unit to subsidize the acquisition of land or other capital expenses related to the development of a home. A development fee of \$5,000 per unit shall be awarded to organizations with paid staff or for reasonable administrative and professional expenses related to the project.
2. A major portion of VHCB's award may be disbursed to assist in land acquisition, construction, and other project costs prior to the sale of the home. No less than \$2,500 per unit will not be disbursed until the home is completed to ensure that VHCB has an opportunity to review all terms and documentation for the proposed sale, as well as the energy score for and an appraisal of the completed home.
3. The applicant has demonstrated its ability to complete the project and has built at least one home during the past two years, or is applying in partnership with a non-profit developer with a track record.
4. A buyer selection criteria is in place that meets VHCB approval.
5. The applicant has demonstrated site control and the feasibility of the project.
6. The applicant has substantiated the purchase price of the property by an appraisal or other method acceptable to VHCB.
7. The applicant has demonstrated its ability to meet long-term stewardship responsibilities for the property.
8. For any project that receives VHCB funding, the completed home must have a Home Energy Rating System (HERS) score of less than 60. If there are special circumstances please provide additional information in the application and a waiver from this requirement will be considered.
9. For Habitat for Humanity projects an eligible household shall mean a household whose Household Income, at the date of their initial occupancy, is less than 80% of Median Income. For all other projects, an eligible household, shall mean a household whose Household Income, at the date of their initial occupancy, is less than 100% of Median Income.

Affordability Restrictions

An eligible initial purchaser of the homeownership unit shall mean a person or group of persons whose Household Income, at the date of their initial occupancy, is less than or equal to 80% of Median Income, adjusted for family size.

Grantee and the purchaser(s) shall execute a VHCB Housing Subsidy Covenant of perpetual duration. This Covenant will be prepared by VHCB staff counsel and shall contain restrictions on conveyance. The Covenant shall include a requirement that whenever an owner intends to sell the unit, Grantee shall have a right to repurchase the unit at a price determined pursuant to a limited appreciation formula approved by VHCB staff. The Covenant shall also restrict resale, whether by the owner or by Grantee, so that the improvements may only be resold to a person or group of persons whose Household Income, at the date of their initial occupancy, is less than or equal to 100% of Median Income, adjusted for family size.

The VHCB Housing Subsidy Covenant and a VHCB Mortgage Deed shall be recorded in the Land Records and shall have priority over all other mortgages securing financing for the project.

Standard Conditions

1. Prior to closing, Grantee shall submit for VHCB staff review and approval the ground lease, housing subsidy covenant, or other document designed to ensure, together with the VHCB Housing Covenant and the VHCB Mortgage Deed, the perpetual affordability of the units subsidized with these funds.
2. Prior to closing, the grantee shall notify VHCB staff of any substantive changes in the project or the project budget that have occurred subsequent to VHCB's award of funding. All such changes must be reviewed and approved by VHCB staff.
3. Prior to closing, Grantee shall demonstrate to VHCB staff satisfaction that the project as proposed complies with all applicable federal, state and local statutes, codes, ordinances and regulations, including those relating to historic preservation and access by persons with physical disabilities.
4. Prior to the closing, Grantee shall submit a preliminary title opinion or title insurance binder and drafts of all legal documents relating to the project for review and approval by VHCB legal counsel. Within thirty (30) days after closing and disbursement of VHCB funds, Grantee shall provide a final, updated title opinion or a title insurance policy reflecting the recording and approved priority of all recorded documents relating to the project.
5. Grantee shall give VHCB staff three weeks prior notice of the initial sale of the home and each proposed resale and provide VHCB staff with an affordability worksheet for each proposed purchaser. Grantee shall ensure that the homes are sold only to eligible

households as defined the affordability restrictions (above) and the VHCB Housing Subsidy Covenant.

6. Grantee shall notify VHCB staff of any pending foreclosure or other legal proceeding affecting any property subsidized with VHCB funds.
7. Any signs erected on the property that list sponsors or funding sources for the project shall include the Vermont Housing and Conservation Board.