

VERMONT HOUSING & CONSERVATION BOARD

POLICY POSITION:

DEVELOPMENT AND ASSET MANAGEMENT FEE GUIDELINES FOR AFFORDABLE HOUSING PROJECTS

Intent

To establish criteria and guidelines for fees that are intended to compensate developers for performance of typical activities in the housing development process.

In addition to permissible fees, development organizations which undertake highly specialized functions may charge those costs to the project if they are not funded by other VHCB programs. Such costs will be evaluated for reasonableness as part of the project underwriting process. Examples of such activities include the following: construction program design and management, management of tenant relocation, cooperative organizing. Conversely, VHCB reserves the right to reduce the standard fee for projects in which applicants employ consultants for a significant portion of typical development tasks.

Applicability

All housing projects with an award of any VHCB administered fund, including the HOME Program. In cases in which the Board awards bond funds, such funds may not be used to pay development fees.

Applicants may be required to provide a breakdown of project activities undertaken by the applicant and project consultants. An outline of activities normally undertaken by applicant/developers will be provided by the VHCB staff.

Development Fee Guidelines

1. **Multi-family Housing:** The development fee limits for multifamily housing developments shall conform to those set forth in Vermont's 2015 Federal Housing Credit Program Allocation Plan or any subsequent approved revision to the Allocation Plan. The fee shall be calculated at the time of the VHCB award, or in the case of tax credit projects, at the time of allocation of the credit. Notwithstanding these guidelines, in the case of a tax credit project in which there is only one general partner, the developer shall obtain direction from VHCB staff regarding the amount and timing of receipt of the fee. Further, in the event of a change in development costs at any time subsequent to the review of an application by the VHCB board, VHCB reserves the right to negotiate with applicants / grantees regarding the appropriateness of changes to proposed development fees.
2. **Mobile Home Parks:** The development fee shall not exceed \$3950 per lot for parks containing over twenty lots and up to \$4500 per lot for parks with twenty or fewer lots.
3. **Homeownership:** The permissible development fees for homeownership units assisted by VHCB are determined by project type and the level of involvement and risk for the applicant as assessed by VHCB. In each case, VHCB shall pay up to \$5900 of the allowed fee.

Homeownership Fee Limits:

- Buyer-Initiated Programs: Up to \$6500 per unit

- Turn-key type projects: Up to \$10,00 per unit
- Development Projects: Up to \$15,000 per unit

As part of the resale of VHCB restricted single family homes, up to 6% of the appraised value of the property home may be included in the sale price of the home for reimbursement of sponsor staff costs, real estate agent fees and other transactional costs, provided the following conditions are met:

- The amount of the original VHCB subsidy will not be reduced; and
- The property remains affordable to an income-eligible buyer as established by the VHCB Housing Subsidy Covenant.

Asset Management Fee Guidelines

Asset management fees may be taken at the end of the project operating year upon approval of VHCB staff. An asset management fee may only be taken if a project has positive cash flow after adequately funding replacement and operating reserves at levels necessary to meet future anticipated capital and other needs.