

2008

**Vermont Neighborhood
Stabilization Program**



January 15, 2009

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VERMONT
NEIGHBORHOOD STABILIZATION PROGRAM
SUBSTANTIAL AMENDMENT

As of January 15, 2009

Jurisdiction(s): Vermont Community Development Program, VT Department of Housing & Community Affairs	NSP Contact Person: Josh Hanford Address: VT Dept. of Housing & Community Affairs National Life Building, Montpelier, VT 05620-0501 Telephone: 802 828-5201 Fax: 802 828-2928 Email: josh.hanford@state.vt.us
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A. AREAS OF GREATEST NEED

Provide summary needs data identifying the geographic areas of greatest need in the grantee's jurisdiction.

Note: An NSP substantial amendment must include the needs of the entire jurisdiction(s) covered by the program; states must include the needs of communities receiving their own NSP allocation. To include the needs of an entitlement community, the State may either incorporate an entitlement jurisdiction's consolidated plan and NSP needs by reference and hyperlink on the Internet, or state the needs for that jurisdiction in the State's own plan. The lead entity for a joint program may likewise incorporate the consolidated plan and needs of other participating entitlement jurisdictions' consolidated plans by reference and hyperlink or state the needs for each jurisdiction in the lead entity's own plan.

HUD has developed a foreclosure and abandonment risk score to assist grantees in targeting the areas of greatest need within their jurisdictions. Grantees may wish to consult this data in developing this section of the Substantial Amendment.

Response:

Vermont's problem is not concentrated, it is very disparate, and some of those areas of concentration from a high risk standpoint of subprime mortgage and high cost loans have a very low population, such as Orleans and Essex counties. These are extremely rural and/or mountainous regions of the state. Likewise, in the northern tier of Lamoille county, the southern tier of Orange county, the southern tier of Rutland county, and the majority of the towns showing a higher risk in Windham county have low populations from the rural character and the Green Mountains. The demonstrated need will encompass a review of all relative data from the criteria specified in the NSP Legislation of high foreclosure rates, high unemployment, sub-prime mortgages, and potential high risks

occurring over the coming months with the population data to ensure the NSP funds are providing the best solution and the greatest impact to the most people.

Vermont developed its areas of greatest need pursuant to Title III of Division B of the Housing and Economic Recovery Act of 2008 as outlined below:

- Greatest percentage of home foreclosures;
- Highest percentage of homes financed by subprime mortgage related loans; and
- Areas identified as the most likely to face a significant rise in the rate of home foreclosures.

Greatest percentage of home foreclosures

To illustrate the current foreclosure scene the State of Vermont obtained foreclosure filing data from the Vermont Mortgage Bankers Association and the primary foreclosure attorney representing out-of-state banks. Additionally the State consulted with its five home ownership centers for data pertaining to clients receiving foreclosure counseling. This information is as follows:

Active Vermont Residential Property Foreclosures by County

Vermont Based Bank Survey - Residential Properties in Foreclosure*	
Addison county	8
Windsor county	8
Orange County	6
Washington county	6
Caledonia county	3
Orleans county	3
Windham county	3
Bennington county	2
Lamoille county	2
Rutland county	2
Chittenden county	1
Essex county	1
Franklin county	1
Grand Isle county	0
Total	46

Notes:
*Survey as of October 31, 2008 to 21 Vermont banks, of which 16 responded
Total value of properties "in foreclosure" equals \$4,878,000.

Non Vermont Based Bank Active Residential Foreclosures - Filed 2007-2008 to date	
Chittenden county	220
Rutland county	204
Franklin county	143
Washington county	113
Windsor county	100
Windham county	96
Bennington county	64
Lamoille county	52
Addison county	51
Orleans county	51
Caledonia county	49
Orange County	49
Grand Isle county	28
Essex county	15
Total	1235

Notes:
Data as of 10/30/2008 from attorney representing approximately 60% of the Vermont foreclosures and primarily all out-of-state banks.
Active means those which have NOT been closed or resolved.

Current HUD Foreclosures by County

HUD Active Foreclosure Listing as of November 3, 2008*	
Orleans county	4
Caledonia county	3
Windsor county	2
Chittenden county	1
Franklin county	1
Washington county	1
Windham county	1
Addison county	0
Bennington county	0
Essex county	0
Grand Isle county	0
Lamoille county	0
Orange County	0
Rutland county	0
Total	13

Notes:

*Listing is as of 11/3/08 obtained from HUD Manchester NH Housing Program Specialist representative.

Total value of HUD properties in foreclosure equals \$434,540, which includes only the properties which have reached a status to receive a price value (6 out of 13).

Foreclosure Counseling by County

Foreclosure Prevention Counseling						
Numbers counseled - January - October 2008						
	Central Vermont	Gilman Housing Trust	Champlain Housing Trust	NeighborWorks of Rutland West	Southeastern Vermont RLF	Totals
Windham county					39	39
Caledonia county	1	29				30
Addison county	1			23		24
Bennington county				23	1	24
Rutland county				23		23
Washington county	17					17
Chittenden county			16			16
Franklin county	1		14			15
Orleans county		13				13
Windsor county					13	13
Orange County	7					7
Essex county		5				5
Lamoille county	2					2
Grand Isle county			1			1
Total counseled	29	47	31	69	53	229

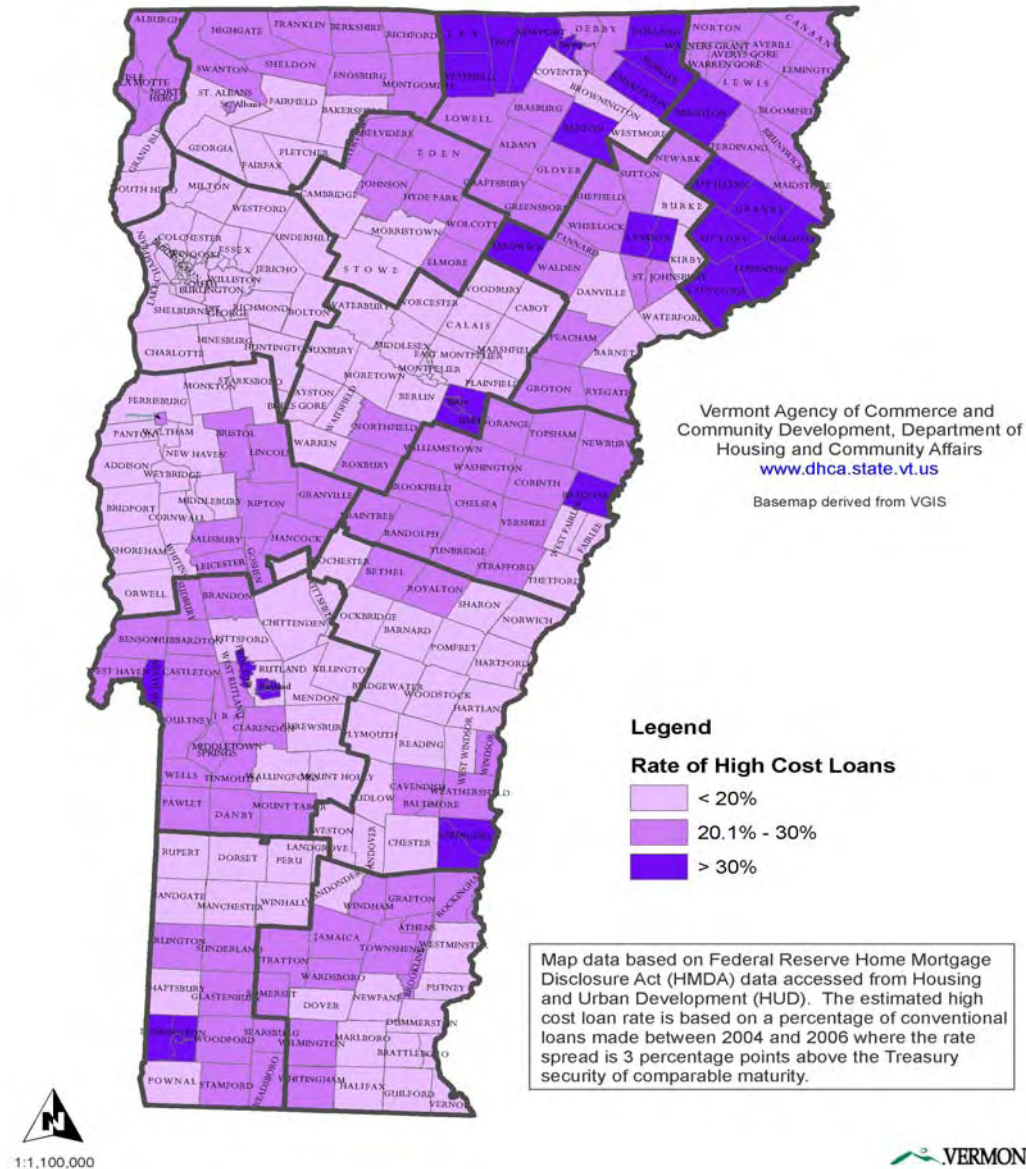
Note: Data from Neighbor Works of Rutland West was provided as a whole for their service area, data was distributed equally to give a county by county view.

In sum, the above data reveals a relatively disbursed foreclosure problem throughout the state of Vermont.

High percentage of homes financed by subprime mortgage related loans

To demonstrate areas that contained the highest percentage of homes financed by a subprime mortgage loan Vermont utilized Home Mortgage Disclosure Act (HMDA) data, accessed from the U.S. Department of Housing and Urban Development (HUD).

High Cost Loans

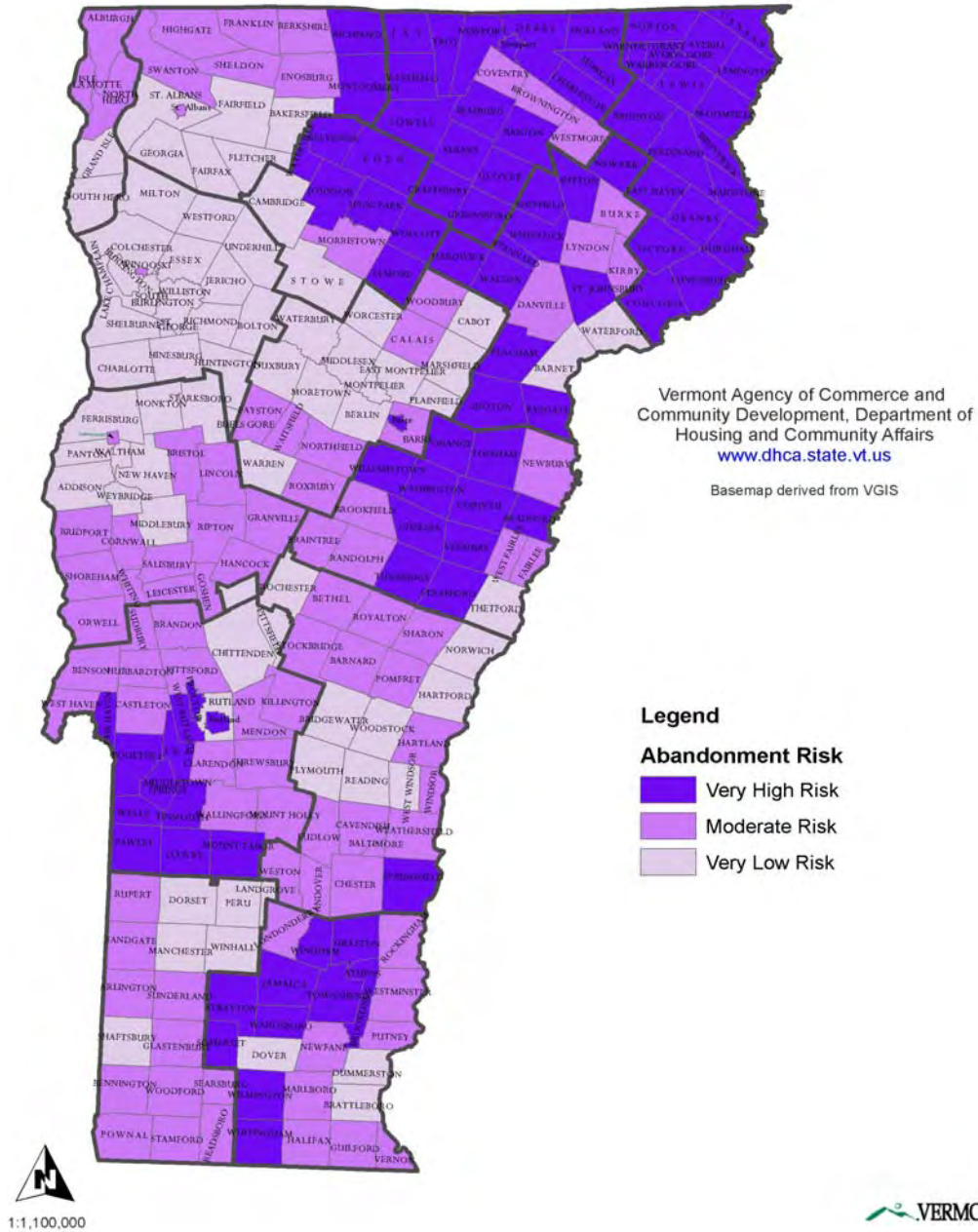


This data reveals pockets and isolated areas in which greater than 30% of the loans made between 2004 and 2006 were financed through sub-prime mortgages. In general, Vermont has been fortunate to realize a relatively broad and dispersed sub-prime loan pattern.

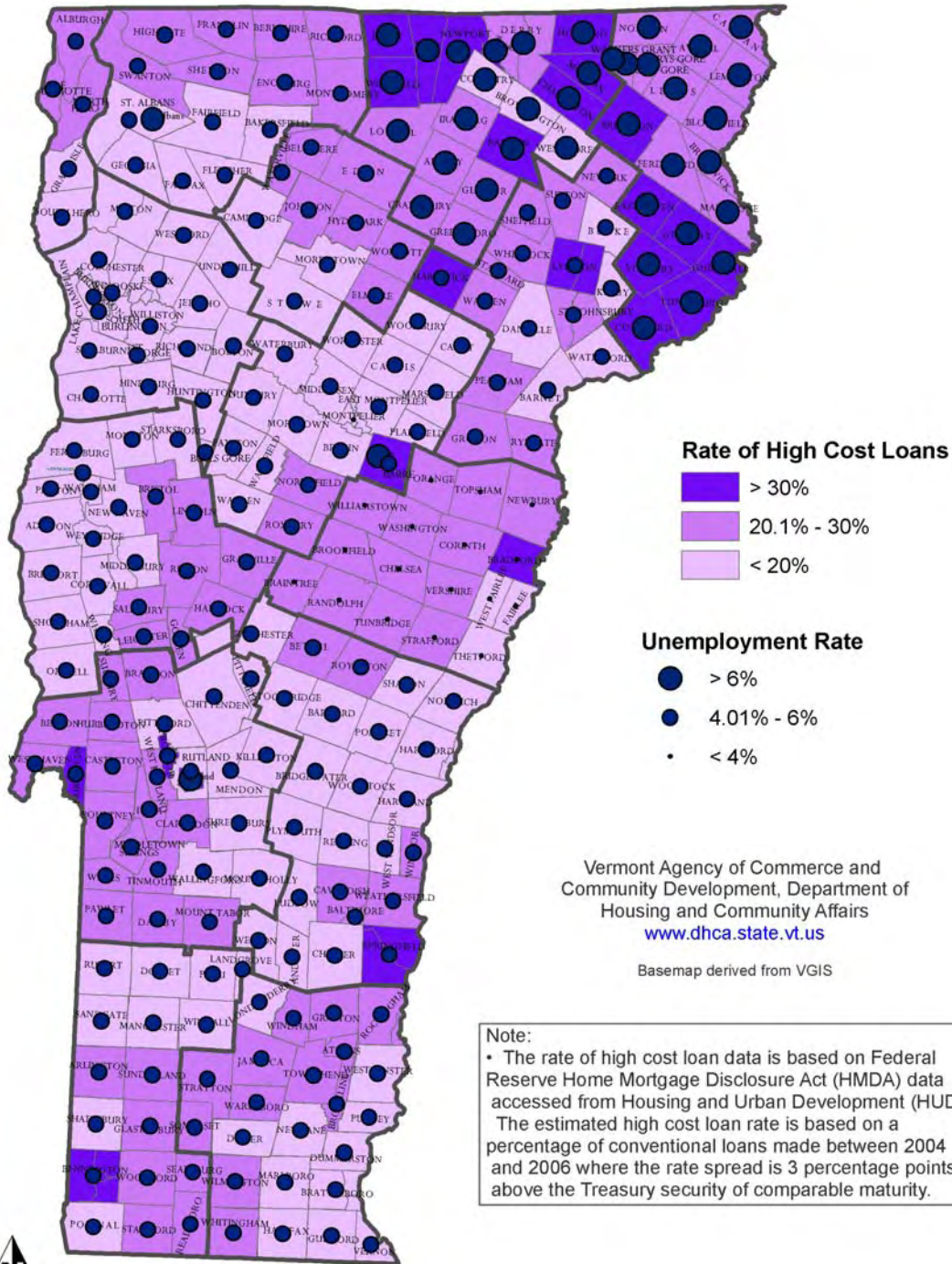
Areas most likely to face a significant rise in the rate of home foreclosures

Using Federal Reserve Home Mortgage Disclosure Act (HMDA), U.S. Postal Service, U.S. census, U.S. Bureau of Labor Statistics, and other data obtained from the U.S. Department of Housing and Urban Development (HUD) Vermont illustrates its areas most likely to face an increase in the rate of home foreclosures and abandonment as:

Estimated Foreclosure Abandonment



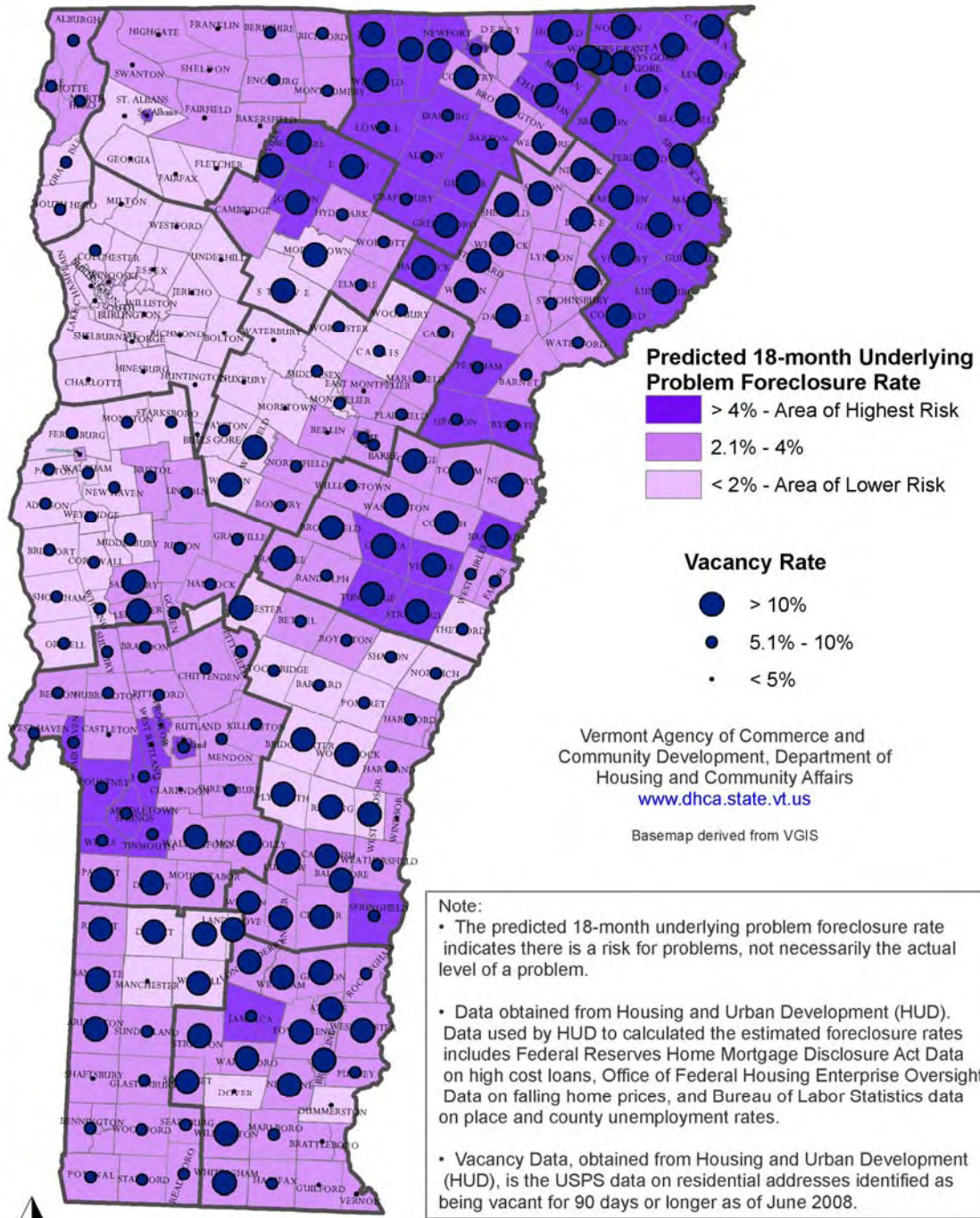
High Cost Loans and Unemployment



1:1,100,000



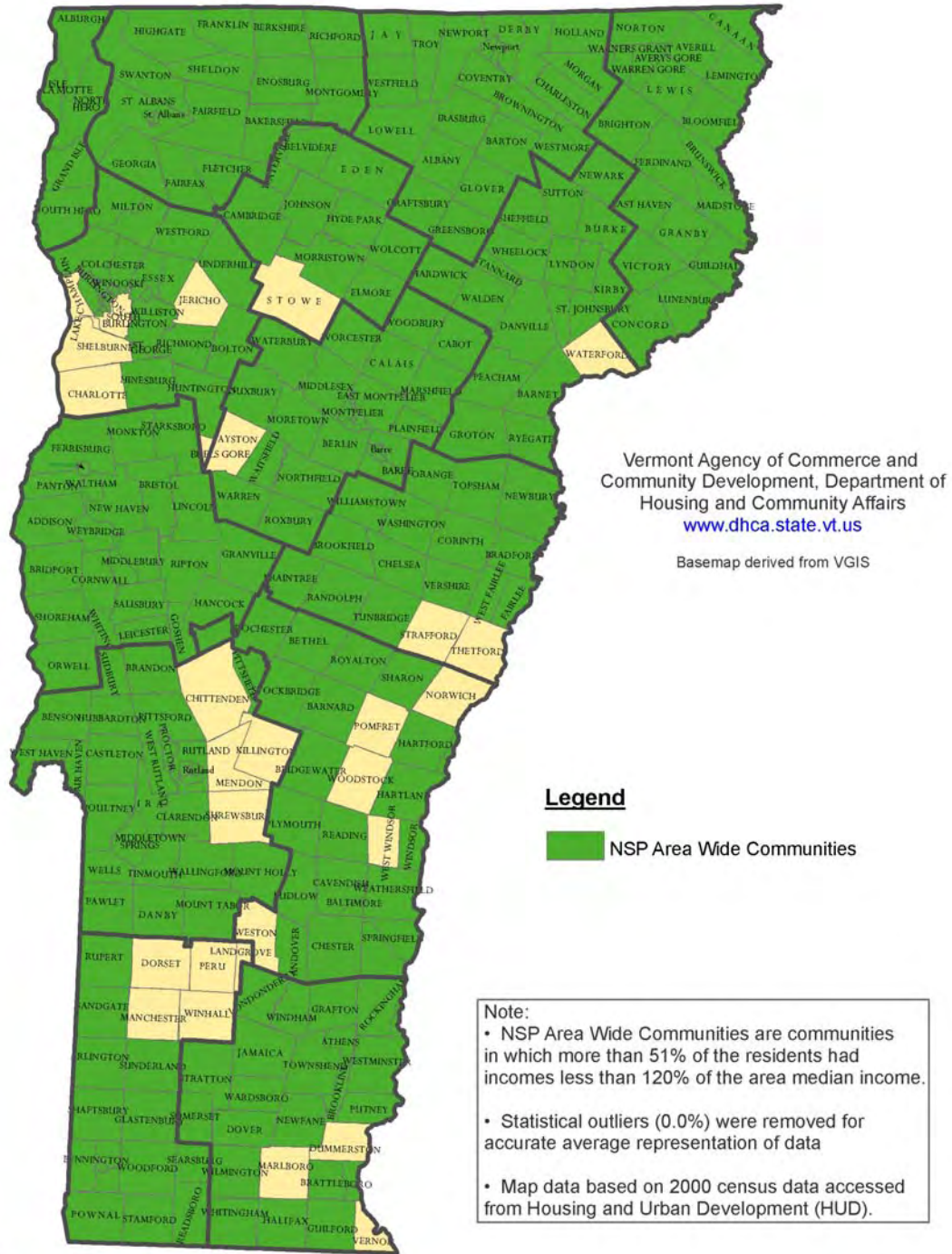
Predicted 18-month foreclosures and Vacancy Rates



1:1,100,000



NSP Area Wide Eligible Communities



1:1,100,000



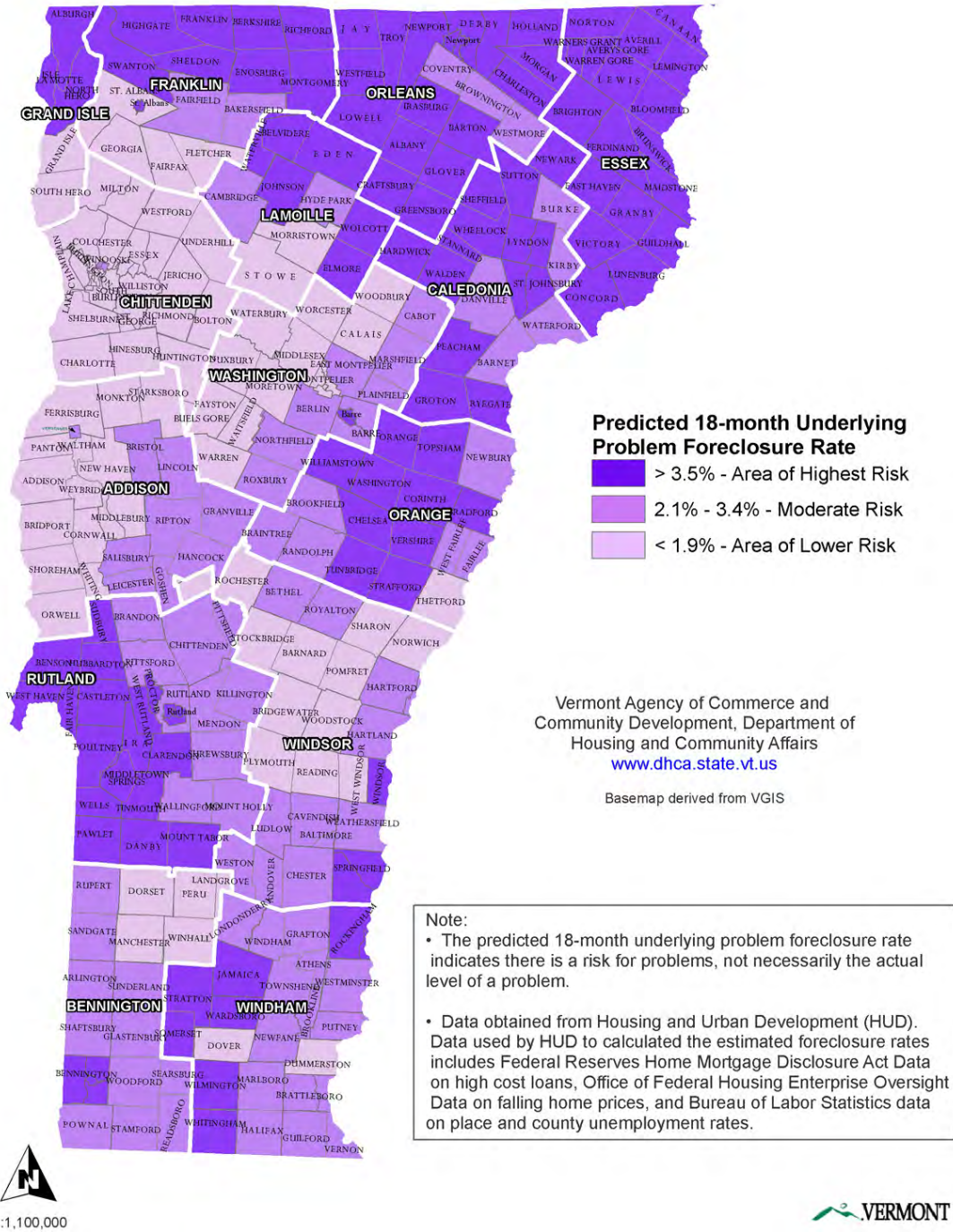
Conclusion

The State of Vermont has solicited, researched and analyzed conventional and unconventional data sources to determine concentrations of foreclosed properties, sub-

prime loans, and areas likely to face a significant increase in the rate of home foreclosures. Reviews of this data as a whole reveal small pockets and geographically isolated problem areas for Vermont. The Vermont NSP has statistically identified those areas of greatest need and will target the NSP funds accordingly as, ~~and therefore the State will respond accordingly through a flexible program design to meet the needs throughout the entire state as~~ outlined below in Section B.

Project Specific Program Targeted Communities

Predicted 18-month foreclosures



To see the list of communities please refer to Attachment C.

B. DISTRIBUTION AND USES OF FUNDS

Provide a narrative describing how the distribution and uses of the grantee's NSP funds will meet the requirements of Section 2301(c)(2) of HERA that funds be distributed to the areas of greatest need, including those with the greatest percentage of home foreclosures, with the highest percentage of homes financed by a subprime mortgage related loan, and identified by the grantee as likely to face a significant rise in the rate of home foreclosures. *Note: The grantee's narrative must address these three stipulated need categories in the NSP statute, but the grantee may also consider other need categories.*

Response:

The Vermont Neighborhood Stabilization Program (NSP) will feature a three-pronged approach to effectively and quickly deploy the funds, serve the need in Vermont, capture the desired benefit and meet all program requirements. This approach is not meant to preclude eligible activities as specified under the Housing and Economic Recovery Act and the Neighborhood Stabilization Program as designed by HUD.

The three-pronged approach is as follows:

1. Homeownership Acquisition and Rehabilitation Program (HARP)
2. Municipal Program
3. Project-Specific Program

The Vermont NSP will target the funds for each of the three Programs as follows:

HARP - to Essex, Orleans, Calendonias, Orange, Rutland, Windham and Southern Windsor counties to meet the greatest need across the state of Vermont which is illustrated in Section A – Areas of Greatest Need.

Municipal Program – to the City and Town of Barre; Town of Bennington; City of Burlington; Town of Hardwick; City and Town of Newport; City and Town of Rutland; Town of St. Johnsbury; and Town of Springfield to meet the greatest need as illustrated in Section A – Areas of Greatest Need, specifically High Cost Loans and Unemployment.

Project-Specific Program - to those communities with a Census Tract rating of 3.5% and greater for predicted 18-month underlying foreclosure problem to meet the greatest need as illustrated in Section A – Areas of Greatest Need. Supplemental map and listing included.

The statistical data gathered and analyzed supports targeting the NSP funds as presented and supports the Vermont NSP Priorities as outlined on page 19 and 20.

The Vermont Neighborhood Stabilization Program (NSP) will seek to fully encumber the entire grant from HUD within the eighteen month period allowed by law (estimated August, 2010). The program will be compliant with all requirements, laws and regulations and will be administered by the Vermont Community Development Program (the state CDBG program), Division of the Department of Housing and Community Affairs, Agency of Commerce and Community Development with assistance from the Agency's Grants Management Division and under the oversight of the Deputy Secretary.

The Vermont Neighborhood Stabilization Program (NSP) will allow all eligible uses under the Housing and Economic Recovery Act §2301(c)(3) which includes:

FINANCING MECHANISMS

§2301(c)(3)(A) establish financing mechanisms for purchase and redevelopment of foreclosed upon homes and residential properties, including such mechanisms as soft-second, loan loss reserves, and shared-equity loans for low- and moderate- income homebuyers;

Relevant Definition:

Foreclosed - A property "has been foreclosed upon" at the point that, under state or local law, the mortgage or tax foreclosure is complete. HUD generally will not consider a foreclosure to be complete until after the title for the property has been transferred from the former homeowner under some type of foreclosure proceeding or transfer in lieu of foreclosure, in accordance with state or local law.

PURCHASE AND REHABILITATION

§2301(c)(3)(B) purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed upon, in order to sell, rent, or redevelop such homes and properties;

Relevant Definitions:

Abandoned - A home is abandoned when mortgage or tax foreclosure proceedings have been initiated for that property, no mortgage or tax payments have been made by the property owner for at least 90 days, AND the property has been vacant for at least 90 days.

Current market appraised value - The current market appraised value means the value of a foreclosed upon home or residential property that is established through an appraisal made in conformity with the appraisal requirements of the URA at 49 CFR 24.103 and completed within 60 days prior to an offer made for the property by a grantee, sub recipient, developer, or individual homebuyer.

Acquisition:

- Section 2301(d)(1) of HERA requires any purchase of a foreclosed-upon home or residential property under NSP be at a discount from the current market-appraised value of the home or property. Such discount shall ensure that purchasers are paying below-market value for the home or property.
- For mortgagee foreclosed properties, grantees must seek to obtain the “maximum reasonable discount” from the mortgagee, taking into consideration likely “carrying costs” of the mortgagee if it were to not sell the property to the grantee or sub recipient.
- Section 301 of the URA, regarding just compensation, does not apply to voluntary acquisitions.
- All acquisitions of property under NSP require an appraisal for purposes of determining the statutory purchase discount.
- For individual purchase transactions, the purchase discount is to be at least 5% from the current market appraised value of the home or property.
- For purchase transactions in the aggregate, the average purchase discount depends on how the purchase discount for an individual property is determined.
 - The average purchase discount shall be at least 10% if the State, unit of general local government, or sub recipient determines the discount for each purchase transaction through use of a methodology that results in a discount equivalent to the total carrying costs that would be incurred by the seller if the property were not purchased with NSP funds (provided the discount is at least 5%).
 - Such methodology shall provide for an analysis of the estimated holding period for the property and the nature and amount of the carrying costs of holding the property for this period.

- Carrying costs shall include, but not be limited to: taxes, insurance, maintenance, marketing, overhead, and interest.
 - If this methodology is not used, the minimum average discount shall be at least 15%.
- An NSP recipient may NOT provide NSP funds to another party to finance an acquisition of tax foreclosed (or any other) properties from itself, other than to pay the necessary and reasonable costs related to the appraisal and transfer of title.

Rehabilitation

~~• Any rehabilitation of a foreclosed upon home or residential property shall **be to Achieve high housing quality and energy efficiency standards . All multi-family housing consisting of 2 or more units assisted with NSP funds will be required to meet the State of Vermont Department of Public Safety Public Building Codes which incorporate both the National and International Building Codes, any additional Municipal building codes and zoning permit requirements, in addition, built environments which are green, energy efficient and healthy. All single-family, owner-occupied or rented units shall comply with the State of Vermont Department Public Safety Fire and Safety codes, in addition to any municipal building codes and zoning permit requirements, and incorporate built environments which are green and energy efficient. It should be noted that CDBG Lead Paint regulations apply to all NSP funded properties.**~~

- ~~All multi-family housing units assisted with NSP funds will be required to meet the existing Vermont affordable housing funders' policy on the Conservation of Energy and Water in Residential Properties adopted by VHCB, VHFA and VCDP (cited on page 27-30), in addition, all single family homes assisted with NSP funds should achieve an Energy Star HER rating of 80 or less if appropriate.~~

~~• the extent necessary to comply with applicable laws, codes and other requirements relating to housing safety, quality, and habitability, in order to sell, rent, or redevelop such homes and properties. In their substantial amendment, grantees must define their housing rehabilitation standards that will apply to NSP assisted activities.~~

- Funds may be used for preservation, improving energy efficiency or conservation, or providing renewable energy source(s).
 - HUD encourages grantees to strategically incorporate modern green building and energy efficiency improvements to provide for long-term affordability and increased sustainability and attractiveness of housing and neighborhoods.

- Grantees may fund costs, such as sales costs, closing costs, and reasonable developer's fees, related to NSP-assisted housing, rehabilitation, or construction activities.
- NSP funds may be used to redevelop acquired property for nonresidential uses, such as a public parks or mixed residential and commercial use.
- Grantees may rehabilitate property to be operated as rental housing by the grantee, by a sub recipient, by a lessee or by a purchaser. Grantees should note that the costs of purchase, rehabilitation, conversion and sale of such properties are eligible NSP activities, but the expenses of actually operating the rental housing (such as maintenance, insurance, deficits in monthly operating income) and tenant-based rental subsidies are not eligible NSP activities.

Sale

- If an abandoned or foreclosed upon home or residential property is to be sold to an individual as a primary residence, no profit may be earned on such sale.
- Section 2301(d)(2) directs that the sale of such property shall be in an amount equal to or less than the cost to acquire and redevelop or rehabilitate such home or property up to a decent, safe, and habitable condition.
- The maximum sales price for a property is determined by aggregating all costs of acquisition, rehabilitation, and redevelopment (including related activity delivery costs, which generally include, among other things, costs related to the sale of property).
- In determining the sales price, HUD will NOT consider the costs of boarding up, lawn mowing, maintaining the property in a static condition, or, in the absence of NSP-assisted rehabilitation or redevelopment, the costs of completing a sales transaction or other disposition to be redevelopment or rehabilitation costs.
- Each NSP-assisted homebuyer is required to receive and complete at least eight hours of homebuyer counseling from a HUD-approved housing counseling agency before obtaining a mortgage loan.
- Grantees must ensure that homebuyers obtain a mortgage loan from a lender who agrees to comply with the bank regulators' guidance for non-traditional mortgages.
- Grantees are cautioned against providing or permitting homebuyers to obtain subprime mortgages for whom such mortgages are inappropriate.

LAND BANKS

§2301(c)(3)(C) establish land banks for homes that have been foreclosed upon;

Relevant definitions:

Land bank - A land bank is a governmental or nongovernmental nonprofit entity established, at least in part, to assemble, temporarily manage, and dispose of vacant land for the purpose of stabilizing neighborhoods and encouraging re-use or redevelopment of urban property. For the purposes of the NSP, a land bank will operate in a specific, defined geographic area. It will purchase properties that have been abandoned or foreclosed upon and maintain, assemble, facilitate redevelopment of, market, and dispose of the land-banked properties. If the land bank is a governmental entity, it may also maintain abandoned or foreclosed property that it does not own, provided it charges the owner of the property the full cost of the service or places a lien on the property for the full cost of the service.

Land Bank Uses:

- A land bank may not hold a property for more than ten years without obligating the property for a specific, eligible redevelopment in accordance with NSP requirements. HUD does not believe that holding property alone is sufficient to stabilize most neighborhoods.
- The grantee must determine the actual service area benefiting from a land bank's activities.
- Grantees may pursue other Land Bank activities, however, NSP funds may only be used for acquisition

DEMOLITION

§2301(c)(3)(D) demolish blighted structures;

Relevant definition:

Blighted structure - A structure is blighted when it exhibits objectively determinable signs of deterioration sufficient to constitute a threat to human health, safety, and public welfare. See section C. Definitions and Descriptions more detail.

REDEVELOPMENT

§2301(c)(3)(E) redevelop demolished or vacant properties;

- Grantees may fund costs, such as sales costs, closing costs, and reasonable developer's fees, related to NSP-assisted housing, rehabilitation, or construction activities.
- New construction of housing and building infrastructure for housing is an eligible use.
- Grantees may redevelop property to be used as rental housing.

ADMINISTRATION AND PLANNING COSTS

§2301(c)(3)

- An amount of up to 10% of an NSP grant provided to a jurisdiction and up to 10% of program income earned may be used for general administration and planning activities as defined at 24 CFR 570.205 and 206.
- For all grantees, including states, the 10% limitation applies to the grant as a whole.
- There is no state match requirement for administrative costs as exists in the CDBG program.
- Activity delivery costs, as defined in 24 CFR 570.206, may be charged to the particular activity performed above and will not count as general administration and planning costs.
- Pre-award Costs: A grantee may incur pre-award costs necessary to develop the NSP Application and undertake other administrative and planning actions necessary to receive the NSP grant, in compliance with 24 CFR 570.200(h). States may allow sub recipients to incur pre-award costs pursuant to 24 CFR 570.489(h).

In addition to the goals articulated elsewhere in the current, Vermont Consolidated Plan, the goals of the Vermont Neighborhood Stabilization Program are:

- Preserve assisted housing for low and moderate income (LMI) households where those assisted projects are foreclosed upon;
- Acquire, renovate and sell or rent residential housing that has been foreclosed upon or abandoned to households with incomes at or below 120% of area median income (AMI) with priority for households with incomes below 50% (AMI);
- Allow those municipalities that meet all program requirements to locally address the foreclosed single and multi-family housing problems of their communities;
- Provide an opportunity to for profit and not for profit entities to acquire, redevelop and make available to low, moderate and middle income (LMMI) households, affordable housing, through creative projects that reutilize foreclosed properties;
- Ensure long-term affordability by encouraging projects that seek perpetual affordability; however, the minimum standard will be the Home Investment Partnerships Program (HOME) affordability terms and income limits;

- Alleviate the negative effects on neighborhoods and communities from blighted and abandoned buildings, by supporting the demolition of blighted structures and the redevelopment of demolished or vacant properties; and
- Support and enhance designated downtowns, villages, new neighborhoods and growth centers.

The program will feature a three-pronged approach to effectively and quickly deploy the funds, serve the need in Vermont, capture the desired benefit and meet all program requirements. This approach is not meant to preclude eligible activities as specified under the Housing and Economic Recovery Act and the Neighborhood Stabilization Program as designed by HUD.

The three-pronged approach is as follows:

1. Homeownership Acquisition and Rehabilitation Program (HARP)
2. Municipal Program
3. Project-Specific Program

The State will not completely allocate program funds across these three program components until proposals are received for the Municipal and Project-Specific programs. Setting amounts available before this stage of the program may unnecessarily prohibit important projects or well designed municipal programs. However, Municipal and Project-Specific program requests must be in amounts that reflect the outstanding needs identified in well documented, supporting data as well as reasonable operating and other soft costs.

The minimum grant application amount will be \$1M and can be for multiple projects and the maximum will be \$4M.

1. Homeownership Acquisition and Rehabilitation Program (HARP)

The Homeownership Acquisition and Rehabilitation Program (HARP) will provide funding to the Vermont Housing and Finance Agency (VHFA) or its affiliate or subsidiary to acquire 1-4 family properties that are real estate owned (REO), with priority being given to acquire properties from Vermont-based lending institutions, municipalities that have acquired residential property through a tax taking procedure and FHA, and then from out of state lenders as funds allow. The foreclosure process must be complete prior to purchase by VHFA and the deed and clear title must be in the possession of the mortgagee. VHFA will:

1. Acquire properties clear of all liens and encumbrances. Rehabilitation of, rehabilitate the homes to shall comply with the State of Vermont Department Public Safety Fire and Safety codes, in addition to any municipal building codes and zoning permit requirements, and incorporate built environments which are

green and energy efficient. at least HUD Housing Quality Standards and where possible achieve an appropriate Energy Star rating, and

2. sell the properties to income eligible (at or below 120% AMI) homeowners who will occupy the property as their principal place of residency, who receive at least eight hours of HUD certified, homeownership counseling, secure financing that is not subprime, and who agree to a continued affordability agreement that makes available, to subsequent owners, equity that was realized in the transaction underwritten with NSP funds or;
3. transfer or sell the properties to housing organizations who will then sell the properties to income eligible (at or below 120% AMI) homeowners who will occupy the property as their principal place of residency, who receive at least eight hours of HUD certified, homeownership counseling, secure financing that is not subprime, and who agree to a continued affordability agreement that makes available, to subsequent owners, equity that was realized in the transaction underwritten with NSP funds or;
4. sell the properties to housing organizations who will then rent the properties to income eligible (at or below 120% AMI) households who will occupy the property as a primary residence.

~~VHFA can acquire properties anywhere in the state but not in municipalities that are awarded funds through the Municipal component of the program~~
VHFA can acquire properties in any of the greatest need designated counties of Essex, Orleans, Calendonía, Orange, Rutland, Windham and Southern Windsor, but not in municipalities that are awarded funds through the Municipal component of the program.

VHFA must acquire the property for no more than 9590% of the appraised value but may sell the property for as little as 50% of the total cost of acquisition, discharge of liens, rehabilitation costs and transaction costs but no more than the total of those costs, less 10%.

The Vermont Housing and Finance Agency (VHFA) will be allocated all the program funds not awarded through Municipal or Project-Specific program grants, but not less than \$7M.

2. Municipal Program

NSP funds will be made available to targeted municipalities City and Town of Barre; Town of Bennington; City of Burlington; Town of Hardwick; City and Town of Newport; City and Town of Rutland; Town of St. Johnsbury; and Town of Springfield designated having the greatest need identified in Section A: that wish to undertake and complete a foreclosure mitigation program of their own provided it demonstrates it:

1. has or can acquire the capacity to effectively administer such a program;
2. has a well documented need, defined by objective, supporting data; and
3. has a plan that at a minimum will:
 - a. address the municipally identified single family and/ or multi-family need quickly and efficiently;
 - b. demonstrate a very, high likelihood that the municipality will fully encumber the sub grant within twelve months (estimated August, 2010); and
 - c. is compliant with all applicable regulations.

Communities will be encouraged to work with other contiguous communities (if those communities have been designated having the greatest need identified in Section A, as stated above) that have similar foreclosure problems.

All multi-family housing consisting of 2 or more units assisted with NSP funds will be required to meet the State of Vermont Department of Public Safety Public Building Codes which incorporate both the National and International Building Codes, any additional Municipal building codes and zoning permit requirements, in addition, built environments which are green, energy efficient and healthy. All single-family, owner-occupied or rented units shall comply with the State of Vermont Department Public Safety Fire and Safety codes, in addition to any municipal building codes and zoning permit requirements, and incorporate built environments which are green and energy efficient. It should be noted that CDBG Lead Paint regulations apply to all NSP funded properties.

There will be one round of Request for Proposals for the funding made available for this component of the Vermont NSP. This round of funding will be publically announced to be made available shortly after the Consolidated Plan, Action Plan Substantial Amendment and NSP application have been submitted to HUD for approval. The Agency will begin accepting and reviewing RFP's immediately to provide preliminary approvals pending the final approval for funding from HUD (estimated February 2009). Proposals for this activity will be accepted for up to ninety-days thereafter.

3. Project Specific Program

The Project Specific program component is designed to address specific projects that are more than four-units per structure or aggregated properties that are smaller than four units each but together comprise more than four units, and are not addressed through a municipal program. A Request for Proposals will be offered at the same time the municipal RFP is issued. Project proponents:

- may be for profit or non profit entity;
- must have a demonstrated record of completing successful and like projects; and
- must have the capacity and experience to secure all required financing, permits, and other requirements in a very short window of time.

The highest priority for these funds is to:

- secure foreclosed properties that are occupied by low and moderate income households (LMI), and
- have project based mortgage, rent or other subsidies, which are in danger of losing those subsidies,
- and are ready to proceed.

However, developers will be encouraged to find foreclosed properties which may include mobile home parks, mixed use properties and scattered sites and formulate creative approaches to the reutilization of the properties. Reuse can include demolition and new construction, replacing mobile homes with stick built or modular units, urban homestead projects and other creative and effective ways to make rental and homeownership opportunities available to low, moderate, and middle income (LMMI) households with NSP funds.

Competitive proposals would feature many of the following:

1. Saving occupied and subsidized housing;
2. High likelihood of fully encumbering NSP funds within the required twelve month window (estimated August, 2010);
3. Demonstrated capacity to undertake and complete the project proposed on time and on budget;
4. Although not required, a high leveraging ratio of private to public funding.
5. A high ratio of units made affordable to households at or below 50% AMI;
6. Location in a designated Growth Center, New Neighborhood, Downtown, New Town Center or Village;
7. High, residential utilization of otherwise underutilized properties;
8. Redevelopment of demolished or vacant properties and
9. Maintenance of a property's historic character, if any.

Project specific grants may be awarded for projects in those communities with a Census Tract rating of 3.5% and greater for predicted 18-month underlying foreclosure problem to meet the greatest need as illustrated in Section A – Areas of Greatest Need. Supplemental map and listing included.
~~in any community except for those municipalities conducting their own program with NSP funds awarded through the Municipal component of the program.~~

All multi-family housing consisting of 2 or more units assisted with NSP funds will be required to meet the State of Vermont Department of Public Safety Public Building Codes which incorporate both the National and International Building Codes, any additional Municipal building codes and zoning permit requirements, in addition, built environments which are green, energy efficient and healthy. All single-family, owner-occupied or rented units shall comply with the State of Vermont Department Public Safety Fire and Safety codes, in addition to any municipal building codes and zoning

permit requirements, and incorporate built environments which are green and energy efficient. It should be noted that CDBG Lead Paint regulations apply to all NSP funded properties.

There will be one round of Request for Proposals for the funding made available for this component of the Vermont NSP. This round of funding will be publically announced to be made available shortly after the Consolidated Plan, Action Plan Substantial Amendment and NSP application have been submitted to HUD for approval. The Agency will begin accepting and reviewing RFP's immediately to provide preliminary approvals pending the final approval for funding from HUD (estimated February 2009). Proposals for this activity will be accepted for up to ninety-days thereafter.

Selection Process for: Municipal and Project-Specific Program

Staff will review all Municipal and Project-Specific applications within fifteen calendar days. Applicants will be given seven calendar days to provide additional documentation staff determines is required, make corrections or supplement their application in response to the staff review.

Approximately thirty calendar days from the receipt of a complete proposal, the Vermont Community Development Board will review all applications, receive presentations from applicants and consider any other information they deem appropriate and necessary to make a recommendation to the Secretary of the Agency of Commerce and Community Development. The Secretary will make the final grant award decisions. The review and decision making process will be complete in forty-five days or less from the receipt of a complete proposal. Grant agreements will be available within thirty-five calendar days from date of the Agency's award, giving all applicants at least one-year to encumber by contract grant awards.

Unsuccessful applications that appear feasible but do not address the goals of the program as effectively as those applications resulting in awards, will be ranked and maintained for future consideration should a successful application(s) fail to proceed toward fruition.

Monitoring Process

Grant agreements will contain time line and benchmark provisions, developed by the applicant in its application. Grants will be periodically monitored by program staff to ensure that the time lines and benchmarks are being achieved as projected. If and when it is apparent that an applicant's program will not be implemented consistent with the agreement, the grant may be uncommitted and the funds made available to another applicant whose program was not funded and whose program may still be able to be fully implemented in the time remaining.

For those projects that result in homeownership or rental properties, there will be ongoing monitoring to ensure the terms of affordability are being met and maintained through annual rent and income certifications.

Should the Vermont NSP be unable to draw the entire grant from HUD because an individual program or project could not fully encumber the funds awarded to a grantee in the time available despite diligent and conscientious efforts to do so, that grantee will be held harmless for the amount not encumbered and not drawn from HUD.

Reporting Requirements

The Agency will require monthly progress reports in order to meet HUD programmatic agreements in a format prescribed by the Agency.

Program Income

All program income generated as a result of any NSP activity will be expended prior to the draw down of additional NSP funds through the DRGR. Any Program Income generated above and beyond the initial project funds shall be returned on an ongoing basis to the state for use in the VCDP program consistent with the NSP program described here. At the juncture when all the initial NSP Funds have been drawn down and Program Income is available prior to February 2013, the Agency may entertain accepting applications for projects that will use less than \$1 million of NSP Program Income funds.

C. DEFINITIONS AND DESCRIPTIONS

(1) Definition of “blighted structure” in context of state or local law.

Response:

The Vermont Urban Renewal statute [24 VSA Chapter 85] provides definitions the Vermont Community Development Program (the state CDBG program) uses to comply with the requirements of the federal regulations that a determination be made as to whether a proposed activity meets the criteria of the National Objective for preventing or eliminating slums/blight:

Blighted Area - shall mean an area which by reason of the presence of a substantial number of slum, deteriorated or deteriorating structures, predominance of defective or inadequate street layout, faulty lot layout in relation to size, adequacy, accessibility or usefulness, insanitary or unsafe conditions, deterioration of site or other improvements, diversity of ownership, tax or special assessment delinquency exceeding the fair value of the land, defective or unusual conditions of title, or the existence of conditions which endanger life or property by fire and other causes, or any combination of such factors, substantially impairs or arrests the sound growth of a municipality, retards the provision of housing accommodations or constitutes an economic or social liability; and is a menace to the public health, safety, morals, or welfare in its present condition and use.

Slum Area - shall mean an area in which there is a predominance of buildings or improvements, whether residential or nonresidential, which by reason of dilapidation, deterioration, age or obsolescence, inadequate provision for ventilation, light, air, sanitation, or open spaces, high density of population and overcrowding, or the existence of conditions which endanger life or property by fire and other causes, or any combination of such factors is conducive to ill health, transmission of disease, infant mortality, juvenile delinquency, or crime; and is detrimental to the public health, safety, morals or welfare.

Although this Vermont statute and the definitions directly relate to determining when the National Objective for preventing or eliminating slums/blight is used it is relevant to consider in forming the definition for “blighted structure” under Vermont’s NSP program.

A “**blighted structure**” will be defined for the purposes of the Vermont NSP program as; a structure that exhibits objectively determinable signs of deterioration sufficient to constitute a threat to human health, safety and public welfare and/or an aggregation of deferred maintenance items that constitute incipient code violations and which pose an impending threat of harm to the occupants of the dwelling. Any structure unfit for use, habitation or dangerous to persons or other property meets this definition. This would include structures showing evidence of physical decay and damage, dilapidation, neglect, unsanitary conditions, environmental or biological contamination, functional obsolescence and lack of maintenance.

In cases where it is unclear or uncertain if a structure meets the definition of a “blighted structure” for the Vermont NSP; the Vermont Department of Labor & Industry, Vermont Department of Health, Vermont Agency of Natural Resources and the local Health Officer will be consulted to document conditions of the structure for threats to life, health and safety.

(2) Definition of “affordable rents.”

Note: Grantees may use the definition they have adopted for their CDBG program but should review their existing definition to ensure compliance with NSP program –specific requirements such as continued affordability.

Response:

Affordable rents for the Vermont NSP will be defined as those rents affordable to households at or below 30% AMI, 50% AMI, 80% and 120% AMI. The HOME rents for Vermont, see attached charts below for actual rent thresholds, could be used to ensure affordable rents. Other established affordable rent definitions commonly used in Vermont such as: fair market rents, LIHTC rents, other rent limits imposed by other funding sources will be allowed. In all cases affordable rents under the Vermont NSP will be defined as monthly housing costs not exceeding 30% of gross monthly income for rent & utilities.

U.S. DEPARTMENT OF HUD 04/2008 STATE:VERMONT		----- 2008 HOME PROGRAM RENTS -----					
PROGRAM	EFFICIENCY	1 BR	2 BR	3 BR	4 BR	5 BR	6 BR
Burlington-South Burlington, VT MSA							
LOW HOME RENT LIMIT	617	661	793	917	1023	1129	1235
HIGH HOME RENT LIMIT	729	807	1011	1159	1274	1387	1501
For Information Only:							
FAIR MARKET RENT	729	807	1013	1297	1454	1672	1890
50% RENT LIMIT	617	661	793	917	1023	1129	1235
65% RENT LIMIT	784	841	1011	1159	1274	1387	1501
Addison County, VT							
LOW HOME RENT LIMIT	527	591	710	820	915	1009	1104
HIGH HOME RENT LIMIT	527	659	793	1032	1131	1230	1329
For Information Only:							
FAIR MARKET RENT	527	659	793	1043	1391	1600	1808
50% RENT LIMIT	552	591	710	820	915	1009	1104
65% RENT LIMIT	698	749	901	1032	1131	1230	1329
Bennington County, VT							
LOW HOME RENT LIMIT	521	558	670	773	862	951	1041
HIGH HOME RENT LIMIT	525	658	766	972	1065	1157	1249
For Information Only:							
FAIR MARKET RENT	525	658	766	998	1173	1349	1525
50% RENT LIMIT	521	558	670	773	862	951	1041
65% RENT LIMIT	658	706	849	972	1065	1157	1249
Caledonia County, VT							
LOW HOME RENT LIMIT	496	516	647	765	848	941	1030
HIGH HOME RENT LIMIT	496	516	647	819	848	975	1102
For Information Only:							
FAIR MARKET RENT	496	516	647	819	848	975	1102
50% RENT LIMIT	515	551	662	765	853	941	1030
65% RENT LIMIT	650	698	839	962	1054	1144	1235
Essex County, VT							
LOW HOME RENT LIMIT	512	551	662	765	853	941	1030
HIGH HOME RENT LIMIT	512	575	699	891	1045	1144	1235
For Information Only:							
FAIR MARKET RENT	512	575	699	891	1045	1202	1359
50% RENT LIMIT	515	551	662	765	853	941	1030
65% RENT LIMIT	650	698	839	962	1054	1144	1235
Lamoille County, VT							
LOW HOME RENT LIMIT	515	551	662	765	853	941	1030
HIGH HOME RENT LIMIT	518	623	725	962	1054	1144	1235
For Information Only:							
FAIR MARKET RENT	518	623	725	1010	1273	1464	1655
50% RENT LIMIT	515	551	662	765	853	941	1030
65% RENT LIMIT	650	698	839	962	1054	1144	1235

		----- 2008 HOME PROGRAM RENTS -----						
PROGRAM	EFFICIENCY	1 BR	2 BR	3 BR	4 BR	5 BR	6 BR	
Orange County, VT								
LOW HOME RENT LIMIT	515	551	662	765	853	941	1030	
HIGH HOME RENT LIMIT	553	624	727	962	1043	1144	1235	
For Information Only:								
FAIR MARKET RENT	553	624	727	1012	1043	1199	1356	
50% RENT LIMIT	515	551	662	765	853	941	1030	
65% RENT LIMIT	650	698	839	962	1054	1144	1235	
Orleans County, VT								
LOW HOME RENT LIMIT	373	516	576	727	853	941	1030	
HIGH HOME RENT LIMIT	373	516	576	727	915	1052	1190	
For Information Only:								
FAIR MARKET RENT	373	516	576	727	915	1052	1190	
50% RENT LIMIT	515	551	662	765	853	941	1030	
65% RENT LIMIT	650	698	839	962	1054	1144	1235	
Rutland County, VT								
LOW HOME RENT LIMIT	474	551	662	765	853	941	1030	
HIGH HOME RENT LIMIT	474	620	721	953	1054	1144	1235	
For Information Only:								
FAIR MARKET RENT	474	620	721	953	1220	1403	1586	
50% RENT LIMIT	515	551	662	765	853	941	1030	
65% RENT LIMIT	650	698	839	962	1054	1144	1235	
Washington County, VT								
LOW HOME RENT LIMIT	521	610	737	851	950	1048	1146	
HIGH HOME RENT LIMIT	521	610	763	1031	1154	1281	1385	
For Information Only:								
FAIR MARKET RENT	521	610	763	1031	1154	1327	1500	
50% RENT LIMIT	573	614	737	851	950	1048	1146	
65% RENT LIMIT	725	779	937	1074	1178	1281	1385	
Windham County, VT								
LOW HOME RENT LIMIT	526	564	677	782	872	963	1053	
HIGH HOME RENT LIMIT	617	643	845	984	1053	1171	1264	
For Information Only:								
FAIR MARKET RENT	617	643	845	1021	1053	1211	1369	
50% RENT LIMIT	526	564	677	782	872	963	1053	
65% RENT LIMIT	665	714	859	984	1078	1171	1264	
Windsor County, VT								
LOW HOME RENT LIMIT	547	586	703	813	907	1001	1095	
HIGH HOME RENT LIMIT	581	651	766	1024	1123	1220	1319	
For Information Only:								
FAIR MARKET RENT	581	651	766	1043	1240	1426	1612	
50% RENT LIMIT	547	586	703	813	907	1001	1095	
65% RENT LIMIT	693	743	894	1024	1123	1220	1319	

(3) Describe how the grantee will ensure continued affordability for NSP assisted housing.

Response:

Continued affordability for the Vermont NSP for rental and homeownership housing will be assured by using the federal HOME program minimum requirements for continued affordability. However, permanent affordability will be the goal and will be an important factor in reviewing proposals that can meet this goal.

To ensure the fullest flexibility allowable under NSP and to ensure that the full Vermont NSP allocation is utilized, we must not require that all project applications have permanent affordability to be eligible. Establishing permanent affordability as a threshold may exclude a number of potential and important projects from applying and this exclusion could have the un-intended consequence of not fully obligating Vermont's allocation.

Therefore, to the maximum extent practicable and for the longest feasible term, an appropriate and enforceable affordability mechanism will be used for all NSP properties

with a required minimum 15 year term for homeownership and rehabilitated rental properties and a required minimum 20 year term for all newly constructed properties.

(4) Describe housing rehabilitation standards that will apply to NSP assisted activities.

Response:

Achieving high housing quality and energy efficiency standards is a priority for the Vermont's NSP. All multi-family housing consisting of 2 or more units assisted with NSP funds will be required to meet ~~at a minimum the State of Vermont Department of Public Safety Public Building Codes which incorporate both the National and International Building Codes, any additional Municipal building codes and zoning permit requirements, in addition, HUD Section 8 Housing Quality Standards (HQS) and meet or exceed Vermont building code requirements and promote~~ built environments which are green, energy efficient and healthy. All single-family, owner-occupied or rented units shall comply with the State of Vermont Department Public Safety Fire and Safety codes, in addition to any municipal building codes and zoning permit requirements, and incorporate built environments which are green and energy efficient. It should be noted that CDBG Lead Paint regulations apply to all NSP funded properties.

All housing units assisted with NSP funds will be required to meet the existing Vermont affordable housing funders' policy on the Conservation of Energy and Water in Residential Properties adopted by VHCB, VHFA and VCDP. In addition to the complete policy below; single family homes assisted with NSP funds should achieve an Energy Star HER rating of 80 or less if appropriate.

*Vermont Housing & Conservation Board
Vermont Housing Finance Agency
Vermont Community Development Program*

*POLICY ON THE
CONSERVATION OF ENERGY AND WATER IN RESIDENTIAL PROPERTIES
3/19/04*

The Vermont Housing and Conservation Board, Vermont Housing Finance Agency and Vermont Community Development Program are concerned about the conservation of natural resources as well as the creation of housing that is perpetually affordable to lower income households. In order to assure such affordability, it is important to keep operating expenses, including utility expenses, as low as possible. Energy improvements and devices that conserve water have been shown to be cost effective in that capital costs can be paid for over time in savings to the operating budget. Therefore, we have adopted the following policy related to the conservation of energy and water in residential properties:

Energy and Water Conservation Goals for Building Projects Receiving VHCB, VHFA and VCDP Funding:

I. General Goals

Building projects receiving funding from VHCB, VHFA, or VCDP should:

- A. Achieve a level of energy and water efficiency that will result in maximum long-term housing affordability.
- B. Select designs and systems with consideration of:
 - 1. Economy

2. Future flexibility
 3. Operation and maintenance costs
 4. Impact on the environment, including potential use of renewable resources
- C. Plan and implement mechanisms to encourage energy and water conservation practices by residents and owners.
- D. Keep records of energy consumption by fuel type and on an individual building basis and on a residential unit basis where metering permits.
- E. Periodically re-evaluate the energy and water using systems of each building under their ownership for cost-effective improvements.
- II. Specific Energy Conservation Goals
- A. New Construction
1. New Construction projects shall be designed and built to a level of energy efficiency that meets or exceeds the levels required to qualify for the ENERGY STAR label from the US Environmental Protection Agency (EPA).
 2. For low-rise (3 stories or less) new construction, the requirements for achieving the ENERGY STAR label under the EPA ENERGY STAR Homes program are well established and result in buildings which typically require over 20% less energy than if built to the minimum requirements of Vermont's Residential Building Energy Standards (available from Efficiency Vermont at 888-921-5900).
 3. For high-rise (4 stories or more) new construction, the level of efficiency to be achieved is over 20% less energy than if built to the minimum requirements of Vermont's Guidelines for Energy Efficient Commercial Construction (available from Efficiency Vermont at 888-921-5900) or ASHRAE 90.1 (1999 or later version). While requirements for achieving the ENERGY STAR label for high-rise buildings are still under development, it is expected to be consistent with this level of energy efficiency.
 4. In addition, new construction projects should be designed and built to minimize the life cycle cost of any lighting, appliances or other equipment not addressed by the ENERGY STAR standard.
- B. Existing Construction
1. Rehabilitation of existing buildings should endeavor to meet the ENERGY STAR levels of efficiency specified above for new construction. However, if life cycle cost-benefit analysis indicates a lower level of efficiency would be optimal for the particular circumstances of a rehab project, or a lower level of rehab is associated with the project, the design and construction should include levels of efficiency in all components that will result in maximum long-term housing affordability. Where energy-related building materials, equipment, lighting and appliances are available that bear the ENERGY STAR label, they should be specified and used.
- III. Specific Water Efficiency Goals
- A. Projects should seek to include all cost effective water saving measures including but not limited to: bathroom faucets rated at ≤ 0.7 gpm (≤ 2.0 gpm for faucets on a DHW system without circulating loop), bathroom faucets at ≤ 1.5 gpm (≤ 2.0 gpm for faucets on DHW without circulating loop), showerheads at ≤ 2.0 gpm, and toilets rated at ≤ 1.6 gallons per flush.
- IV. Specific Indoor Air Quality Goals
- A. Applicants should strive to achieve the highest indoor air quality in both new and rehabilitation projects. A key to this is controlling moisture infiltration and air leakage. By adding effective ventilation, units should be designed to reduce moisture resulting in fewer mold and mildew problems. Efficient heating systems should force exhaust outside and in turn keep indoor air clean.
- V. Energy Specifications

- A. In order to achieve the goals stated above, grantees should incorporate all measures included in Efficiency Vermont's Multifamily Housing Checklist (available at 888-921-5990). If such measures can not be implemented, applicants must explain to VHCB and VHFA staff why not.
- B. Provide a description of the status of utility sponsored efficiency programs, such as Efficiency Vermont, Burlington Electric Department, or Vermont Gas Systems, as they may apply to the project and the extent of likely participation in the project.
- C. The completed checklist will be part of the application materials submitted to the Board.
- D. Specifications for construction or rehabilitation shall include the energy and water use aspects of the work and shall specifically address: the building envelope, the heating, ventilating, and air conditioning system, domestic hot water system, lighting system, appliances, and any water saving devices to be installed.
- E. Grantees may be required to employ an energy professional in the development of specifications and to supervise the energy related portion of construction work.

VI. Compliance and Commissioning

- A. Commissioning is the process of ensuring that building systems are designed, installed, functionally tested, and capable of being operated and maintained according to the owner's operational needs. It is expected that, when a project is placed in service, mechanical systems will operate as specified. Grantees are encouraged to plan for and include appropriate funds in the project development budget to cover costs associated with an appropriate level of commissioning. The cost of commissioning is dependent on the size and complexity of the project, but it accounts for only a small portion of the construction budget. When commissioning is done properly, the savings usually far outweigh the costs. It is expected that commissioning or another approved method of operational testing will be completed within the construction warranty period on the following systems at a minimum:
 - 1. Boiler and heating systems and controls (for systems over 250,000 BTUs total heating capacity)
 - 2. Air conditioning system and controls (for systems over 10 tons total cooling capacity)
 - 3. Ventilation systems and controls including bathroom fans (all projects)

VII. Energy Concerns in Ongoing Project Management

Project management plans should include ongoing energy management including: bulk purchasing of fuel, cooperative purchasing of fuel, competitive bidding for fuel purchase, seasonal maintenance schedule, routine maintenance of heating plant, tenant education, and in cases where the owner pays utilities, discussion of whether or not any restrictions will be placed on what type of appliances residents will be allowed to install or utilize (e.g. air conditioners).

VIII. Funding

Grantees are encouraged to use multiple resources or programs to pay for implementation, including but not limited to utility efficiency programs, such as, Efficiency Vermont, Burlington Electric Department, and Vermont Gas Systems, and the State Economic Opportunity Office/Community Action Agency weatherization programs.

IX. Education

- A. VHCB and VHFA will continue to work with other housing agencies, Efficiency Vermont, and the Public Service Department to continue to educate housing developers and property managers about energy and water consumption issues.

- B. Grantees are encouraged to make residents aware of energy and water consumption and to educate them about ways to reduce such consumption, and to provide incentives, if feasible.

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D. LOW INCOME TARGETING

Identify the estimated amount of funds appropriated or otherwise made available under the NSP to be used to purchase and redevelop abandoned or foreclosed upon homes or residential properties for housing individuals or families whose incomes do not exceed 50 percent of area median income: \$4,900,000.

Note: At least 25% of funds must be used for housing individuals and families whose incomes do not exceed 50 percent of area median income.

Response:

It is anticipated that the majority of the 25% set aside to assist households at or below 50% of AMI will be used for rental and special needs housing through the Municipal and Project Specific Programs; however, homeownership opportunities will not be excluded. In the event that a for-sale single family housing unit, which is targeted to households at or below 50% AMI, does not sell within a specified period, identified in any sub-recipient agreements, the sub-recipient will be required to rent or to sell the unit to an organization with the capacity to convert the unit to a rental for households at or below 50% AMI. It will be required that any partner selected to do rental or special needs housing have a proven track record for completing and managing affordable housing. All potential multifamily development projects must have approved underwriting for financial feasibility.

Serving low income households (50% AMI or below) through rental or special needs housing is a priority in the Vermont NSP plan. This is articulated in the overall goals of the Vermont NSP plan (see excerpt below) as well as the current, Vermont Consolidated Plan.

The goals of the Vermont Neighborhood Stabilization Program are:

- Preserve assisted housing for low and moderate income (LMI) households where those assisted projects are foreclosed upon;
- Acquire, renovate and sell or rent residential housing that has been foreclosed upon or abandoned to households with incomes at or below 120% of area median income (AMI) with priority for households with incomes below 50% (AMI);
- Allow those municipalities that meet all program requirements to locally address the foreclosed single and multi-family housing problems of their communities;
- Provide an opportunity to for profit and not for profit entities to acquire, redevelop and make available to low, moderate and middle income (LMMI) households, affordable housing, through creative projects that reutilize foreclosed properties;
- Ensure long-term affordability by encouraging projects that seek perpetual affordability; however, the minimum standard will be the Home Investment Partnerships Program (HOME) affordability terms and income limits;

- Alleviate the negative effects on neighborhoods and communities from blighted and abandoned buildings, by supporting the demolition of blighted structures and the redevelopment of demolished or vacant properties; and
- Support and enhance designated downtowns, villages, new neighborhoods and growth centers.

Under the Vermont NSP projects will be selected on a competitive basis in response to a RFP process and projects serving households at or below 50% AMI will be given priority to ensure that we meet the requirement that at least 25% of funds must be used for housing individuals and families whose incomes do not exceed 50% of area median income.

E. ACQUISITIONS & RELOCATION

Indicate whether grantee intends to demolish or convert any low- and moderate-income dwelling units (i.e., $\leq 80\%$ of area median income).

If so, include:

- **The number of low- and moderate-income dwelling units—i.e., $\leq 80\%$ of area median income—reasonably expected to be demolished or converted as a direct result of NSP-assisted activities.**
- **The number of NSP affordable housing units made available to low-, moderate-, and middle-income households—i.e., $\leq 120\%$ of area median income—reasonably expected to be produced by activity and income level as provided for in DRGR, by each NSP activity providing such housing (including a proposed time schedule for commencement and completion).**
- **The number of dwelling units reasonably expected to be made available for households whose income does not exceed 50 percent of area median income.**

Response:

The Agency will not demolish or convert any subsidized low and moderate income housing to non-affordable housing units, but it may allow the demolition or conversion of non-subsidized low and moderate income dwelling units as part of the re-development plan assisted with NSP funds. However it is not our intention to reduce the number of any low and moderate income dwelling units, therefore we have not estimated the number to be demolished or converted.

F. PUBLIC COMMENT

Provide a summary of public comments received to the proposed NSP Substantial Amendment.

Response:

To seek public comment on the proposed draft Vermont Neighborhood Stabilization Program (NSP) the Vermont Agency of Commerce and Community Development, Department of Housing and Community Affairs (DHCA) published a notice of a public hearing and comment period, published in the eight major newspapers across the State, and posted the draft proposal to the DHCA website. Further, in an effort to meet the Limited English Proficiency requirements there was outreach to the Vermont Refugee Resettlement Program.

The Agency received 14 written comments from the public on its draft NSP proposal. Additionally, Agency staff responded directly to questions and comments about the draft proposal and the federal program at various stakeholder meetings and the public hearing. To summarize the comments and the Agency's response we have grouped each into categories of: Homeownership Assistance, Municipal, and Project-Specific Components; Eligible Activities; Definitions; and Miscellaneous.

Homeownership Assistance, Municipal, and Project-Specific Components

The draft Vermont Neighborhood Stabilization Program (NSP) does not provide for adequate flexibility within the categories of uses allowed.

The draft Vermont NSP proposal was not intended to be inflexible or to exclude any eligible activities, therefore in an effort to be clear we have amended our draft proposal to clearly include all eligible uses under the Housing and Economic Recovery Act (HERA), to include: financing mechanisms, purchase and rehabilitation, lands banks, demolition, redevelopment, and administrative and planning costs.

The draft plan prohibits the expenditure of Homeownership Assistance and Project-Specific funds in communities that participate in the Municipal Program, thereby limiting potential NSP projects and beneficiaries. Allow the Homeownership Assistance and Project Specific Programs to expend funds anywhere in the state regardless of whether a property is located in a community that is participating in the Municipal Program.

The Municipal Component was designed to help a municipality comprehensively address its foreclosure problem whether it is foreclosure mitigation of single-family homeownership preservation or through redevelopment of a blighted parcel. Project-specific projects are afforded access to NSP funds through the municipal component. The Department is proposing access in this manner to ensure the geographic disbursement of NSP dollars throughout the state; mirroring the disbursed geographic need for foreclosure mitigation throughout the state and concentrated in limited locations. This approach encourages partnerships and a locally driven response the foreclosure crisis.

The priority of securing foreclosed properties that are occupied by low and moderate income households AND that have project based mortgage, rent or other subsidies, which are in danger of being lost is too narrow. Do we know that any of these exist? The 'and' could be changed to 'or'. If this priority were expanded to include blighted properties that are not foreclosed upon it would somewhat expand the universe of potential projects.

The Department has heard of such a project within the State and wishes to retain as much housing that is occupied by low and moderate income households with project-based mortgages, rent, or other subsidies. If just one property with rental subsidies is lost the long term cost to the state would be substantial and the DHCA feels this priority should remain as it does not preclude properties that do not meet this definition.

The \$1 million project minimum is too high. Given the level of interest that this program has generated we are concerned that funding only a few projects with large grants will not spread the program benefit throughout the state, limiting the geographic impact of much needed economic stimulus and also limiting leveraging opportunities.

The \$1 million minimum grant amount will remain as the Department proposes such a minimum to encourage aggregating of projects. Additionally, leveraging of funds in the Vermont NSP is desired and encouraged; however given the short amount of time to put a project together the Agency does not wish to suppress a project with leverage requirements. The Agency welcomes eligible projects with or without other sources of funding.

We urge more flexible language (regarding allocating no less than \$8 million to the Homeownership Assistance Program) that would allow for re-allocation at some time if need be. The \$8 million set aside for the Homeownership Assistance Program is too large and restrictive and should be reduced and re-cast as a target. Funds for the Project-Specific Program should be increased by this amount and by any un-obligated (as of July 1, 2009) funds in the Municipal Program.

Due to several comments received about the proposed allocation to the Homeownership Assistance Program the Agency has agreed to reduce the allocation to the Homeownership Assistance Program. The newly revised budget is as follows:

- Housing Assistance Program - \$7 million
- Municipal Program - \$5.5 million
- Project-Specific Program - \$6.5 million
- Program Administration - \$600,000

The agency will review activity within each component and re-allocate accordingly if need be. Note: The Agency has revised its budget for Program Administration to be a budget of \$600,000 for the state's allocation to administer the NSP. Previously Program Administration was budgeted at \$1.96 million, the \$1,360,000 difference was evenly distributed between the Municipal and Project-Specific Programs.

The process for funding applications under the Municipal and Project-Specific components should allow reasonable time for the submission of applications. It is not clear whether the draft plan allows for applications to be funded on a rolling basis or whether it calls for all applications to be submitted in 90 days when they will all be considered as a group.

The Agency agrees that reasonable time for the submission of applications is sensible, and has therefore expedited its Request for Proposal Process and will entertain and review proposals on a rolling basis from mid December 2008 through May 2009. Application materials and details will be made available in the release of the Request for Proposals (estimated mid December 2008).

VHCB should be allocated \$7.2 Million to administer the Project-Specific Program.

With regard to the allocation of funds, the suggestion to sub grant NSP funds to Vermont Housing and Conservation Board was considered. However, for the following reasons we did not include such a sub grant in the program design:

1. On October 31, 2008 the VHCB Board of Directors voted unanimously to support a program design *without* a sub grant to VHCB and which situated the administration of the Vermont NSP fully within the Agency. Since VHCB is neither desirous of such a role in the program nor intends to supplant the role of DHCA, we find this suggestion difficult to understand.
2. The Vermont Community Development Program within the Department of Housing and Community Affairs has administered the CDBG program without an audit finding since the program's inception in 1983 and has the demonstrated capacity and skill to administer the Vermont NSP. With over twenty years of successful administration of the CDBG program any suggestion to HUD that this Division of DHCA may not administer the NSP funds may be regarded by HUD as suspect, questionable and ultimately could pose a risk to funding. HUD expects and depends on DHCA for quality program administration and risk free compliance.
3. Although the suggestion to allocate a sub grant to VHCB has now come from three sources, none of these suggestions have included a well described strategic advantage to such an allocation. DHCA is well positioned and seasoned to perform the administration function. Indeed, DHCA has been making and overseeing housing grants of between \$5 and \$6 million annually, totaling more than \$49M in the last ten years alone to a network of housing grantees that is at least as large as that of VHCB.

Applicants with experience in CDBG and HOME programs should receive priority for funds in the Municipal and Project-Specific components.

The Agency wishes to keep the NSP funds opportunity open to a wide variety of non-profit and for-profit developers and therefore does not wish to limit opportunities based on experience in the HOME or CDBG programs. However, the Agency is requiring applicants of the Municipal and Project-Specific components to have or acquire the capacity to effectively administer a program/project and have the demonstrated record of completing successful and like projects.

That capacity and record of project development will be assessed and weighed accordingly during application reviews.

The draft Plan does not allow for the creation of financing mechanisms for purchase and redevelopment of foreclosed upon homes and residential properties, including such mechanisms as soft-seconds, loan loss reserves, and shared-equity loans for low and moderate income homebuyers. While such activities may not be implemented the Homeownership Assistance and Municipal component should be written broadly enough to allow for such activities.

The draft Vermont NSP proposal was not intended to be inflexible or to exclude any eligible activities, therefore in an effort to be clear we have amended our draft proposal to clearly include all eligible uses under the (Housing and Economic Recovery Act, to include: financing mechanisms, purchase and rehabilitation, lands banks, demolition, redevelopment, and administrative and planning costs.

The draft Plan acknowledges that the Homeownership Assistance Program will likely not serve any households at or below 50% of area median income. This means that the entire low income targeting obligation will have to be met by the 50% of NSP funds allocated to the Project-Specific and Municipal components. This will be difficult to achieve, and could even lead to potential conflicts with the Vermont Consolidated Plan's priority of accomplishing mixed income developments. It also might effectively limit municipal programs from engaging in any homeownership activities. A recommendation is to explicitly allow the funding of permanent, service-enriched housing for homeless and previously homeless individuals and families.

The Agency would prefer not to limit funding for specific project types, though it expects to see applications for service-enriched permanent housing for homeless and/or previously homeless individuals and families'. HERA requires that at least 25% of the NSP grant to Vermont be used for the purchase and redevelopment of abandoned or foreclosed upon homes or residential properties that will house individuals or families with incomes at or below 50% of area median income. The requirement applies to the Vermont NSP grant (\$19.6 million) not to each project, activity, or sub recipient of the Vermont NSP grant. We will monitor this requirement on an overall portfolio perspective and fully expect and encourage mixed income developments as part of the overall NSP strategy.

Please rename the Homeownership Assistance Program (HAP) to Homeownership Acquisition and Rehabilitation Program (HARP) to avoid confusion with the widely used HAP (Housing Assistance Payments) acronym.

The Agency accepts this request and has made the change throughout its proposed plan.

The 50% of total cost floor seems to be a State imposed limit. VHFA recommends changing or elimination of the language and perhaps consider a percentage goal of the total homes served by allowing exceptions in certain specified cases.

The Agency believes the 50% floor to be an effective tool to limit projects to a reasonable final disposition. To ensure the judicious expenditure of NSP funds the State wishes to impose as a required limit.

It is not clear why the preservation of existing subsidized housing ought to be a priority over re-development that creates new affordable housing. VHFA thinks that the priority ought to be for readiness to proceed.

Readiness to proceed is an important factor to be assessed and weighed accordingly during application reviews. Agency staff will certainly weigh a project's merit with how ready it is to go, and place a priority on creditworthy projects "ready to go". However, projects at risk of losing subsidies as a result of foreclosure will rise to a top priority for the Vermont NSP as retention of subsidized housing is the number one goal of the Vermont NSP. The process for application review will be disclosed in greater detail when the Request for Proposals process is released by the Agency in mid December 2008.

In the event that a ready-to-proceed affordable housing development can target most or all its units to households at or below 50% of area median it can and should be given priority over one that does not.

Readiness to proceed, along with serving a high percent of units or households at or below 50% of area median, is an important factor to be assessed and weighed accordingly during application reviews. As stated above, Agency staff will weigh a project's merit (which includes benefit) with how ready it is to go, and place a priority on creditworthy projects "ready to go".

Using the HOME rents for the units that must be targeted to households at or below 50% of area median income makes sense. However, the balance of the units can be targeted to a higher income level, and if the same 50% HOME rent were imposed on those it could negatively impact the financial feasibility of the development. Perhaps a clarification that the HOME applies to the 50% of median rents and the remaining NSP unit rents will be the lowest of: market rent, a rent affordable to a household at 120% of area median income, or whatever rent is imposed by other funding sources (such as Housing Credit rents).

Generally, we proposed using the HOME rents as a guideline but have incorporated these comments and will now consider Affordable rents for the Vermont NSP to be defined as those rents affordable to households at or below 30% AMI, 50% AMI, 80% and 120% AMI. The HOME rents for Vermont, see attached charts below for actual rent thresholds, could be used to ensure affordable rents. Other established affordable rent definitions commonly used in Vermont such as: fair market rents, LIHTC rents, other rent limits imposed by other funding sources will be allowed. In all cases affordable rents under the Vermont NSP will be defined as monthly housing costs not exceeding 30% of gross monthly income for rent & utilities.

The description of the extended use covenant is too specific.

The Agency does not wish to limit the types of affordability covenants and will add more generic language to encourage other reasonable affordability mechanisms when we proceed to specific legal documents and agreements.

The 1-4 family property limits in the Homeownership Assistance Program may be too limiting.

The Agency desires to limit the Homeownership Assistance Program to 1-4 units to specifically operate this component as a response to single-family/owner-occupied foreclosures. If a project larger than 4 units is identified it will be eligible through the Project-Specific component, whether it is homeownership or rental housing.

Eligible Activities

The draft plan does not place emphasis on using NSP funds for the redevelopment of blighted abandoned and vacant properties that are not foreclosed upon. Demolishing blighted structures and redeveloping demolished or vacant properties should be a goal and/or funding priority of the Vermont NSP.

The Vermont NSP was designed to respond to the overarching HUD regulations and to the needs of Vermont. While eligible, with respect to the NSP regulations, demolition was not given priority in the Draft Vermont NSP plan. However, the Agency agrees and has included demolishing blighted structures and redeveloping demolished or vacant properties as a goal of the Vermont NSP.

Demolishing blighted structures and redeveloping blighted structures is not referenced or included under the Homeownership Assistance Program, Project-Specific or Municipal components as an eligible activity.

The Department has added demolishing blighted structures and redeveloping demolished or vacant properties as an eligible use of NSP funds within all proposed components of the Vermont NSP.

Demolition or conversion of low or moderate income dwelling units. We urge you not to preclude these possibilities.

The Agency understood the activity related to demolition or conversion of low or moderate income dwelling units under the Acquisition and Relocation section to be related to reduction of units. The Agency will not demolish or convert any subsidized low and moderate income housing. But it may allow the demolition or conversion of non-subsidized low and moderate income dwelling units. However it is not our intention to reduce the number of any low and moderate income dwelling units.

We urge you to add land banking as a permitted activity.

The Department has added land banking as a permitted activity as an eligible use of NSP funds within all proposed components of the Vermont NSP.

The draft plan is silent on administrative costs. Additionally, the proposal is not clear on the administrative side just what DHCA will require. Does DHCA intend that VHFA, municipalities, and project developers will all assume the role, with NSP funds, that cities and towns have under the small cities CDBG program? We would like clarity that the administrative funds will cover all the costs in establishing and running a program.

The Department inadvertently left out Program Administration as an eligible activity of the draft Vermont NSP proposal. This has been added to the proposed Vermont NSP with a budget of \$600,000. Administration will be provided by the Vermont Community Development Program, a division of the Department of Housing and Community Affairs. The Department has successfully administered the Community Development Block Grant program for twenty years and is therefore uniquely suited to administer the Vermont NSP. In addition, the Agency Grants Management team will ensure full compliance with regulations, timely submission of progress reports; grantee monitoring and grant close out. Grantees of the Vermont NSP may employ up to 10% of their grant amount to underwrite project or program delivery costs (i.e. administer the NSP grant from the Agency for the specific project). These program delivery costs though will not be allocated out of the \$600,000 budget for Program Administration but through the funds budgeted for the Homeownership Assistance, Municipal, and/or Project-Specific programs.

Consideration to permit homeless shelters and other transitional housing access the NSP funding.

The Agency believes the Vermont NSP is designed to respond to the unique needs of Vermonters and funding homeless shelters and other transitional housing projects with NSP funds is allowed under the State's plan. However the Agency must take caution in committing funds towards such projects as transitional housing beneficiaries unfortunately do not count towards the benefit requirements of using 25% of the NSP funds to assist \leq 50% of AMI as stipulated by HUD and the Housing and Economic Recovery Act. HUD defines homeless shelters as public facilities in the CDBG regulations. Therefore, while they could be done in NSP as redevelopment, they are not considered housing by HUD. If the shelter or transitional housing houses people for at least two years, it would qualify as permanent housing. Therefore, if, and only if, they meet the two year test could they count under the 25% under 50% AMI requirement. However, they are eligible as public facilities if done on vacant property as Redevelopment under Eligible Use E.

Definitions

The NSP plan includes an unnecessarily narrow definition of a blighted structure, in particular that the blighted structure be a residential or mixed-use residential structure. We

ask the Agency to include blighted commercial, industrial, and public facility properties in the definition of eligible activities.

The Agency concurs and has broadened the definition of a blighted structure to include commercial, industrial, and public facility properties in addition to residential or mixed-use residential structures.

It is critical that the plan re-state the goal of perpetual affordability. The resold homes that have been assisted through the HAP program should be subject to permanent affordability covenants. We believe it is important to ask for permanent affordability as opposed to affordability for only as long as the HOME affordability period. The Plan should require, or at least prioritize, proposals that strive to achieve perpetual affordability.

Perpetual affordability is an overarching priority of the Agency and its Consolidated Plan. Any NSP projects that can attain this permanent affordability will be given priority. Continued affordability for the Vermont NSP for rental and homeownership housing will be assured by using the federal HOME program minimum requirements for continued affordability. However, as stated permanent affordability will be the goal and will be an important factor in reviewing proposals that can meet this goal.

To ensure the fullest flexibility allowable under NSP and to ensure that the full Vermont NSP allocation is utilized, we must not require that all project applications have permanent affordability to be eligible. Establishing permanent affordability as a threshold may a number of potential and important projects from applying and this exclusion could have the un-intended consequence of not fully obligating Vermont's allocation.

Therefore, to the maximum extent practicable and for the longest feasible term, an appropriate and enforceable affordability mechanism will be used for all NSP properties with a required minimum 15 year term for homeownership and rehabilitated rental properties and a required minimum 20 year term for all newly construction properties.

Requested changes to HERA/NSP legislation

It is unfortunate the federal government is not allowing us to invest these resources into foreclosure prevention and instead limiting us to responding after a struggling family has totally failed. With a much smaller sum of money per household we could invest in households before they enter foreclosure and become bankrupt or homeless. We stand ready to work with you to urge the Obama administration and our Congressional delegation to revise the rules to allow us to use this smart strategy. We are all too aware of the economic tsunami which threatens to swamp federal and state budgets. The NSP is an unprecedented opportunity for Vermont to take immediate action that will boost our economy and help tackle the real and growing affordable housing crisis.

We agree with these comments and welcome the opportunity to ask for these changes in partnership with the organizations requesting them through our congressional delegation.

As the economy falters, the need for additional capacity to help families, veterans and others transition out of homeless only increases. We understand that the federal NSP regulations allow NSP funds to be used for transitional housing, but that these units cannot be included in meeting the minimum low-income benefit targets. That is wrong. We will ask our Congressional delegation to change that, but in the meantime urge ACCD to give full consideration to applications which provide transitional housing for the homeless and not discourage this possibility.

We agree with these comments and certainly do not wish to discourage any transitional or homeless housing through the Vermont NSP. We welcome the opportunity to ask for these changes in partnership with the organizations requesting them through our congressional delegation.

Miscellaneous

In terms of the data presented in the map on page 10 is unclear. If eligible areas are identified at the census block group level, then the map does not appear to include all eligible block groups in Burlington.

Agency staff aggregated the percent less than 120% area median income for all the census tracts in the City of Burlington (removing all tracts with 0.% from the calculation). According to our calculations 69.9% of City of Burlington residents have incomes at or below 120% AMI, therefore the City of Burlington is an eligible area-wide community. However, the surrounding communities of Charlotte, Jericho, Shelburne, and South Burlington are ineligible as less than 51% of the residents in each town had incomes at or below 120% the area median income. To clarify, towns that are not area wide eligible are still eligible for the Vermont NSP funds, however a project serving the community at large (i.e. community facility) would not be eligible for Vermont NSP funds.

Census Tract	County	Townshend town	Percent less than 120 AMI	Middle low mod eligible
000300	Chittenden County	Burlington city	100.0%	YES
000500	Chittenden County	Burlington city	96.2%	YES
000300	Chittenden County	Burlington city	95.4%	YES
001000	Chittenden County	Burlington city	91.9%	YES
000400	Chittenden County	Burlington city	90.9%	YES
000400	Chittenden County	Burlington city	89.6%	YES
000300	Chittenden County	Burlington city	88.4%	YES
000900	Chittenden County	Burlington city	85.3%	YES
000400	Chittenden County	Burlington city	82.3%	YES
000500	Chittenden County	Burlington city	80.2%	YES
000500	Chittenden County	Burlington city	79.2%	YES
000900	Chittenden County	Burlington city	76.9%	YES
000200	Chittenden County	Burlington city	74.7%	YES
000600	Chittenden County	Burlington city	72.3%	YES
000100	Chittenden County	Burlington city	70.1%	YES

Census Tract	County	Townshend town	Percent less than 120 AMI	Middle low mod eligible
000600	Chittenden County	Burlington city	69.0%	YES
000800	Chittenden County	Burlington city	68.8%	YES
000100	Chittenden County	Burlington city	67.9%	YES
001000	Chittenden County	Burlington city	66.4%	YES
000200	Chittenden County	Burlington city	65.2%	YES
001100	Chittenden County	Burlington city	65.0%	YES
000200	Chittenden County	Burlington city	53.3%	YES
000200	Chittenden County	Burlington city	46.9%	NO
000800	Chittenden County	Burlington city	46.0%	NO
000700	Chittenden County	Burlington city	41.9%	NO
000900	Chittenden County	Burlington city	41.1%	NO
001100	Chittenden County	Burlington city	35.6%	NO
000700	Chittenden County	Burlington city	17.3%	NO
		Burlington city total	69.9%	YES

G. NSP INFORMATION BY ACTIVITY (COMPLETE FOR EACH ACTIVITY)

(1) Activity Name:

Homeownership Acquisition and Rehabilitation Program (HARP)

(2) Activity Type:

NSP Eligible Use – (B) Purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed upon, in order to sell, rent, or redevelop such homes and properties.

CDBG Eligible Activities –

- Acquisition - 24 CFR 570.201(a)
- Disposition - 24 CFR 570.201(b)
- Relocation - 24 CFR 570.201(i)
- Direct Home Ownership Assistance - 24 CFR 570.201(n)
- Eligible Rehabilitation and Preservation Activities for Homes and Other Residential Properties - 24 CFR 570.202
- Public Services for Housing Counseling, but only to the extent that counseling beneficiaries are limited to prospective purchasers or tenants of the redeveloped properties - 24 CFR 570.201(e)

NSP Eligible Use – (C) Establish land banks for homes that have been foreclosed upon

CDBG Eligible Activities –

- Acquisition - 24 CFR 570.201(a)
- Disposition, includes maintenance - 24 CFR 570.201(b)

(3) National Objective: (Must be a national objective benefiting low, moderate and middle income persons, as defined in the NSP Notice—i.e., ≤ 120% of area median income).

The activities carried out under the Homeownership Acquisition and Rehabilitation Program (HARP) will meet National Objective by serving persons of low, moderate, and middle income, as defined in the NSP notice as persons with incomes at or below 120% of area median income.

(4) Projected Start Date:

February, 2009

(5) Projected End Date:

August, 2013

(6) Responsible Organization: (Describe the responsible organization that will implement the NSP activity, including its name, location, and administrator contact information)

Josh Hanford, Director
Vermont Community Development Program
VT Dept. of Housing & Community Affairs
National Life Building, Montpelier, VT 05620-0501\
(802) 828-5201

The State of Vermont will contract with the Vermont Housing Finance Agency to implement the Homeownership Assistance Program component of the Vermont NSP.

Vermont Housing Finance Agency
P.O. Box 408
164 St. Paul Street
Burlington VT 05402-0408

(7) Location Description: (Description may include specific addresses, blocks or neighborhoods to the extent known.)

The activities to be carried out by the Homeownership Acquisition and Rehabilitation Program (HARP) will be targeted to Essex, Orleans, Calendonias, Orange, Rutland, Windham and Southern Windsor counties designed to meet the greatest need across the ~~entire~~-state of Vermont which is illustrated in Section A – Areas of Greatest Need. Specific locations within these counties will be determined once a Memorandum of Understanding or Grant Agreement is signed and monitored on a regular basis to ensure areas of greatest need are being met, particularly to be cognizant of any significant changes in the data.

VHFA can acquire properties anywhere in the state in any of the above mentioned counties but not in municipalities that are awarded funds through the Municipal component of the Vermont NSP.

(8) Activity Description:

Include a narrative describing the area of greatest need that the activity addresses; the expected benefit to income-qualified persons; and whether funds used for this activity will be used to meet the low income housing requirement for those below 50% of area median income.

For housing related activities, include:

- tenure of beneficiaries--rental or homeownership;
- duration or term of assistance;
- a description of how the design of the activity will ensure continued affordability.

For acquisition activities, include:

- discount rate

For financing activities, include:

- range of interest rates

|

Response:

The Homeownership Acquisition and Rehabilitation Program (HARP) will provide funding to the Vermont Housing and Finance Agency (VHFA) or its affiliate or subsidiary to acquire 1-4 family properties that are real estate owned (REO), with priority being given to acquire properties from Vermont-based lending institutions, municipalities that have acquired residential property through a tax taking procedure and FHA, and then from out of state lenders as funds allow. The foreclosure process must be complete prior to purchase by VHFA and the deed and clear title must be in the possession of the mortgagee. VHFA will:

1. Acquire properties clear of all liens and encumbrances, rehabilitate the homes to at least HUD Housing Quality Standards and where possible achieve an appropriate Energy Star rating, and
2. sell the properties to income eligible (at or below 120% AMI) homeowners who will occupy the property as their principal place of residency, who receive at least eight hours of HUD certified, homeownership counseling, secure financing that is not subprime, and who agree to a continued affordability agreement that makes available, to subsequent owners, equity that was realized in the transaction underwritten with NSP funds or;
3. sell the properties to housing organizations who will then sell the properties to income eligible (at or below 120% AMI) homeowners who will occupy the property as their principal place of residency, who receive at least eight hours of HUD certified, homeownership counseling, secure financing that is not subprime, and who agree to a continued affordability agreement that makes available, to subsequent owners, equity that was realized in the transaction underwritten with NSP funds or;
4. sell the properties to housing organizations who will then rent the properties to income eligible (at or below 120% AMI) households who will occupy the property as a primary residence.

VHFA can acquire properties in any of the greatest need designated counties identified in Section #7 anywhere in the state but not in municipalities that are awarded funds through the Municipal component of the program.

VHFA must acquire the property for no more than 9590% of the appraised value but may sell the property for as little as 50% of the total cost of acquisition, discharge of liens, rehabilitation costs and transaction costs but no more than the total of those costs, less 10%. In the event that an abandoned or foreclosed-upon home or residential property is sold to an individual as a primary residence, no profit may be earned.

The State of Vermont expects the duration of benefit of the Homeownership Acquisition and Rehabilitation Program (HARP) to be long-term with the tenure of beneficiaries to majorly as homeowners and renters.

To the maximum extent practicable and for the longest feasible term, an appropriate and enforceable affordability mechanism will be used for all properties acquired with NSP funds. At

a minimum a 15-year term for Homeownership and rehabilitated rental properties and a 20-year minimum term for all newly constructed properties will be required.

Funds from the State of Vermont to VHFA will be structured as grants or 0% loans. A lien shall provide recovery for the State in the event the property is sold or no longer made available to a qualified household.

(9) Total Budget: (Include public and private components)

Estimated at \$7,000,000

It should be noted that the budgeted amount is subject to change once local proposals are approved by the State.

(10) Performance Measures (e.g., units of housing to be acquired, rehabilitated, or demolished for the income levels of households that are 50 percent of area median income and below, 51-80 percent, and 81-120 percent):

The State of Vermont estimates that a minimum of 55 units of foreclosed or abandoned homes will be acquired and/or rehabilitated through the Housing Assistance Program. The income level of beneficiaries projected is as follows:

- At or below 120% of median area income – 55 Households

It should be noted that households at or below 50% of the median area income are not excluded from this program should it be affordable to them, however at this time the State of Vermont expects few of the beneficiaries under this activity to fall within that income range.

It should also be noted that the above benefit amount is subject to change once local proposals are approved by the State.

G. NSP INFORMATION BY ACTIVITY (COMPLETE FOR EACH ACTIVITY)

(1) Activity Name:

Municipal Program

(2) Activity Type: (include NSP eligible use & CDBG eligible activity)

NSP Eligible Use – (A) Establish financing mechanisms for purchase and redevelopment of foreclosed upon homes and residential properties, including such mechanisms as soft-seconds, loan loss reserves, and shared-equity loans for low- and moderate- income homebuyers

CDBG Eligible Activities –

- As an activity delivery cost for an eligible activity (designing & setting it up) - 24 CFR 570.206
- The eligible activities below to the extent financing mechanisms are used to carry them out:
 - Acquisition - 24 CFR 570.201(a)
 - Disposition - 24 CFR 570.201(b)
 - Relocation - 24 CFR 570.201(i)
 - Direct Home Ownership Assistance - 24 CFR 570.201(n)
 - Eligible Rehabilitation and Preservation Activities for Homes and Other Residential Properties - 24 CFR 570.202
 - Clearance for blighted structures only - 24 CFR 570.201(d)
 - Public Facilities and Improvements - 24 CFR 570.201(c)
 - Public Services for Housing Counseling, but only to the extent that counseling beneficiaries are limited to prospective purchasers or tenants of the redeveloped properties - 24 CFR 570.201(e)
 - Direct Homeownership Assistance - 24 CFR 570.201(n)

NSP Eligible Use – (B) Purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed upon, in order to sell, rent, or redevelop such homes and properties.

CDBG Eligible Activities –

- Acquisition - 24 CFR 570.201(a)
- Disposition - 24 CFR 570.201(b)
- Relocation - 24 CFR 570.201(i)
- Direct Home Ownership Assistance - 24 CFR 570.201(n)
- Eligible Rehabilitation and Preservation Activities for Homes and Other Residential Properties - 24 CFR 570.202
- Public Facilities and Improvements - 24 CFR 570.201(c)
- Public Services for Housing Counseling, but only to the extent that counseling beneficiaries are limited to prospective purchasers or tenants of the redeveloped properties - 24 CFR 570.201(e)

NSP Eligible Use – (C) Establish land banks for homes that have been foreclosed upon

CDBG Eligible Activities –

- Acquisition - 24 CFR 570.201(a)
- Disposition, includes maintenance - 24 CFR 570.201(b)

NSP Eligible Use – (D) Demolish blighted structures

CDBG Eligible Activities –

- Clearance for blighted structures only - 24 CFR 570.201(d)

NSP Eligible Use – (E) Redevelop demolished or vacant properties

CDBG Eligible Activities –

- Acquisition - 24 CFR 570.201(a)
- Disposition - 24 CFR 570.201(b)
- Relocation - 24 CFR 570.201(i)
- Direct Home Ownership Assistance - 24 CFR 570.201(n)
- New Housing Construction -
- Public Facilities and improvements - 24 CFR 570.201(c)
- Public Services for Housing Counseling, but only to the extent that counseling beneficiaries are limited to prospective purchasers or tenants of the redeveloped properties - 24 CFR 570.201(e)

(3) National Objective: (Must be a national objective benefiting low, moderate and middle income persons, as defined in the NSP Notice—i.e., ≤ 120% of area median income).

The activities carried out under the Municipal Program will meet National Objective by serving persons of low, moderate, and middle income, as defined in the NSP notice as persons with incomes at or below 120% of area median income.

(4) Projected Start Date:

February, 2009

(5) Projected End Date:

August, 2013

(6) Responsible Organization: (Describe the responsible organization that will implement the NSP activity, including its name, location, and administrator contact information)

Josh Hanford
Vermont Community Development Program
VT Dept. of Housing & Community Affairs
National Life Building, Montpelier, VT 05620-0501

(802) 828-5201

The State of Vermont will solicit through Requests for Proposals from municipalities to participate in the program.

(7) Location Description: (Description may include specific addresses, blocks or neighborhoods to the extent known.)

The activities to be carried out by the Municipal Program will be targeted to the following Municipalities: City and Town of Barre; Town of Bennington; City of Burlington; Town of Hardwick; City and Town of Newport; City and Town of Rutland; Town of St. Johnsbury; and Town of Springfield designed to meet the greatest need across the entire state of Vermont as illustrated in Section A – Areas of Greatest Need, specifically High Cost Loans and Unemployment. Specific locations within these municipalities will be determined once a formal proposal is received and monitored on a regular basis to ensure areas of greatest need are being met.

(8) Activity Description:

Include a narrative describing the area of greatest need that the activity addresses; the expected benefit to income-qualified persons; and whether funds used for this activity will be used to meet the low income housing requirement for those below 50% of area median income.

For housing related activities, include:

- **tenure of beneficiaries--rental or homeownership;**
- **duration or term of assistance;**
- **a description of how the design of the activity will ensure continued affordability.**

For acquisition activities, include:

- **discount rate**

For financing activities, include:

- **range of interest rates**

Response:

NSP funds will be made available to municipalities that wish to undertake and complete a foreclosure mitigation program of their own provided it demonstrates it:

1. has or can acquire the capacity to effectively administer such a program;
2. has a well documented need, defined by objective, supporting data; and
3. has a plan that at a minimum will:
 - a. address the municipally identified single family and/ or multi-family need quickly and efficiently;
 - b. demonstrate a very, high likelihood that the municipality will fully encumber the sub grant within twelve months (estimated August, 2010); and
 - c. is compliant with all applicable regulations.

Communities will be encouraged to work with other contiguous communities that have similar foreclosure problems.

There will be one round of Request for Proposals for the funding made available for this component of the Vermont NSP. This round of funding will be publically announced to be made available shortly after the Consolidated Plan, Action Plan Substantial Amendment and NSP application have been submitted to HUD for approval. The Agency will begin accepting and reviewing RFP's immediately to provide preliminary approvals pending the final approval for funding from HUD (estimated February 2009). Proposals for this activity will be accepted for up to ninety-days thereafter.

Municipalities must acquire the property for no more than ~~95~~90% of the appraised value but may sell the property for as little as 50% of the total cost of acquisition, discharge of liens, rehabilitation costs and transaction costs but no more than the total of those costs, less 10%. In the event that an abandoned or foreclosed-upon home or residential property is sold to an individual as a primary residence, no profit may be earned.

The State of Vermont anticipates the tenure of beneficiaries to majorly be rental and homeownership, each with a long-term duration of benefit.

To the maximum extent practicable and for the longest feasible term, an appropriate and enforceable affordability mechanism will be used for all properties acquired with NSP funds. At a minimum a 15-year term for Homeownership and rehabilitated rental properties and a 20-year minimum term for all newly constructed properties will be required.

Funds from the State of Vermont to Municipal Program grantees will be structured as grants or 0% loans. If a sub recipient establishes a financing mechanism all loans made will carry below market interest rates. A lien shall provide recovery for the State in the event the property is sold or no longer made available to a qualified household/beneficiary.

(9) Total Budget: (Include public and private components)

Estimated at \$5,500,000

It should be noted that the budgeted amount is subject to change once local proposals are approved by the State.

(10) Performance Measures (e.g., units of housing to be acquired, rehabilitated, or demolished for the income levels of households that are 50 percent of area median income and below, 51-80 percent, and 81-120 percent):

The State of Vermont estimates that approximately 50 units of housing will benefit through activities performed under the Municipal Program. The income level of beneficiaries projected is as follows:

- 81- 120% of median area income – 13 Households
- 51- 80% of median area income– 12 Households
- Less than 50% of median area income – 25 Households

It should be noted that the above benefit numbers are subject to change once local proposals are approved by the State.

G. *NSP INFORMATION BY ACTIVITY (COMPLETE FOR EACH ACTIVITY)*

(1) Activity Name:

Project-Specific Program

(2) Activity Type: (include NSP eligible use & CDBG eligible activity)

NSP Eligible Use – (A) Establish financing mechanisms for purchase and redevelopment of foreclosed upon homes and residential properties, including such mechanisms as soft-second, loan loss reserves, and shared-equity loans for low- and moderate- income homebuyers

CDBG Eligible Activities –

- As an activity delivery cost for an eligible activity (designing & setting it up) - 24 CFR 570.206
- The eligible activities below to the extent financing mechanisms are used to carry them out:
 - Acquisition - 24 CFR 570.201(a)
 - Disposition - 24 CFR 570.201(b)
 - Relocation - 24 CFR 570.201(i)
 - Direct Home Ownership Assistance - 24 CFR 570.201(n)
 - Eligible Rehabilitation and Preservation Activities for Homes and Other Residential Properties - 24 CFR 570.202
 - Clearance for blighted structures only - 24 CFR 570.201(d)
 - Public Facilities and Improvements - 24 CFR 570.201(c)
 - Public Services for Housing Counseling, but only to the extent that counseling beneficiaries are limited to prospective purchasers or tenants of the redeveloped properties - 24 CFR 570.201(e)
 - Direct Homeownership Assistance - 24 CFR 570.201(n)

NSP Eligible Use – (B) Purchase and rehabilitate homes and residential properties that have been abandoned or foreclosed upon, in order to sell, rent, or redevelop such homes and properties.

CDBG Eligible Activities –

- Acquisition - 24 CFR 570.201(a)
- Disposition - 24 CFR 570.201(b)
- Relocation - 24 CFR 570.201(i)
- Direct Home Ownership Assistance - 24 CFR 570.201(n)

- Eligible Rehabilitation and Preservation Activities for Homes and Other Residential Properties - 24 CFR 570.202
- Public Facilities and Improvements - 24 CFR 570.201(c)
- Public Services for Housing Counseling, but only to the extent that counseling beneficiaries are limited to prospective purchasers or tenants of the redeveloped properties - 24 CFR 570.201(e)

NSP Eligible Use – (C) Establish land banks for homes that have been foreclosed upon

CDBG Eligible Activities –

- Acquisition - 24 CFR 570.201(a)
- Disposition, includes maintenance - 24 CFR 570.201(b)

NSP Eligible Use – (D) Demolish blighted structures

CDBG Eligible Activities –

- Clearance for blighted structures only - 24 CFR 570.201(d)

NSP Eligible Use – (E) Redevelop demolished or vacant properties

CDBG Eligible Activities –

- Acquisition - 24 CFR 570.201(a)
- Disposition - 24 CFR 570.201(b)
- Relocation - 24 CFR 570.201(i)
- Direct Home Ownership Assistance - 24 CFR 570.201(n)
- New Housing Construction -
- Public Facilities and improvements - 24 CFR 570.201(c)
- Public Services for Housing Counseling, but only to the extent that counseling beneficiaries are limited to prospective purchasers or tenants of the redeveloped properties - 24 CFR 570.201(e)

(3) National Objective: (Must be a national objective benefiting low, moderate and middle income persons, as defined in the NSP Notice—i.e., ≤ 120% of area median income).

The activities carried out under the Project-Specific program will meet National Objective by serving persons of low, moderate, and middle income, as defined in the NSP notice as persons with incomes at or below 120% of area median income.

(4) Projected Start Date:

February, 2009

(5) Projected End Date:

August, 2013

(6) Responsible Organization: (Describe the responsible organization that will implement the NSP activity, including its name, location, and administrator contact information)

Josh Hanford
Vermont Community Development Program
VT Dept. of Housing & Community Affairs
National Life Building, Montpelier, VT 05620-0501
(802) 828-5201

The State of Vermont will solicit through Requests for Proposals for organizations/developers/partners to participate in the program.

(7) Location Description: (Description may include specific addresses, blocks or neighborhoods to the extent known.)

The activities to be carried out by the Project Specific Program will be targeted to those communities with a Census Tract rating of 3.5% and greater for predicted 18-month underlying foreclosure problem designed to meet the greatest need across the entire state of Vermont as illustrated in Section A – Areas of Greatest Need. Supplemental map and listing included.

Project Specific grants may be awarded for projects in any community except for those municipalities conducting their own program with NSP funds awarded through the Municipal component of the program.

(8) Activity Description:

Include a narrative describing the area of greatest need that the activity addresses; the expected benefit to income-qualified persons; and whether funds used for this activity will be used to meet the low income housing requirement for those below 50% of area median income.

For housing related activities, include:

- **tenure of beneficiaries--rental or homeownership;**
- **duration or term of assistance;**
- **a description of how the design of the activity will ensure continued affordability.**

For acquisition activities, include:

- **discount rate**

For financing activities, include:

- **range of interest rates**

Response:

The Project Specific program component is designed to address specific projects that are more than four-units per structure or aggregated properties that are smaller than four units each but together comprise more than four units, and are not addressed through a municipal program. A

Request for Proposals will be offered at the same time the municipal RFP is issued. Project proponents:

- may be for profit or non profit entity;
- must have a demonstrated record of completing successful and like projects; and
- must have the capacity and experience to secure all required financing, permits, and other requirements in a very short window of time.

The highest priority for these funds is to:

- secure foreclosed properties that are occupied by low and moderate income households (LMI), and
- have project based mortgage, rent or other subsidies, which are in danger of losing those subsidies,
- and are ready to proceed.

However, developers will be encouraged to find foreclosed properties which may include mobile home parks, mixed use properties and scattered sites and formulate creative approaches to the reutilization of the properties. Reuse can include demolition and new construction, replacing mobile homes with stick built or modular units, urban homestead projects and other creative and effective ways to make rental and homeownership opportunities available to low, moderate, and middle income (LMMI) households with NSP funds.

Competitive proposals would feature many of the following:

1. Saving occupied and subsidized housing;
2. High likelihood of fully encumbering NSP funds within the required twelve month window (estimated August, 2010);
3. Demonstrated capacity to undertake and complete the project proposed on time and on budget;
4. Although not required, a high leveraging ratio of private to public funding.
5. A high ratio of units made affordable to households at or below 50% AMI;
6. Location in a designated Growth Center, New Neighborhood, Downtown, New Town Center or Village;
7. High, residential utilization of otherwise underutilized properties;
8. Redevelopment of demolished or vacant properties and
9. Maintenance of property historic character, if any.

Project specific grants may be awarded for projects in any community except for those municipalities conducting their own program with NSP funds awarded through the Municipal component of the program.

There will be one round of Request for Proposals for the funding made available for this component of the Vermont NSP. This round of funding will be publically announced to be made available shortly after the Consolidated Plan, Action Plan Substantial Amendment and NSP application have been submitted to HUD for approval. The Agency will begin accepting and

reviewing RFP's immediately to provide preliminary approvals pending the final approval for funding from HUD (estimated February 2009). Proposals for this activity will be accepted for up to ninety-days thereafter.

Developer partners must acquire the property for no more than 9590% of the appraised value but may sell the property for as little as 50% of the total cost of acquisition, discharge of liens, rehabilitation costs and transaction costs but no more than the total of those costs, less 10%. In the event that an abandoned or foreclosed-upon home or residential property is sold to an individual as a primary residence, no profit may be earned.

The State of Vermont anticipates the tenure of beneficiaries to majorly be rental with a long-term duration of benefit. It is believed that some homeownership opportunities may also be created through the Project Specific component.

To the maximum extent practicable and for the longest feasible term, an appropriate and enforceable affordability mechanism will be used for all properties acquired with NSP funds. At a minimum a 15-year term for Homeownership and rehabilitated rental properties and a 20-year minimum term for all newly constructed properties will be required.

Funds from the State of Vermont to Municipal Program grantees will be structured as grants or 0% loans. If a sub recipient establishes a financing mechanism all loans made will carry below market interest rates. A lien shall provide recovery for the State in the event the property is sold or no longer made available to a qualified household/beneficiary.

(9) Total Budget: (Include public and private components)

Estimated at \$6,500,000

It should be noted that the above budget is subject to change once local proposals are approved by the State.

(10) Performance Measures (e.g., units of housing to be acquired, rehabilitated, or demolished for the income levels of households that are 50 percent of area median income and below, 51-80 percent, and 81-120 percent):

The State of Vermont estimates that approximately 50 units of housing will benefit through activities performed under the Project Specific program. The income level of beneficiaries projected is as follows:

- 81- 120% of median area income - 13 Households
- 51- 80% of median area income - 12 Households
- Less than 50% of median area income - 25 Households

It should be noted that the above benefit numbers are subject to change once local proposals are approved by the State.

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G. NSP INFORMATION BY ACTIVITY (COMPLETE FOR EACH ACTIVITY)

(1) Activity Name:

State Grant Administration

(2) Activity Type: (include NSP eligible use & CDBG eligible activity)

State Grant Administration

(3) National Objective: (Must be a national objective benefiting low, moderate and middle income persons, as defined in the NSP Notice—i.e., ≤ 120% of area median income).

N/A

(4) Projected Start Date:

February, 2009

(5) Projected End Date:

August, 2013

(6) Responsible Organization: (Describe the responsible organization that will implement the NSP activity, including its name, location, and administrator contact information)

Josh Hanford
Vermont Community Development Program
VT Dept. of Housing & Community Affairs
National Life Building, Montpelier, VT 05620-0501
(802) 828-5201

(7) Location Description: (Description may include specific addresses, blocks or neighborhoods to the extent known.)

N/A. The State level administration will not be based on any specific address, etc.

(8) Activity Description:

Include a narrative describing the area of greatest need that the activity addresses; the expected benefit to income-qualified persons; and whether funds used for this activity will be used to meet the low income housing requirement for those below 50% of area median income.

For housing related activities, include:

- tenure of beneficiaries--rental or homeownership;
- duration or term of assistance;

- a description of how the design of the activity will ensure continued affordability.

For acquisition activities, include:

- discount rate

For financing activities, include:

- range of interest rates

Response:

Administration will be provided by the Vermont Community Development Program, a division of the Department of Housing and Community Affairs. The Department has successfully administered the Community Development Block Grant program for twenty years and is therefore uniquely suited to administer the Vermont NSP. Division Director Josh Hanford will provide day to day oversight of program staff. The Department has requested authority to hire for two limited service positions. These positions which include an Administrative Assistant and a Community Development Specialist will provide additional program support for two years. These positions would add capacity during the initial implementation phase of the program and through the eighteen month grant period. In addition, the Agency of Commerce and Community Development Grants Management team will ensure full compliance with regulations, timely submission of progress reports; grantee monitoring and grant close out.

Individual grantees of the Vermont NSP program may employ up to 10% of their total grant amount for their program delivery costs.

(9) Total Budget: (Include public and private components)

\$600,000

(10) Performance Measures (e.g., units of housing to be acquired, rehabilitated, or demolished for the income levels of households that are 50 percent of area median income and below, 51-80 percent, and 81-120 percent):

N/A

CERTIFICATIONS

- (1) **Affirmatively furthering fair housing.** The jurisdiction will affirmatively further fair housing, which means that it will conduct an analysis to identify impediments to fair housing choice within the jurisdiction, take appropriate actions to overcome the effects of any impediments identified through that analysis, and maintain records reflecting the analysis and actions in this regard.
- (2) **Anti-lobbying.** The jurisdiction will comply with restrictions on lobbying required by 24 CFR part 87, together with disclosure forms, if required by that part.
- (3) **Authority of Jurisdiction.** The jurisdiction possesses the legal authority to carry out the programs for which it is seeking funding, in accordance with applicable HUD regulations and other program requirements.
- (4) **Consistency with Plan.** The housing activities to be undertaken with NSP funds are consistent with its consolidated plan, which means that NSP funds will be used to meet the congressionally identified needs of abandoned and foreclosed homes in the targeted area set forth in the grantee's substantial amendment.
- (5) **Acquisition and relocation.** The jurisdiction will comply with the acquisition and relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (42 U.S.C. 4601), and implementing regulations at 49 CFR part 24, except as those provisions are modified by the Notice for the NSP program published by HUD.
- (6) **Section 3.** The jurisdiction will comply with section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u), and implementing regulations at 24 CFR part 135.
- (7) **Citizen Participation.** The jurisdiction is in full compliance and following a detailed citizen participation plan that satisfies the requirements of Sections 24 CFR 91.105 or 91.115, as modified by NSP requirements.
- (8) **Following Plan.** The jurisdiction is following a current consolidated plan (or Comprehensive Housing Affordability Strategy) that has been approved by HUD.
- (9) **Use of funds in 18 months.** The jurisdiction will comply with Title III of Division B of the Housing and Economic Recovery Act of 2008 by using, as defined in the NSP Notice, all of its grant funds within 18 months of receipt of the grant.
- (10) **Use NSP funds \leq 120 of AMI.** The jurisdiction will comply with the requirement that all of the NSP funds made available to it will be used with respect to individuals and families whose incomes do not exceed 120 percent of area median income.
- (11) **Assessments.** The jurisdiction will not attempt to recover any capital costs of public improvements assisted with CDBG funds, including Section 108 loan guaranteed funds, by assessing any amount against properties owned and occupied by persons of low- and moderate-income,

including any fee charged or assessment made as a condition of obtaining access to such public improvements. However, if NSP funds are used to pay the proportion of a fee or assessment attributable to the capital costs of public improvements (assisted in part with NSP funds) financed from other revenue sources, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than CDBG funds. In addition, with respect to properties owned and occupied by moderate-income (but not low-income) families, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than NSP funds if the jurisdiction certifies that it lacks NSP or CDBG funds to cover the assessment.

(12) **Excessive Force.** The jurisdiction certifies that it has adopted and is enforcing: (1) a policy prohibiting the use of excessive force by law enforcement agencies within its jurisdiction against any individuals engaged in non-violent civil rights demonstrations; and (2) a policy of enforcing applicable State and local laws against physically barring entrance to or exit from, a facility or location that is the subject of such non-violent civil rights demonstrations within its jurisdiction.

(13) **Compliance with anti-discrimination laws.** The NSP grant will be conducted and administered in conformity with title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d), the Fair Housing Act (42 U.S.C. 3601-3619), and implementing regulations.

(14) **Compliance with lead-based paint procedures.** The activities concerning lead-based paint will comply with the requirements of part 35, subparts A, B, J, K, and R of this title.

(15) **Compliance with laws.** The jurisdiction will comply with applicable laws.

Signature/Authorized Official

Date

James J. Saudade, Deputy Secretary____
Name and Title

ATTACHMENT A

Neighborhood Stabilization Program (NSP)

TIMELINE

Stakeholders Meeting	August 27, 2008
Stakeholders Meeting	September 24, 2008
Stakeholders Meeting	September 25, 2008
Stakeholders Meeting	October 20, 2008
Notice Published for Public Hearing	October 27 & 28, 2008
Stakeholders Meeting and Presentation to CD Board	October 29, 2008
Vermont Housing & Conservation Board (VHCB) presentation	October 31, 2008
Vermont Association of Planning & Development Agencies (VAPDA)	November 6, 2008
Draft NSP Plan and documents posted to DHCA website	November 10, 2008
Public Hearing and Stakeholders Meeting	November 12, 2008
Bi-annual Statewide Housing Conference	November 18, 2008
Final Application and Proposal submitted to HUD	November 26, 2008
Final Application, SF424, and Substantial Amendment to Consolidated Plan posted to DHCA website	December 1, 2008
ACCD issues conditional RFP's for Projects	December 12, 2008
ACCD accepting & commenting on conditional RFP's	December 12, 2008 – May 2009
HUD issues Grant Agreement to State	February 2009*
ACCD potentially begins award decisions	February 2009*
ACCD begins offering Grant Agreements	February 2009*
ACCD Final Deadline for all NSP Proposals	May 2009
ACCD Award Decisions completed	June 2009
ACCD Grant Agreement to Awardee(s) completed	July 2009

NSP Funds Obligated/under contract

August 2010

NSP Funds fully expended & National Objective met

February 2013

*This date is based solely on the receipt of the signed Grant Agreement from HUD.

ATTACHMENT B

EXAMPLES OF VERMONT NSP PROJECTS

1. A developer asks her bank to let her know if they have foreclosed on any multifamily homes. The banker says that there are several in the default stage of foreclosure and if they are not redeemed he will let her know. A month later the banker lets the developer know that there are three properties that have come into the REO portfolio that are multifamily, 21 units, total.

The developer submits a proposal to the state that looks like this:

Sources: \$1M NSP, \$1M Loan Uses: \$500K Acquisition, \$1.5M rehab.

Benefit: Developer agrees to maintain the rents at HUD FMRs for 15 years and make units available to households at or below 50% AMI.

2. A not for profit (NFP) locates a downtown, mixed use building that has recently been foreclosed. The building has four storefronts on the first floor and three floors of vacant rooms on the upper stories. The NFP gets a P&S from the bank and files an NSP application as follows:

Sources: \$3M NSP

Uses: \$750K Acquisition, \$2M Rehab, \$250K Reserves

Benefit: The NFP agrees to make 4 units available as rentals to 50% AMI, 4 units to 80% income as condos and 4 units as condos to 120% income households for 15 years.

3. A municipality has an old blighted apartment building it has taken by tax title. The property is vacant and has some brownfield issues due to underground storage tank leaks. The property is immediately adjacent to the railroad station. The town wants to demolish the structure and make a multi modal center out of the property. The regional bus service would use the site, a park and ride would be established and a visitor center would be built.

Sources: \$1M NSP, \$250K Enhancement Grant, \$250K town, \$100K USG Fund

Uses: \$1M NSP for acquisition and demolition, \$100K for oil spill clean-up, \$500K for land improvements and visitor center.

Benefit: Area wide LMML.

4. A regional not for profit housing provider finds six properties in four towns that have been foreclosed upon by the same mortgage company. Two are multifamily, 3 units each and four are single family. The NFP in consultation with the host towns and regional service providers determines that there is a need for three units of battered women's shelter, three units of transitional housing and since the single families are in towns with very expensive housing, there is a need for work force housing.

Sources: \$1.5 NSP

Uses: \$600k Acquisition, \$900K Rehab

Benefit: 6 units of affordable, transitional housing; four units sold to middle Income (120% AMI) at 50% of appraised value with long term affordability covenants.

5. A for profit acquires a foreclosed mobile home park with 20 old, deteriorated mobile homes. The for profit applies for NSP funds to temporarily relocate the tenants, demolish and clear the 20 mobile homes and install new modular housing units.

Sources: \$2.5M NSP, \$400K Conventional Loan, \$100K Owner's Equity.

Uses: \$400K Acquisition, \$600K Site Improvements, \$2M Modular Units

Benefit: Must be made available to households at or below LMMI at FMR rents for 20years.

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ATTACHMENT C

Communities by Census Tract with 3.5% and greater predicted rate of foreclosure

<u>County</u>	<u>Townshend town</u>	<u>Place Name</u>	<u>Census Tract</u>	<u>Predicted 18 month underlying problem foreclosure rate</u>
Essex County	Lunenburg town	-	950300	8.3%
Essex County	Lunenburg town	-	950300	8.3%
Essex County	Victory town	-	950300	8.3%
Essex County	East Haven town		950300	8.3%
Essex County	Guildhall town	-	950300	8.3%
Essex County	Granby town	-	950300	8.3%
Orleans County	Barton town	Orleans village	951800	7.6%
Orleans County	Barton town	Barton village	951800	7.6%
Orleans County	Barton town	Orleans village	951800	7.6%
Orleans County	Barton town	-	951800	7.6%
Orleans County	Barton town	-	951800	7.6%
Orleans County	Barton town	Barton village	951800	7.6%
Orleans County	Barton town	-	951800	7.6%
Orleans County	Newport city	Newport city	951400	7.2%
Orleans County	Newport city	Newport city	951400	7.2%
Orleans County	Newport city	Newport city	951400	7.2%
Orleans County	Newport city	Newport city	951400	6.3%
Windsor County	Springfield town	-	966600	6.1%
Windsor County	Springfield town	-	966600	6.1%
Windsor County	Springfield town	-	966600	6.1%
Windsor County	Springfield town	-	966600	6.1%
Windsor County	Springfield town	-	966600	6.1%
Windsor County	Springfield town	-	966600	6.1%
Rutland County	Fair Haven town	-	963700	5.9%
Rutland County	Fair Haven town	-	963700	5.9%
Rutland County	Fair Haven town	-	963700	5.9%
Rutland County	Rutland city	Rutland city	963100	5.9%
Rutland County	Rutland city	Rutland city	963100	5.9%
Rutland County	Rutland city	Rutland city	963100	5.9%
Essex County	Brighton town	-	950200	5.8%
Essex County	Brighton town	-	950200	5.8%
Orleans County	Troy town	North Troy village	951600	5.6%
Orleans County	Jay town	-	951600	5.6%
Orleans County	Troy town	-	951600	5.6%

<u>County</u>	<u>Townshend town</u>	<u>Place Name</u>	<u>Census Tract</u>	<u>Predicted 18 month underlying problem foreclosure rate</u>
Orleans County	Newport town	-	951600	5.6%
Orleans County	Troy town	-	951600	5.6%
Orleans County	Newport town		951600	5.6%
Orleans County	Westfield town	-	951600	5.6%
Orleans County	Newport town	-	951600	5.6%
Rutland County	Rutland city	Rutland city	963300	5.6%
Rutland County	Rutland city	Rutland city	963300	5.6%
Rutland County	Rutland city	Rutland city	963300	5.6%
Rutland County	Rutland city	Rutland city	963300	5.6%
Rutland County	Rutland city	Rutland city	963300	5.6%
Rutland County	Rutland city	Rutland city	963300	5.6%
Rutland County	Rutland city	Rutland city	963300	5.6%
Rutland County	Fair Haven town	-	963700	5.6%
Rutland County	Fair Haven town	-	963700	5.6%
Rutland County	Fair Haven town	-	963700	5.6%
Rutland County	Fair Haven town	-	963700	5.6%
Windsor County	Springfield town	-	966600	5.6%
Windsor County	Springfield town	-	966600	5.6%
Windsor County	Springfield town	-	966600	5.6%
Windsor County	Springfield town	-	966600	5.6%
Windsor County	Springfield town	-	966600	5.6%
Windsor County	Springfield town	-	966600	5.6%
Washington County	Barre city	Barre city	955100	5.5%
Washington County	Barre city	Barre city	955100	5.5%
Washington County	Barre city	Barre city	955100	5.5%
Washington County	Barre city	Barre city	955100	5.5%
Washington County	Barre city	Barre city	955100	5.5%
Washington County	Barre city	Barre city	955100	5.5%
Essex County	Concord town	-	950400	5.5%
Rutland County	Rutland city	Rutland city	963300	5.3%
Washington County	Barre city	Barre city	955200	5.2%
Washington County	Barre city	Barre city	955200	5.2%
Washington County	Barre city	Barre city	955200	5.2%
Washington County	Barre city	Barre city	955200	5.2%
Washington County	Barre city	Barre city	955200	5.2%
Washington County	Barre city	Barre city	955200	5.2%
Orleans County	Holland town	-	951100	5.0%
Orleans County	Charleston town	-	951100	5.0%
Orleans County	Morgan town	-	951100	5.0%

<u>County</u>	<u>Townshend town</u>	<u>Place Name</u>	<u>Census Tract</u>	<u>Predicted 18 month underlying problem foreclosure rate</u>
Rutland County	Proctor town	-	962500	5.0%
Rutland County	Proctor town	-	962500	5.0%
Windsor County	Springfield town	-	966700	5.0%
Windsor County	Springfield town	-	966700	5.0%
Windsor County	Springfield town	-	966700	5.0%
Windsor County	Springfield town	-	966700	5.0%
Windsor County	Springfield town	-	966700	5.0%
Franklin County	St. Albans city	St. Albans city	010700	5.0%
Franklin County	St. Albans city	St. Albans city	010700	5.0%
Franklin County	St. Albans city	St. Albans city	010700	5.0%
Franklin County	St. Albans city	St. Albans city	010700	5.0%
Caledonia County	Hardwick town	-	957700	4.9%
Caledonia County	Hardwick town	-	957700	4.9%
Rutland County	West Rutland town	-	962600	4.9%
Rutland County	West Rutland town	-	962600	4.9%
Rutland County	West Rutland town	-	962600	4.9%
Rutland County	West Rutland town	-	962600	4.9%
Bennington County	Bennington town	-	971200	4.9%
Bennington County	Bennington town	-	971200	4.9%
Bennington County	Bennington town	Old Bennington village	971200	4.9%
Bennington County	Bennington town	-	971200	4.6%
Bennington County	Bennington town	-	971200	4.6%
Bennington County	Bennington town	-	971200	4.6%
Bennington County	Bennington town	-	971200	4.6%
Bennington County	Bennington town	-	971200	4.6%
Bennington County	Bennington town	-	971200	4.6%
Bennington County	Bennington town	-	971200	4.6%
Rutland County	Tinmouth town	-	963500	4.6%
Rutland County	Middletown Springs town	-	963500	4.6%
Rutland County	Ira town	-	963500	4.6%
Caledonia County	Lyndon town	Lyndonville village	957200	4.6%
Caledonia County	Lyndon town	-	957200	4.6%
Caledonia County	Lyndon town	-	957200	4.6%
Caledonia County	Lyndon town	-	957200	4.6%
Essex County	Averill town	-	950100	4.6%
Essex County	Ferdinand town	-	950100	4.6%
Essex County	Norton town	-	950100	4.6%
Essex County	Brunswick town	-	950100	4.6%
Essex County	Canaan town	-	950100	4.6%

<u>County</u>	<u>Townshend town</u>	<u>Place Name</u>	<u>Census Tract</u>	<u>Predicted 18 month underlying problem foreclosure rate</u>
Essex County	Maidstone town	-	950100	4.6%
Essex County	Bloomfield town	-	950100	4.6%
Essex County	Lemington town	-	950100	4.6%
Essex County	Avery's gore	-	950100	4.6%
Essex County	Lewis town	-	950100	4.6%
Essex County	Warner's grant	-	950100	4.6%
Essex County	Warren's gore	-	950100	4.6%
Windham County	Rockingham town	-	967000	4.5%
Windham County	Rockingham town	-	967000	4.5%
Windham County	Rockingham town	Bellows Falls village	967000	4.5%
Windham County	Rockingham town	Bellows Falls village	967000	4.5%
Windham County	Rockingham town	Bellows Falls village	967000	4.5%
Windham County	Rockingham town	Bellows Falls village	967000	4.5%
Windham County	Rockingham town	Bellows Falls village	967000	4.5%
Washington County	Barre town	-	955400	4.5%
Washington County	Barre town	-	955400	4.5%
Washington County	Barre town	-	955400	4.5%
Washington County	Barre town	-	955400	4.5%
Washington County	Barre town	-	955400	4.5%
Washington County	Barre town	-	955400	4.5%
Washington County	Barre town	-	955400	4.5%
Washington County	Barre town	-	955400	4.5%
Washington County	Barre town	-	955400	4.5%
Washington County	Barre town	-	955400	4.5%
Washington County	Barre town	-	955400	4.5%
Orange County	Bradford town	-	959800	4.5%
Orange County	Bradford town	-	959800	4.5%
Orange County	Bradford town	-	959800	4.5%
Orange County	Bradford town	-	959800	4.5%
Orange County	Bradford town	-	959800	4.5%
Windsor County	Springfield town	-	966700	4.5%
Windsor County	Springfield town	-	966700	4.5%
Windsor County	Springfield town	-	966700	4.5%
Windsor County	Springfield town	-	966700	4.5%
Windsor County	Springfield town	-	966700	4.5%
Windsor County	Springfield town	-	966700	4.5%
Orleans County	Newport city	Newport city	951500	4.4%
Orleans County	Newport city	Newport city	951500	4.4%
Orleans County	Newport city	Newport city	951500	4.4%

<u>County</u>	<u>Townshend town</u>	<u>Place Name</u>	<u>Census Tract</u>	<u>Predicted 18 month underlying problem foreclosure rate</u>
Orleans County	Newport city	Newport city	951500	4.4%
Lamoille County	Eden town	-	953000	4.4%
Lamoille County	Waterville town	-	953000	4.4%
Lamoille County	Belvidere town	-	953000	4.4%
Rutland County	West Rutland town	-	962600	4.3%
Rutland County	West Rutland town	-	962600	4.3%
Rutland County	Poultney town	Poultney village	963800	4.3%
Rutland County	Poultney town	-	963800	4.3%
Rutland County	Poultney town	-	963800	4.3%
Rutland County	Wells town	-	963800	4.3%
Rutland County	Poultney town	-	963800	4.3%
Rutland County	Poultney town	Poultney village	963800	4.3%
Lamoille County	Johnson town	Johnson village	953200	4.3%
Lamoille County	Johnson town	-	953200	4.3%
Lamoille County	Johnson town	-	953200	4.3%
Lamoille County	Johnson town	Johnson village	953200	4.3%
Rutland County	Rutland city	Rutland city	963200	4.2%
Rutland County	Rutland city	Rutland city	963200	4.2%
Rutland County	Rutland city	Rutland city	963200	4.2%
Rutland County	Rutland city	Rutland city	963200	4.2%
Windham County	Jamaica town	-	967400	4.2%
Windham County	Jamaica town	-	967400	4.2%
Orleans County	Lowell town	-	951700	4.2%
Orleans County	Albany town	-	951700	4.2%
Orleans County	Albany town	Albany village	951700	4.2%
Orleans County	Irasburg town	-	951700	4.2%
Orleans County	Craftsbury town	-	951700	4.2%
Orleans County	Derby town	Derby Line village	951200	4.2%
Orleans County	Derby town	-	951200	4.2%
Orleans County	Derby town	-	951200	4.2%
Orleans County	Derby town	Derby Line village	951200	4.2%
Orleans County	Derby town	Derby Center village	951200	4.2%
Orleans County	Derby town	Derby Center village	951200	4.2%
Orleans County	Derby town	-	951200	4.2%
Orleans County	Greensboro town	-	952000	4.1%
Orleans County	Glover town	-	952000	4.1%
Orange County	Chelsea town	-	959500	4.1%
Orange County	Vershire town	-	959500	4.1%

<u>County</u>	<u>Townshend town</u>	<u>Place Name</u>	<u>Census Tract</u>	<u>Predicted 18 month underlying problem foreclosure rate</u>
Orange County	Tunbridge town	-	959500	4.1%
Orange County	Strafford town	-	959500	4.1%
Caledonia County	Ryegate town	-	957800	4.0%
Caledonia County	Groton town	-	957800	4.0%
Caledonia County	Peacham town	-	957800	4.0%
Rutland County	Pawlet town	-	964300	4.0%
Rutland County	Pawlet town	-	964300	4.0%
Rutland County	Pawlet town	-	964300	4.0%
Rutland County	Rutland city	Rutland city	963200	3.9%
Rutland County	Rutland city	Rutland city	963200	3.9%
Windham County	Wardsboro town	-	967500	3.9%
Windham County	Wardsboro town	-	967500	3.9%
Windham County	Stratton town	-	967500	3.9%
Windham County	Somerset town	-	967500	3.9%
Rutland County	Hubbardton town	-	962300	3.9%
Rutland County	Benson town	-	962300	3.9%
Rutland County	Sudbury town	-	962300	3.9%
Rutland County	West Haven town	-	962300	3.9%
Bennington County	Bennington town	-	970900	3.8%
Bennington County	Bennington town	-	970900	3.8%
Bennington County	Bennington town	-	970900	3.8%
Bennington County	Bennington town	-	970900	3.8%
Windham County	Wilmington town	-	968000	3.8%
Windham County	Wilmington town	-	968000	3.8%
Windham County	Wilmington town	-	968000	3.8%
Windham County	Wilmington town	-	968000	3.8%
Rutland County	Mount Tabor town	-	964200	3.8%
Rutland County	Danby town	-	964200	3.8%
Grand Isle County	Alburg town	Alburg village	020100	3.7%
Grand Isle County	Alburg town	-	020100	3.7%
Grand Isle County	Isle La Motte town	-	020100	3.7%
Grand Isle County	North Hero town	-	020100	3.7%
Caledonia County	Sheffield town	-	957000	3.7%
Caledonia County	Sutton town	-	957000	3.7%
Caledonia County	Walden town	-	957000	3.7%
Caledonia County	Wheelock town	-	957000	3.7%
Caledonia County	Stannard town	-	957000	3.7%
Caledonia County	Newark town	-	957000	3.7%

<u>County</u>	<u>Townshend town</u>	<u>Place Name</u>	<u>Census Tract</u>	<u>Predicted 18 month underlying problem foreclosure rate</u>
Franklin County	Swanton town	-	010500	3.6%
Franklin County	Swanton town	-	010500	3.6%
Franklin County	Swanton town	-	010500	3.6%
Franklin County	Highgate town	-	010100	3.5%
Franklin County	Highgate town	-	010100	3.5%
Franklin County	Sheldon town	-	010100	3.5%
Franklin County	Franklin town	-	010100	3.5%
Franklin County	Franklin town	-	010100	3.5%
Franklin County	Highgate town	-	010100	3.5%
Franklin County	Sheldon town	-	010100	3.5%
Franklin County	Highgate town	-	010100	3.5%
Rutland County	Castleton town	-	963600	3.5%
Rutland County	Castleton town	-	963600	3.5%
Rutland County	Castleton town	-	963600	3.5%
Caledonia County	St. Johnsbury town	-	957500	3.5%
Caledonia County	St. Johnsbury town	-	957500	3.5%
Rutland County	Brandon town	-	962200	3.5%
Rutland County	Brandon town	-	962200	3.5%
Rutland County	Brandon town	-	962200	3.5%
Rutland County	Brandon town	-	962200	3.5%
Orange County	Corinth town	-	959100	3.5%
Orange County	Topsham town	-	959100	3.5%
Orange County	Orange town	-	959100	3.5%
Orange County	Washington town	-	959100	3.5%
Caledonia County	St. Johnsbury town	-	957400	3.5%
Caledonia County	St. Johnsbury town	-	957400	3.5%
Caledonia County	St. Johnsbury town	-	957400	3.5%
Caledonia County	St. Johnsbury town	-	957400	3.5%
Caledonia County	St. Johnsbury town	-	957400	3.5%