



July 20, 2018

**Housing For All Revenue Bond  
Request for Concepts  
Innovation Fund**

**Summary:**

The Vermont Housing & Conservation Board seeks concepts for innovative housing development projects. Developers of selected proposals will be invited to submit a competitive application for consideration by the Board in 2019.

**Background:**

In 2017, Act 85 created a new source of funding for affordable housing in Vermont—the Housing for All Revenue Bond (HRB). The proceeds of the \$37 million bond are administered by the Vermont Housing & Conservation Board for the development and rehabilitation of owner-occupied and rental housing for Vermonters with very low to moderate incomes.

The goals for the use of HRB funds include:

- The development and improvement of 550-650 units of housing
- Meeting the highest priority housing needs
- Geographic distribution
- Leveraging an additional \$70-100 million in additional resources
- Allowing for the piloting of new approaches to providing affordable housing.

This Request for Concepts is designed to respond to this last goal: innovation. VHCB seeks housing development proposals that implement a new strategy. Examples of concepts that may be considered innovative are those that:

1. address a specific and unmet housing need (i.e. housing for those in recovery from addiction);
2. add new homes in a unique manner (i.e. accessory dwelling units or land banking a parcel in response to a development opportunity);
3. provide a new type of partnership between a non-profit and for-profit developer or employer (i.e. a co-developer relationship); and/or
4. provide housing opportunities targeted to households earning 60%-120% of the area median income in an area targeted for growth.

We also welcome concepts that you, the developer, consider to be innovative.



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Proposals should be submitted electronically to [info@vhcb.org](mailto:info@vhcb.org) anytime through **October 31, 2018**. Eligibility for this opportunity is open to non-profit affordable housing developers and for-profit private developers partnering with non-profit developers. Developers of proposals selected by VHCB will be invited to apply for competitive funding [using VHCB's common application](#) for its January, May or September 2019 board meetings.

Proposals may utilize HRB, HOME, and National Housing Trust funding. VHCB anticipates funding 50 units through the Innovation Fund.

**Required proposal elements:**

- Project narrative. Describe the innovation you propose and basic project description including location, number of units, level of affordability, and development partners and their qualifications (2 pages).
- Summary sources and uses development budget (1 page).
- Project development timeline. Include proposed VHCB board meeting date, status of site control, other funding, permits, and construction schedule (1 page).

**Selection criteria:**

HRB THRESHOLD CRITERIA

- Meets the goals described in VHCB's "HRB Guidelines" (attached) and complies with the [HRB](#) and [VHCB](#) statutes.
- Project will close within 12 months of a VHCB award.
- Application is complete.

ADDITIONAL CRITERIA FOR INNOVATION FUND

- Project is a new approach to providing affordable housing in Vermont and has a high likelihood of success in the context of VHCB's commitment to perpetual affordability.
- Reasonableness of project sources and uses budget, including the amount of proposed VHCB funds, and development timeline.
- Readiness to proceed.
- Developers' qualifications.
- Geographic distribution.

VHCB will invite full applications for those concept proposals deemed most advantageous to its mission and the statutory goals of the HRB.

**For more information:**

VHCB will convene a conference call for interested parties to respond to questions on August 22, 2018 at 1:00pm. To join the call, dial 844-537-2480 and enter the passcode: 1019 372. If there is interest, an additional call will be scheduled in September. Additional questions may be submitted via email by September 30 to Martin Hahn ([mhahn@vhcb.org](mailto:mhahn@vhcb.org)). Responses to questions will be assembled in a FAQ available [here](#).

## Vermont Housing & Conservation Board

### **Guidelines for Use of Housing for All Revenue Bond Funds**

Act 85 of 2017 created a new source of funding for affordable housing in Vermont – the Housing for All Revenue Bond (HRB) – to be administered by the Vermont Housing & Conservation Board. In accordance with 10 V.S.A. Chapter 15 and its adopted rule, VHCB administers HRB funds for the development and rehabilitation of owner-occupied and rental housing for Vermonters with very low to moderate incomes.

These guidelines provide further guidance to potential applicants on the eligible uses, funding priorities and process for submitting proposals. The guidelines are based on Act 85, state and local housing needs assessments, stakeholder input and information gathered through a series of public outreach meetings held by VHCB and the Vermont Department of Housing and Community Development throughout Vermont. Developers apply for HRB funds using the Common Housing Application used by Vermont's statewide housing funders.

VHCB will award the HRB proceeds (approximately \$37 million) in the form of grants and loans over a three-year period, reserving approximately 25% (or \$8.5 million) for the third year, and committing all the funds no later than July 1, 2020.

VHCB goals for the use of HRB funds include:

- The development and improvement of 550-650 units of housing,
- Meeting the highest priority housing needs,
- Geographic distribution,
- Leveraging an additional \$70-100 million in additional resources<sup>1</sup>, and
- Allowing for the piloting of new approaches to providing affordable housing.

HRB funds will supplement funding available for affordable housing development through VHCB including Vermont Housing and Conservation Trust funds, and the federal HOME and National Housing Trust Fund programs.

#### **Use of Funds**

HRB funds may be used for multi-or single family housing. New construction, rehabilitation and homeownership activities are eligible. Approximately 10% of the bond proceeds are available for innovative projects or programs that meet HRB goals, targeting, and eligibility requirements. Further guidance for the use of the innovation funds will be issued separately, although eligible applicants may submit proposals for innovation funding at any time.

#### **Income Targeting**

All housing funded directly with HRB funds shall be affordable to households with incomes at or below 120% of the area median income. No less than 25% of the housing funded with HRB will be targeted to households with incomes at 50% of AMI. No less than 25% of the housing funded will be targeted to households with incomes between 80% and 120% of AMI. The income targeting applies to housing created with HRB funding as a whole, not to individual developments.

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<sup>1</sup> Based on the federal and state housing programs and resources available as of December 2017.

## **Award Amount**

The average award of HRB funds is expected to be \$50,000 per unit. The maximum is \$70,000. It is expected that applicants will leverage other state, federal and private resources to the greatest extent feasible.

## **Distribution of Funds**

HRB funds will be distributed statewide. They will be awarded to eligible applicants in the form of grants and loans on a competitive basis for locally-driven affordable housing developments that are located in areas targeted for growth and reinvestment.

## **Eligible Applicants**

Entities eligible for VHCB funding by statute may apply for HRB funds. These include municipalities, nonprofit organizations and cooperative housing organizations. Public-private partnerships including eligible entities for the purpose of affordable housing development or rehabilitation are encouraged. To receive HRB funds, an applicant must:

1. Make acceptable assurances to VHCB that it will comply with HRB conditions and requirements agreed to during the application and closing process;
2. Commit to the permanent affordability of the housing units at the required income levels and as detailed in a Housing Subsidy Covenant (VHCB may modify this requirement based on the level of HRB funding awarded and the program or project design);
3. Be organizationally and financially sound;
4. Have the experience or demonstrated capacity to undertake, develop, construct or rehabilitate, manage, operate or sell the proposed housing development or program; and
5. Demonstrate familiarity with or ability to develop the capacity to meet the requirements of other federal, state or local housing programs that may be used in conjunction with HRB fund.

## **Application Process**

Entities seeking HRB funds must apply to VHCB using the [Common Housing Application](#). Applications are accepted several times a year according to established due dates. [VHCB Board Meeting and Application Due Dates](#) Applications are reviewed by VHCB Housing Staff which provides recommendations to the full Vermont Housing & Conservation Board. The board makes funding decisions at regularly scheduled meetings. To be considered at a particular board meeting, applications must be complete and submitted by the application deadline set for each meeting.

## **Funding Priorities**

In addition to the criteria and considerations in VHCB's [Policy on Funding Affordable Housing Projects](#) and [Underwriting Policies and Procedures](#); priority will be given to projects based on:

1. Homes created through new construction or rehabilitation of vacant and substandard units that are brought back into service;
2. How the proposed developments help meet the HRB income targeting requirements;
3. Location in state-designated downtowns, village centers, new town centers, or neighborhood development areas;

4. Geographic distribution;
5. Contribution to historic preservation, community revitalization and development;
6. Providing entry into the homeownership market; and
7. Readiness to proceed within 12 months.

Additional information on VHCB's housing programs and policies are available at [vhcb.org](http://vhcb.org).