Updates on New Funding for Housing

VERMONT HOUSING & CONSERVATION BOARD

February 7, 2022
Agenda

- Update on Vermont’s Housing Response and Recovery
- Sources and Priorities for New Funding
- Information & Resources
- ARPA-SFR and Supplemental State Funding – Updates to Eligibility and Guidelines
- HOME ARP Updates
- Application Process
- Questions, Comments & Feedback
Background - VHCB and Vermont’s Housing Response and Recovery

- Housing Creation Part of a Broader Housing Response
- Housing Recovery Working Group
Thanks to you, since the beginning of the pandemic:

- 530 new homes have come on line since 2020, with 281 designated for those experiencing homelessness

- Another 684 homes will come on line by the end of 2023, with another 269 designated for those experiencing homelessness
Thanks to you...

- 50 new shelter or transitional beds will be online by this summer

- Safety improvements have been made to 13 shelters, allowing them to operate during the pandemic
Status of New Housing Funding – FY22 $153,500,000

- **HRF: State Homelessness Relief Funds**
  - $10 M for housing and shelter facilities that could proceed in 2021
  - These funds have been fully committed

- **ARPA SFR: Federal American Rescue Plan Act State Fiscal Relief Funds**
  - $64 M for housing and shelter capacity with priority on those displaced from motels including permanent housing, to be reviewed in consultation with AHS.
  - There is about $30.7 million remaining in these funds
Status of New Housing Funding – FY22 $153,500,000

• One-time: State General Fund
  • $70 M for housing initiatives
  • $25.5 million is available, in addition to set asides for Farmworker Housing, Mobile Home Communities, and Innovation proposals

• HOME-ARP: supplemental federal HOME funds from ARPA
  • $9.5 M to address homelessness
  • These funds have not yet begun to be committed
Information & Resources

VHCB Website:

• www.vhcb.org/our-programs/housing/arpa-sfr

Treasury Website:

ARPA State Fiscal Recovery Funds

GOVERNING AUTHORITIES

• U.S Treasury Final Rule and Associated Guidance
• VHCB Guidelines and Procedures
Changes to VHCB’s ARPA SFR Eligibility Since October Information Session

- Effective February 1, 2022, the Board has approved the following changes:
  - Eligibility has been expanded statewide
  - Units which are restricted to up to 80% of Area Median Income qualify
  - Multi Family projects must set aside at least 15% of ARPA SFR units for those who have experienced homelessness (this is not a change, but a clarification that this applies to all multi family projects)
More changes...

- Recovery Housing is an eligible use
- The construction of new congregate shelters is NOT an eligible use of ARPA SFR
Subsidy Limits

- The subsidy limits are unchanged, but:
  - Leverage remains an important consideration
  - In general, the deeper the affordability in a project, the deeper the subsidy that can be considered
  - These subsidy limits do not apply to Recovery Housing or Non Congregate Shelters, which will be reviewed for reasonableness on a case by case basis.
Eligibility and Guidelines

ARPA-SFR

- Non profit organizations, municipalities, cooperatives, and private developers may apply
- Risk Assessment Required – email housing-funds@vhcb.org
- Per unit subsidy caps:
  - 0 BR $153,314
  - 1 BR $175,752
  - 2 BR $213,718
  - 3 BR $276,482
Leverage is an important consideration in the Board’s awarding of funding:

- Applicants should consult with their municipality to determine if the project is eligible to be awarded local ARPA funds.

- Based on awards made to date, the average per unit subsidy is below $100,000.
Homeless Units

- Units designated to meet the needs of those experiencing homelessness must:
  - Be filled through the Coordinated Entry System
  - Have an agreement for the provision of services in place, which must be reviewed and approved in advance by VHCB
Eligibility and Guidelines

ARPA-SFR

• Eligible uses:
  • Acquisition, rehab, construction and related expenses
• Can be used for:
  • Multi Family Housing
  • Recovery Housing
  • Non Congregate Shelters
Eligibility and Guidelines

ARPA-SFR

Federal Funding Requirements:

• Procurement

• Single Audit, with some exceptions

• Section 106 does not apply to ARPA SFR projects unless triggered by another source or process. However, applicants must submit a request for review by DHP and respond to any comments.

• Davis Bacon does not currently apply
Challenges with ARPA SFR & LIHTC

ARPA-SFR

• Under guidance issued by Treasury and confirmed in the Final Rule, there are challenges associated with using ARPA to make loans with maturity dates beyond 2026.

• We are continuing to work on a solution to this issue and ask that developers of LIHTC deals submit two proformas with their application:
  • One which includes ARPA SFR in basis
  • One which does not include ARPA SFR in basis
Eligibility and Guidelines

SUPPLEMENTAL STATE FUNDS

• Non profit organizations, municipalities and cooperatives may apply
• VHCB’s standard underwriting policies apply.
• Can be used for acquisition, construction, rehabilitation and related expenses.
State Supplemental Funds, Cont’d...

- Per unit subsidy targets:
  - UP TO $60,000 for projects eligible for 9% LIHTC
  - UP TO $85,000 for other projects
  - **Leverage** is an important competitive consideration in the Board’s consideration of projects.
HOME ARP Updates

- These new funds are intended to assist *Qualifying Populations*, principally households defined as homeless or at-risk of homelessness similar to McKinney-Vento.

- Required Allocation Plan currently being finalized, submitted to HUD soon.

- Non-profit organizations, municipalities, cooperatives, and private developers may apply.
HOME ARP Updates

- After consultation with stakeholders and receipt of public comments, the Plan recommends using the bulk of the funds for the development of permanent rental housing units serving the homeless.
- Some funds to be used to provide operational and capacity building support to non-profit groups; and for administration of the award.
HOME ARP Updates

- Expect funds to be available this Spring after HUD Plan approval.

- More information is available on VHCB’s web site: https://www.vhcb.org/our-programs/housing/home-arp-funding
Application Process

**Application Deadline**  **Board Meeting**
February 25, 2022  May 13, 2022

Additional meetings to be posted soon on VHCB’s website.
Application Process

• Online application process, accessed through VHCB’s website.
• ARPA and State funds both use the standard online application.
• ARPA and HOME ARP also require supplemental materials.
• Site visit required for all potential projects.
What Happens Next

• Additional guidance

• Website updates

• Submit your comments or questions, or add your name to our email list by sending a message to housing-funds@vhcb.org
We continue to explore additional potential uses for ARPA SFR:

It is not yet clear whether ARPA SFR can be used for:

Homeownership
Mobile Home Communities

*We welcome your input today and also after this session via* housing-funds@vhcb.org
Information & Resources – VHCB Staff

• For general questions: housing-funds@vhcb.org

• To arrange site visits: Craig Peltier, craig@vhcb.org

• For questions about the HOME ARP allocation plan: Ron Rupp, rrupp@vhcb.org

• To submit questions, to learn about future information sessions, start the risk assessment process, obtain historic review materials, or to add your name to the email list: housing-funds@vhcb.org
Questions & Comments

Are there other eligible uses we should explore?

Are there areas of our Guidelines that require clarification?