

**POLICY POSITION
ORGANIZATIONAL GRANTS TO ELIGIBLE APPLICANTS**

In accordance with the Vermont Housing and Conservation Trust Fund Act, it is the policy of the Vermont Housing and Conservation Board to fund "the development of capacity on the part of an eligible applicant to engage in an eligible activity".

In 2006 the Board revisited and revised this policy to acknowledge that:

1. The primary role of VHCB partners is to deliver housing and conservation programs to Vermonters and Vermont communities.
2. Organizational grants should encourage VHCB partners to take on Vermont's difficult community development/land use challenges.
3. VHCB partners need continued organizational development and improvement.
4. Ongoing core funding is a best practice to sustain organizational development.

Therefore, the Board adopts the following:

I. General Goals and Objectives

- A. To build, enhance, and sustain capacity for housing and conservation activities throughout the State of Vermont in order to accomplish the Board's mission.
- B. To provide core operating funding for regional and statewide organizations that carry out housing and conservation activities so that they are able to successfully meet their mission and further the goals of the Vermont Housing & Conservation Trust Fund Act by:
 1. Meeting housing and conservation needs that may require unique partnerships or creative approaches to achieving the Board's mission.
 2. Planning strategically for the future.
 3. Collaborating with VHCB staff on difficult organizational challenges.
 4. Enhancing the capacity of non-profit organizations to steward their assets.
 5. Improving and maintaining the financial health of housing and conservation organizations.
 6. Implementing the goals of Vermont's municipalities in the areas of community development, housing, and land conservation.

II. Circumstances Under Which the Board will Consider Making a Grant

A. The Board will consider investments in organizational development when such activity will further the objectives of the Act and will support a service or activity that is essential to the mission of the Board in one or more of the following ways:

1. In a community or region that has seen evidence of a housing or conservation need, develops capacity where no qualified applicant exists or no existing entity is available to provide the proposed service, or maintains/expands capacity of an existing organization to provide the service.
2. The activities of the organization will result in leveraging of public or private funds that further the Board's goals.
3. The organization will provide essential technical assistance to further the purposes of the Act.
4. The organization broadly serves the need of the geographic area in which the organization operates without duplicating the functions of another non-profit in the same region.

B. Community Support

Regardless of the specific purpose of the capacity grant request, the organization seeking assistance must be able to demonstrate its viability either in terms of community support for its mission or the ability to leverage other funds to carry out projects appropriate for the Board to support.

C. Duplication of Efforts

The Board desires to promote affiliation and coordination among organizations serving the same region and therefore suggests that existing resources be used wherever and whenever possible. Therefore, in making a determination regarding whether or not to fund an organizational grant, the Board will consider whether capacity currently exists in the community or region. The Board generally will not provide organizational grant funding to more than one organization seeking to provide the same service to the same county or region. In cases where this situation exists the Board may impose conditions that a Memorandum of Understanding be signed between the affected organizations and that such memorandum shall address how the organizations will interact so as to eliminate duplication and to maximize the strengths of each organization.

III. Types of Grants

It is anticipated that organizational development grants will be of two types:

A. Start-up Grants - capacity building funds to further the purposes and objectives of the Board where the need for establishment of a regional or statewide organization exists or an existing organization needs or desires to expand activity; and

- B. Core Operating Support - funding for existing organizations where the organization provides a service, on a regional or statewide basis, that furthers the purposes and objectives of the Board.

IV. Start-up Funding

- A. Availability

Start-up phase organizational funds will be available for a maximum of two years. After that time, organizations must either meet the requirements for core operating support or be ineligible to receive additional organizational capacity grants from the Board.

- B. Grant Agreement

Recipients shall sign a Grant Agreement with the Board that allows for among other things: organizational monitoring; review of systems including, financial, management etc.; attendance at appropriate workshops; participation in peer groups that may exist.

V. Core Operating Support

- A. Cash Match

Core Operating Support capacity funding will require a hard cash match. The amount will be established by the Board on a case by case basis and may depend upon the circumstances of the organization.

- B. Grant Agreement

Recipients shall sign a Grant Agreement with the Board that allows for, among other things: organizational monitoring; review of systems including, financial, management etc.; attendance at appropriate workshops; participation in peer groups that may exist and providing an organizational audit to VHCB staff for review.

- C. Decreasing Reliance on VHCB Organizational Funding

In cases where the applicant is seeking Core Operating Support, the Board expects, except under extremely unusual circumstances, that, from start-up to maturity, a smaller percentage of the organizational budget will come from the Board in the form of organizational grants (although the actual dollar amount may not decrease). Applicants for such funding shall develop and update a Business Plan that shows how they will become increasingly self-sufficient.

VI. Start-up Phase Performance Criteria

- A. Eligibility

In order to be eligible for start-up phase capacity funding all grantees must:

1. Have organizational documents including 501(c)(3), Bylaws, Articles of Association
2. Have a mission that furthers the goals of the Vermont Housing & Conservation Board
3. Have a legal mechanism that assures perpetual affordability or permanent conservation of a resource important to the Board
4. Have identified priorities for the protection of land or the development or preservation of housing
5. Broadly serve the need of the geographic area in which the organization operates without duplicating the functions of another non-profit in the same region and no existing entity already meets that need.
6. Have an adopted Conflict of Interest Policy.
7. Have an organizational plan that outlines goals and objectives and how they will be achieved.

VII. Core Operating Support Assessment and Performance Criteria

A. Initial Eligibility

1. All Grantees

In order to be initially eligible for core operating support, both housing and conservation grantees must:

- a. have organizational documents including 501(c)(3), Bylaws, Articles of Association
 - b. have a Business or Strategic Plan satisfactory to VHCB staff
 - c. have a Fundraising Plan satisfactory to VHCB staff
 - d. have financial systems acceptable to VHCB staff
 - e. have a Conflict of Interest Policy meeting any criteria established by VHCB
 - f. have up to date reports on any VHCB-funded projects
 - g. have a legal mechanism that assures perpetual affordability or permanent conservation of a resource important to the Board.
 - h. Broadly serve the need in the geographic area in which the organization operates and without duplicating the functions of another non-profit in the same region.
 - i. have submitted all required VHCB reports, if applicable.
- #### **2. Conservation Grantees must have:**
- f. a clear mission that furthers the goals of VHCB and identified priorities for protection
 - g. a process for community involvement
 - h. completed at least 2 eligible projects

- i. developed a plan for stewardship acceptable to VHCB
 - j. subscribe to generally accepted (Land Trust Alliance) standards for conservation projects
3. Housing Grantees must have:
- a. developed at least 15 units of housing
 - b. established property management systems including but not limited to a formal procedure for tenant selection, and a written lease
 - c. a clear mission that furthers the goals of VHCB and identified priorities for housing development and/or preservation

Statewide housing organizations that have another purpose closely related to the mission of the VHCB such as lending for perpetually affordable housing developments are excepted from these requirements.

B. Ongoing Funding

1. In order to be eligible for ongoing core operating support (assuming availability of funds) both housing and conservation grantees should show focus on continued organizational development. Areas of focus include, but are not limited to:
 - annual workplans which address the goals and objectives of this policy
 - membership
 - fundraising capacity
 - accuracy in record-keeping and reporting
 - commitment to goals and principals of VHCB and its policies
 - obtaining a reasonable percentage of operating budget from other sources
 - Personnel policy/procedures if more than two staff people
2. Conservation Grantees:
 - number of acres conserved and/or impact of resource protected
 - effectiveness of stewardship program
3. Housing Grantees:

Housing staff will use the following to assess organizational capacity and performance. Such assessment will help staff become more familiar with the strengths and weaknesses of particular organizations and thereby lead to technical assistance and capacity building opportunities. Identified weaknesses may be addressed in the conditions of an organizational grant award and reflected in the score given to the application.

Staff Capacity

General:

- Is the size of the staff adequate for the workload of the organization?
- Does staff have the experience necessary to perform their jobs and do opportunities for training exist?
- Do staff avail themselves of technical assistance and outside expertise, as appropriate, to compensate for lack of experience or knowledge?

- Does cross training occur to provide appropriate back-up for key staff?
Executive Director:
- Does s/he have and express a commitment to organizational mission and s/he is able to articulate a clear vision for the organization?
- Does s/he have experience managing an organization of similar size and complexity?
- Does s/he know how to effectively define expectations, supervise and evaluate staff?
- Has there been excessive turnover or staff dissatisfaction?
- Does the E.D. represent the organization well to constituents and the public?

Development Staff:

- Has development staff developed projects of similar size and complexity as those in the organization's pipeline?
- Does the development staff have a history of successful project completion?
- Is the developer(s) realistic in selecting projects based on community need, available resources, etc.?
- Does the development staff undertake adequate feasibility and pre-development work to insure project success?

Financial Staff:

- Do they produce accurate financial statements in a timely manner that provide appropriate management information?
- Have there been major audit findings or concerns?

Board Capacity:

- Are all board position filled?
- If the organization is a CHDO, does the board meet the composition requirements and are systems in place to ensure ongoing compliance?
- Does the board understand its role and responsibilities?
- Is the board actively engaged in governance and fundraising?

Organizational Financial Health:

- How many months operating reserves does the organization have, if any?
- Does the organization utilize lines of credit? If so, what is the purpose? Do they have a policy for drawing on it? Do they have an outstanding balance and if so, what is the plan for paying off that balance?
- Within the past year has the organization had trouble covering costs and/or meeting payroll?

Portfolio Financial Health:

- Do any properties have operating deficits? Are properties covering all of their costs including paying management fees and funding reserves?
- Are replacement reserve levels adequate to cover capital needs anticipated within the next 5 years? Longer?
- If the organization stewards homeownership units, how many, if any are delinquent on mortgage or property tax payments or in foreclosure?

Planning:

- Has the organization established clear goals and objectives in the areas of: organizational planning, staff/board relations, staffing/personnel, financial, contract compliance, technical operating systems, project development, property and asset management, tenant relations, community relations? Is there a work plan and timeline for implementation?
- Does the organization have a fundraising plan and is it being implemented?
- Does the organization have a strategic plan and is it being implemented?
- Does the organization have a transition plan for the Executive Director and board leadership?
- Has the organization established clear policies and procedures to insure compliance with state and federal requirements regarding such areas as conflict of interest, procurement, tenant selection, fair housing, equal opportunity and affirmative marketing?

Coordination:

- Does the organization coordinate and collaborate regularly with peer organizations and social service providers?

C. Grounds for Rejection of Funding Request

1. The following shall be grounds for denying core operating support:

- Failure to meet one or more of criteria outlined above
- Failure to address the findings of monitoring in a satisfactory way

D. Applicants for CHDO Operating Funds

All applicants for CHDO funding will be assessed based on the criteria described above, and must submit the CHDO Recertification Checklist pertaining to legal status, capacity, organizational structure, and relationship with for profit entities as well as the “Certification of Limitation on HOME Capacity Building and Operating Funds.” For the purpose of receiving a CHDO Operating Grant, a CHDO will be determined to have staff capacity for project development if the organization has developed a project of similar size and complexity as those in their pipeline, or if there is a reasonable expectation that they will receive CHDO set-aside project funds within 24 months of receiving CHDO operating funds, in accordance with 24CFR 92.300 (e). *

*HOME Program CHDO set-aside funds for development activities will only be available to a project if the “current CHDO staff has experience developing a project or projects of the same size, scope and level of complexity as the activities for which HOME funds are being reserved or committed” in accordance with the Consolidated and Further Continuing Appropriations Act of 2012 (PL 112-55).

VIII. Mergers

A. Conditions Under Which Mergers will be Encouraged

The Vermont Housing and Conservation Board will encourage mergers among organizations receiving organizational grant funds when such mergers will result in improvements in quality of service and improved administrative capacity to undertake the Board's mission or streamline overlapping or duplicative services.

B. Funding Available for Merged Organizations

Organizations which merge will be eligible for three years to receive up to the same level of organizational grant funding they had prior to merger. After three years, the organizations will be eligible to receive no more than 80% of that amount unless the overall pool of funds available for organizational support grows, in which case the merged organization(s) may be eligible for a pro-rata increase. The Board may choose to waive the 80% cap in cases in which a merger combines geographic territories or expands the geographic territory of one entity.

If an organization that receives grant funding is involved in consolidation or merger it may apply for special assistance to support the merger process.

IX. Training and Technical Assistance

As part of its efforts to build, maintain, and enhance capacity of non-profit organizations the Board will sponsor workshops and training sessions on relevant issues. The Board will either undertake these workshops on its own or as a collaborative effort with other organizations or agencies. In order to achieve the goals of the organizational grants program, it is expected that recipients of organizational grants from the Board will attend those workshops or training sessions on topics that are relevant to the activities of the particular organization. The Board may consider failure to attend workshops and training sessions as ground for denying future organizational grants.