

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

Frequently Asked Questions

As of July 12, 2021

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 by Act 74 of 2021. 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. Treasury guidance and State requirements are not yet fully established. VHCB staff will update this document as new information becomes available. These FAQs supplement VHCB's ARPA-SFR Guidelines and Procedures.

1. Who can apply for ARPA-SFR?

Non-profit and 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](#)

[VHCB ARPA-SFR Interim Guidelines and Procedures](#)

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

[U.S. Treasury Interim Final Rule](#)

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

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

3. What are the eligible uses?

Guidance is evolving on this funding source. As of 6/25/21, there are two confirmed eligible uses for ARPA-SFR:

- To support the creation of units that are set aside to serve those experiencing homelessness.

- To support the creation of mixed income housing that is located in Qualified Census Tracts

In addition, there are two potential uses for these funds, upon the issuance of future guidance:

- For multi-family housing located outside of Qualified Census Tracts: Treasury's Interim Final Rule allows ARPA-SFR to be used for affordable housing developments outside of QCTs if it can be demonstrated that the households, populations or geographic areas were disproportionately impacted by the pandemic. These guidelines will be updated when more information is available about this potential use.
- Homeownership: Although Act 74 references homeownership, it is not yet clear that this is an eligible use of ARPA SFR funds. VHCB is working with other housing funders and the Administration and Congressional delegation in urging Treasury to allow this use.

4. What is a Qualified Census Tract (QCT)? How can I tell whether my project is located in a QCT?

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. Standard award conditions can be found here:

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

6. What are the income limits for ARPA-SFR funding?

The development of affordable housing is an eligible activity. However, the Treasury Interim Final Rule does not provide a definition of affordable housing nor does it place limits on incomes or rents. The Interim Rule is currently in the comment period and many entities, including VHCB, are requesting clarifications.

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](#). All VHCB awards of ARPA-SFR will be made subject to additional requirements, including income limits that may be issued by Treasury.

7. Since this is a Federal source of funds, are there additional compliance requirements to be aware of?

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](#))
- [Section 106 Historic Review](#)
- [The requirement to have an active SAM.gov registration](#)

It is not yet clear whether or not Davis Bacon applies to the development of affordable housing. It is required of some ARPA-SFR funded projects but Treasury Guidance does not state whether or not it applies to affordable housing projects. Until VHCB can confirm that it does not apply, it will assume it does.

- [Davis-Bacon and Related Acts \(DBRA\)](#)

The following **do not** apply to ARPA SFR (but if your project has other Federal funding sources, these requirements may still apply):

- Section 3 of the HUD Act of 1968; Economic opportunities
- NEPA (National Environmental Policy Act)

8. What are the environmental review requirements for ARPA SFR?

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.

9. How much ARPA funding can I seek for my project?

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	\$153,314
1 BR	\$175,752
2 BR	\$213,718
3 BR	\$276,482

Please note that it is not yet clear to what extent units in projects outside of a QCT are eligible for ARPA-SFR, if they are not targeted to people experiencing homelessness. VHCB and others are seeking clarification from Treasury.

10. What is the application process?

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.

Application 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 ARPA-SFR Application Supplement, if pursuing ARPA-SFR funds.

Applications are invited as follows:

<u>Application Deadline</u>	<u>Board Meeting for Consideration</u>
July 23, 2021	September 29, 2021
November 29, 2021	January 26, 2022
February 25, 2022	May 13, 2022

If you are considering applying please contact Craig Peltier at 828-1007 to arrange a site visit for your project.

11. What can ARPA-SFR be used to pay for?

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. It is not yet clear if ARPA-SFR can be used to fund reserves. Treasury has received comments asking for clarification of this point.

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 at the time of the application are an outline specification, schematic design, cost estimate, and on rehabilitation projects a multi-family energy audit.