

American Rescue Plan Act: State Fiscal Recovery Funds (ARPA-SFR)

Frequently Asked Questions

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This document has been prepared by the Vermont Housing & Conservation Board staff to provide answers to questions most frequently asked about the ARPA-SFR funds appropriated to VHCB. ARPA-SFR funds come from the U.S. Department of the Treasury to the State of Vermont. Eligible uses, compliance and reporting requirements are determined by the Treasury and a grant agreement entered into by the State and VHCB. VHCB staff will update this document as new information becomes available.

Questions revised 6/19/2022: 21, 23 (noted with “[6/19/2022]”)

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1. Who can apply for ARPA-SFR? [1/27/2022]

Community based non-profits with an affordable housing mission and commitment to permanent affordability, private housing developers, municipalities, and cooperative housing organizations are eligible to apply for the federal ARPA-SFR funding as well as federal HOME Program and National Housing Trust (HTF) funding administered by VHCB.

All applicants must demonstrate the capacity to comply with federal funding requirements, including to manage reporting requirements associated with awards.

2. Where can I find more information about this funding source?

VHCB’s website contains information about how this funding source will be administered as well as links to available federal guidance. It will be updated on a regular basis to reflect new or changing information. Links to resources are below:

[VHCB's webpage on ARPA-SFR](#)

[General Information on ARPA State Fiscal Recovery Funds – U.S. Treasury Department](#)

[Final Rule on Implementation of ARPA State Fiscal Recovery Funds](#)

[State Fiscal Recovery Funds Compliance and Reporting Guidance](#)

[U.S. Treasury ARPA-SFR FAQs](#)

3. What are the eligible uses? [1/27/2022]

Treasury issued the Final Rule on January 15, 2022. Based on the Final Rule and terms of the grant agreement with the State of Vermont, VHCB has established the following eligible uses of ARPA-SFR effective February 1, 2022:

- Non-congregate emergency housing and transitional housing for individuals and families experiencing homelessness. The construction of congregate facilities is not eligible.
- Multi-family rental housing serving households at or below 80% of Area Median Income (AMI). At least 15% of the ARPA-funded units in each project must be dedicated to those experiencing homelessness. The intent of ARPA-SFR funding is to provide assistance to households and communities negatively impacted by COVID-19 public health emergency. The State of Vermont and VHCB have determined that households up to 80% AMI have been adversely impacted. Location in Qualified Census Tracts is no longer required.
- Permanent supportive housing to improve access to stable, affordable housing among individuals who are experiencing homelessness.
- Housing for individuals in recovery from substance use disorders.

VHCB continues to evaluate potential uses for these funds that may be allowed under future guidance. Applications for these uses cannot be considered until the VHCB Board formally updates its ARPA-SFR Guidelines and Procedures. For example, it is not yet clear the extent to which homeownership development is an eligible use of ARPA-SFR funds. VHCB is working with other housing funders and the Administration to make this determination and future updates to the ARPA-SFR Guidelines and Procedures will be made accordingly.

4. Do ARPA-SFR projects need to be located in a Qualified Census Tract? What is a Qualified Census Tract (QCT)? [1/27/2022]

No, effective February 1, 2022 this requirement no longer applies to ARPA-SFR projects. A QCT is an area in which at least 50 percent of households have incomes below 60 percent of the Area Median Gross Income (AMGI) or which has a poverty rate of 25 percent or more. Please note that a QCT designation is different than the Difficult to Develop (DDA) designation. In order to determine whether your project is in a QCT, please check here:

https://www.huduser.gov/portal/sadda/sadda_qct.html

5. What are the short and long term compliance requirements for this funding source?

All awards will be made subject to VHCB standard grant agreement conditions which describe compliance requirements. The conditions reflect compliance and reporting requirements set by the Department of the Treasury and the State of Vermont. Standard award conditions can be found here:

<https://vhcb.org/sites/default/files/programs/housing/ARPA-SFR/Housing%20ARPA-SFR%20Standard%20Conditions%2003-16-22.pdf>

6. What are the income limits for ARPA-SFR funding? [1/27/2022]

The development of affordable housing is an eligible activity. Treasury presumes that households at or below 65% AMI have been adversely impacted by the COVID-19 pandemic, but allows designations of additional populations. The State of Vermont and VHCB have determined that projects that serve households at or below 80% AMI are eligible for ARPA-SFR.

VHCB will award ARPA-SFR funding with income limits and affordability and occupancy restrictions established by statute as well as VHCB housing policy, including [VHCB's Policy Position for Funding Affordable Housing Projects](#). VHCB will require that multi-family units subsidized with ARPA-SFR be restricted for occupancy by households at or below 80% of Area Median Income, and additionally may require a unit mix that serves more vulnerable households and households at lower incomes as well. In addition to occupancy restrictions, VHCB's Housing Subsidy Covenant will require that units are rented at rent levels of 70% or less of AMI. Additionally, all ARPA-SFR multi-family awards must designate at least 15% of the ARPA-SFR units be set aside for those who have experienced homelessness. All VHCB awards of ARPA-SFR will be made subject to additional requirements as, issued by Treasury and outlined in its Compliance and Reporting Guidance.

7. Since this is a Federal source of funds, are there additional compliance requirements to be aware of? [10/25/21] [6/19/2022]

Yes. The following Federal requirements **do** apply to ARPA-SFR:

- [Uniform Administrative Requirements \(2CFR, Chapter II, Part 200\), including, but not limited to:](#)
 - Federal procurement guidelines ([2CFR, Chapter II, 200.318](#))
 - Single Audit requirements ([2CFR, Chapter II, Part 200, Subpart F](#))
- [The requirement to have an active SAM.gov registration](#)
- All projects receiving ARPA-SFR funding shall comply with the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (URA), as amended.

The following **do not** apply to ARPA SFR (but if your project has other Federal funding sources, these requirements may still apply). See FAQ Question 26 for information regarding Vermont's Prevailing Wage requirements, which apply to ARPA-SFR awards above \$200,000:

- Section 3 of the HUD Act of 1968; Economic opportunities
- NEPA (National Environmental Policy Act)
- [Davis-Bacon and Related Acts \(DBRA\)](#)
- [Section 106 Historic Review \(see also question 22 for important information about related requirements\)](#)

8. What are the environmental review requirements for ARPA-SFR? [1/27/2022]

A Phase 1 ESA is required if your only source of funding is ARPA-SFR. It is important to note that if your project has a variety of funding sources, you must follow the guidance for

whichever source has the most restrictive requirements related to environmental review. Rehabilitation of existing properties will be required, at a minimum, to address toxic substances in compliance with applicable State and Federal laws and regulations.

9. How much ARPA-SFR funding can I seek for my project? [1/27/2022] updated [6/19/2022]

Awards will be based on amounts necessary for the project to proceed and work effectively as well as the availability of other funding sources to increase leverage and the proposed level of affordability.

VHCB has established maximum award limits per unit for multi-family housing proposals. These award limits are as follows:

0 BR	\$159,754
1 BR	\$183,132
2 BR	\$222,694
3 BR	\$288,094

Projects that serve the most vulnerable and lowest income Vermonters, will be considered for deeper subsidy. The maximum subsidy guidelines do not apply to Recovery Housing, which will be reviewed on a case-by-case basis.

10. What is the application process? [10/25/21]

Project applications will be reviewed and underwritten by VHCB staff which will make funding recommendations to the VHCB Board. Funding decisions made by the Board are final.

Applications as well as guidance about required documentation can be found

here: <https://vhcb.org/our-programs/housing/housing-applications>

Applicants must complete the [VHCB Common Application](#), as well as the [Federal Funds Application Supplement](#), if pursuing ARPA-SFR funds.

All applicants who have not had an organizational risk assessment conducted by VHCB within the 12 months of the date of their application for ARPA-SFR funding will need to complete a VHCB Risk Assessment review. Applicants will need to contact housing-funds@vhcb.org to request the Risk Assessment Questionnaire and checklist of required documents **10 days prior to application deadline**. The Risk Assessment Questionnaire and related materials should be submitted with all other application materials.

VHCB will accept applications according to the regular cycle of application deadlines posted on the [VHCB website](#).

If you are considering applying please contact [Craig Peltier](#) at 802-828-1007 to arrange a site visit for your project.

11. What can ARPA-SFR be used to pay for? [1/27/2022]

The funds will be disbursed on a reimbursement basis. They can be used for the cost of

developing affordable housing including acquisition, rehab, construction and related expenses including development fees as long as they are consistent with customary practices and expenses. ARPA-SFR may be used for reserves that are consistent with VHCB's policies and procedures.

12. May recipients use funds to pay interest or principal on outstanding debt?

No. Treasury does not allow ARPA-SFR to be used to pay interest or principal on any outstanding debt.

13. What energy and design standards are applicable to this funding source?

[The VHCB/VHFA Building Design Standards](#) apply to all projects seeking ARPA-SFR funding. Among the requirements required at the time of the application are an outline specification, schematic design, cost estimate, and with regards to rehabilitation projects a multi-family energy audit. In order to comply with this policy, VHCB encourages applicants who are submitting rehabilitation projects to engage with [3E Thermal](#) and/or [Efficiency Vermont](#) to begin the energy audit process as early as possible.

The following questions and answers were added on 7/26/2021:

14. Do site visits need to be completed prior to the application deadline?

Site visits do not need to be completed prior to application deadlines, but applicants are encouraged to schedule a site visit as soon as feasible. It is helpful for VHCB staff to visit the proposed site early in the underwriting process. Contact Craig Peltier to schedule a site visit: craig@vhcb.org.

15. How does ARPA funding impact existing affordable housing that needs rehabilitation or recapitalization?

ARPA funding is targeted to new units. VHCB does have other limited sources for rehabilitation or recapitalizing existing affordable housing. For existing projects that are proposing to add new units, ARPA could be a potential source – please reach out to VHCB staff to discuss.

16. Is Recovery Housing an eligible use of ARPA? [1/27/2022]

Yes. In accordance with the Final Rule, Recovery Housing is an eligible use of ARPA-SFR. Maximum subsidy guidelines are not applicable to Recovery Housing.

17. Are mixed income multi-family projects eligible for ARPA? Can a project include a mix of restricted and unrestricted units? [1/27/2022]

Yes, mixed income projects may apply for ARPA. Only units serving households at or below 80% AMI would potentially be eligible for ARPA-SFR.

18. Can a shelter apply for funds to purchase a building for expansion? [1/27/2022]

Expanding non-congregate shelter capacity is an eligible use of ARPA. Non-congregate is

defined as providing each household with an individual room with an in-unit bathroom. Construction of congregate shelters is not eligible. VHCB will consult with the Agency of Human Services on all ARPA proposals, including those involving expanded shelter capacity, to ensure that the proposal meets a demonstrated need.

19. Is there coordination occurring with other state agencies, including regarding rental subsidies and supporting housing services? [1/27/2022]

VHCB is coordinating on a regular basis with other funders to discuss these issues as well as to set funding priorities. All ARPA-SFR projects will be funded in consultation with the Agency of Human Services. Applicants seeking funding from other sources should contact those organizations directly.

20. As the Treasury guidance becomes clearer and the proposed uses shift, how will those changes be communicated? [10/25/21]

VHCB will continue to update the website with the latest guidance, as well as amending this document and other resources as needed. VHCB has hosted information sessions for the public. A recording and PowerPoint for the most recent session can be found on our [website](#). Contact housing-funds@vhcb.org to request being added to the distribution list to receive notifications of updated information and public information sessions.

21. Is there a per project funding maximum? You have provided the per-unit maximums, but is there a separate maximum for each project? [1/27/2022] updated [6/19/2022]

Yes, the maximum amount of ARPA-SFR that an individual project can receive from VHCB is \$9,999,999.

The following questions and answers were added on 10/25/2021:

22. What steps should applicants take to ensure compliance with Historic Preservation?

Initially, VHCB understood that Section 106 Review for historic preservation was required for ARPA SFR funding. It has since been established that that APRA-SFR funds, as economic recovery funds, do not trigger Section 106 Review. However, in keeping with VHCB's Historic Preservation Policy, projects that do not need to complete the Section 106 Review (Historic Preservation) for other funding sources or permitting (such as Act 250), will need to complete the ARPA-SFR Preliminary Review form and submit the form to the Division of Historic Preservation. The State Historic Preservation Officer (SHPO) will review and provide advisory comments on the form regarding Historic Properties and/or Archeological Historic Properties. Applicants will be required to provide VHCB with the responses to these advisory comments. The SHPO comments and the applicant responses will be taken under consideration during VHCB's project review and recommendations to the Board. Email housing-funds@vhcb.org for assistance in obtaining the review form necessary for your project.

23. What is the status of HOME-ARP funding? [1/27/2022] updated [6/19/2022]

[Vermont's HOME-ARP Allocation Plan has been approved by HUD](#). Vermont has received

\$9,564,691 in this funding source to assist “Qualifying Populations”. For the purposes of this program, Qualifying Populations include households defined as homeless or at-risk of homelessness. This definition has been expanded to also include households that “otherwise live in housing that has characteristics with instability.” For more information about [VHCB's HOME-ARP funding](#)

24. Can ARPA-SFR be used in Low Income Housing Tax Credit (LIHTC) projects? [1/27/2022] updated [6/19/2022]

Yes, ARPA-SFR can be used in LIHTC projects. Treasury has issued guidance, both in a July 19th [Frequently Asked Questions](#) and in its [Final Rule](#), regarding how to structure long term ARPA-SFR loans (loans with maturity dates beyond December 31, 2026). VHCB is following Treasury Guidance in making long term loans with terms that are typically seen in LIHTC projects, and therefore do not need to be removed from LIHTC basis. Developers no longer need to submit two proformas with their application, as previous guidance had required.

The following question and answer was added on 1/27/2022:

25. For multi-family projects, how many units should be targeted to households experiencing homelessness?

All multi-family projects must designate at least 15% of ARPA-SFR units for households experiencing homelessness. These units must be filled through referrals from the local system of Coordinated Entry. Exceptions to this will only be made with the prior approval of VHCB, in consultation with the Agency of Human Services.

Applicants must also submit a service plan subject to VHCB’s approval in consultation with the Agency of Human Services. The plan should identify the social service agency providing supportive services and the commitment of Developer to work with local Continuum of Care.

The following question and answer was added on 6/19/2022:

26. Is Davis-Bacon required?

Davis Bacon is not required. However, in accordance with the H.679, “An act relating to fiscal year 2022 budget adjustments”, ARPA SFR awards of \$200,000 or more for maintenance, construction or improvement shall provide that all construction employees working on the project shall be paid not less than the mean prevailing wage published periodically by the Vermont Department of Labor in its occupational employment and wage survey, plus an additional fringe benefit of 42 and one half percent of wage, as calculated by the current Vermont prevailing wage survey. The ARPA Prevailing Wage requirement does not apply to contracts awarded for maintenance, construction, or improvements projects that are required by law to comply with the requirements of the federal Davis-Bacon Act.

For the State’s most current information and report on prevailing wages, which is due to be updated July 1, 2022, please visit the Department of Labor’s website at <http://www.vtلمي.info/> and search the key words “prevailing wage”.