

Charlotte Housing Trust Fund Grant Award Policies and Procedures

Amended January 24, 2011

I. Purpose

The Charlotte Housing Trust Fund (“HTF”) is designed to support the creation of “perpetually affordable housing” (as that term is defined by the Charlotte Land Use Regulations, adopted March 7, 2006 and as modified herein) by Charlotte property owners on their property located in Charlotte. The HTF shall be administered by the Charlotte Affordable Housing Trust Fund Committee (the “Committee”), with oversight and final approval authority retained by the Charlotte Selectboard.

II. Description of Grants

Grants will be made for either project feasibility studies and/or for construction projects. Feasibility grants are to be used to study the feasibility of a project, such as septic capacity or water availability, or to develop plans or obtain permits that are needed prior to construction. Construction grants are to be used to create “perpetually affordable” (as defined below) rental housing and/or owner-occupied housing. Projects may involve new construction or renovation of existing structures, but one or more new perpetually affordable housing units must be created. Grant funds are released to grantees on a reimbursement basis as described below.

Feasibility Projects

Grants may be made for up to 90% of the cost of feasibility studies, to a maximum of \$5,000. Feasibility studies must be completed within one year of the date of the grant approval and a full and complete copy of such studies shall be provided to the Town. If necessary, a grantee may apply for a reasonable extension of the one-year completion date, to be submitted not less than 30 days prior to a grant’s expiration. Any extension granted shall be at the sole discretion of the Selectboard, based on a recommendation of the HTF Committee. Construction of any affordable units identified as feasible shall begin within one year of the date on which a successful feasibility study is provided to the Town unless an extension has been granted at the sole discretion of the Selectboard, based on a recommendation from the HTF committee.

Construction Projects

Grants for construction projects may be made for up to \$10,000 per housing unit. The maximum grant amount per construction project is \$30,000. A minimum one-to-one match by the grantee is required for construction grants. Construction projects shall be completed within two years of the effective date of the grant agreement in order to receive the final payment. If necessary, a grantee may apply for a reasonable extension of the two-year construction completion date, to be submitted not less than 30 days prior to a grant’s expiration. Any extension granted shall be at the sole discretion of the Selectboard, based on a recommendation from the HTF Committee.

III. Priorities for funding

Priority will be given to grant applications which best meet the following criteria:

- Applicant is a Charlotte resident
- Application is for a rental unit or units
- Application is for renovation/rehabilitation of an existing structure
- Application provides diversity in geographic location and size, as compared to other existing or applied for units
- Proposed rental units have 2 or fewer bedrooms
- Projects with the lowest rental rates
- Projects demonstrating the most effective use of grant monies based on factors such as number of units created and size of grant requested
- Project is submitted by a low income Charlotte resident (as described in this policy and as shown in Attachment A)
- Project will be energy efficient by Vermont state energy efficiency code as applicable at the time of the award.

Nothing herein shall limit the authority or discretion of the Committee or Selectboard to consider other factors deemed relevant in establishing funding priorities or awarding grant funds.

IV. Requirements for Projects

All affordable housing units shall be situated in Charlotte.

All affordable rental units approved under this grant program shall be registered with the Town of Charlotte's Affordable Housing Registry.

Grantees shall provide the Town with all necessary information required to enable verification of compliance with income requirements. For rental dwellings, new renters shall provide to the Town copies of W-2 forms, pay stubs, and/or tax returns (e.g., U.S. Form 1040 or 1040A) prior to occupying the dwelling. For owner-occupied dwellings, buyers shall comply with deed covenants and restrictions at the time of closing, which may require furnishing copies of W-2 forms, pay stubs, and/or tax returns (e.g., U.S. Form 1040 or 1040A) to the Town.

Income, Rent and Sales Requirements

For the purposes of this policy, "affordable" is defined as housing that is (1) owned by its inhabitants, whose gross annual household income does not exceed the median income for the Burlington MSA, as defined by the United States Department of Housing and Urban Development, as approved annually, and as shown in Attachment A, and the total annual cost of the housing, including principal, interest, taxes, insurance, utilities and condominium association fees is not more than 30% of the household's gross annual income: or (2) rented by inhabitants whose gross annual household income does not exceed 80% of the median income for the Burlington MSA, as defined by the United

States Department of Housing and as shown in Attachment A, and the total annual cost of the housing, including rent, utilities, and condominium association fees is not more than the 30% of the household's gross annual income.

Attachment A, "Affordable Rents Based on Incomes for Chittenden County, Median Income Data", provides the most recent allowable rent based on household size. Attachment A shall be updated and amended yearly and the Town shall notify grant recipients and their survivors in title.

V. Application Procedures and Schedule

1. HTF grants shall be awarded annually.
2. Application forms should be submitted by August 31 of each year.
3. The Committee shall review applications during the month of September. Applicants will be notified of either rejection or selection for further review by September 30 of the year of application.
4. Applicants whose projects have been selected for further review must submit any requested additional information by October 31, including evidence that the necessary permits (such as a building permit and a wastewater and water permit) can potentially be or have been secured. In the case of requests for construction funding, the requested additional information will generally include a project work plan, contractors' bids, a detailed cost breakdown (including rent to be charged and projected utility costs), loan agreements or other evidence of availability of funds for the project and evidence that the necessary permits (usually consisting of septic, wastewater and a building permits) can be or have been secured.
5. During the month of November the committee will prioritize the remaining applications based on the grant criteria.
6. The Committee's funding recommendations will be submitted to the Charlotte Selectboard by December 15th. A copy of the recommendation will be sent to applicants.
7. The Selectboard shall vote to approve or modify the recommendations at an open meeting, and send a notice of their decision to applicants by January 31 of the following year.

VI. Release of Grant Funds

Full payment of feasibility grants shall be made upon submission by the grantee to the Town of a report of such studies or other work for which the grant application was

approved, and documentation of expenses that were incurred. Grant funding will pay only for the actual cost of the studies or other expenses that were approved by the Selectboard. Applicants whose projects are found to be not feasible will still receive the approved funding.

Construction grants will be paid in three installments. The first installment, which will be one third of the total grant award, will be paid upon submission to the Town of copies of all required permits and an executed Grant Agreement. The second installment, which will be one third of the grant award, will be paid upon notice of completion of 50% of the project, as determined by cost (i.e., submission of invoice(s) and proof of payment totaling 50% of the total anticipated cost). The remainder of the grant shall be awarded when documentation indicating the required one-to-one match has been satisfied has been submitted to the Town (i.e., invoice(s) and proof of payment for project-related costs totaling 200% of the grant award), evidence that the low income requirements have been met, and a Certificate of Occupancy has been issued by the Town of Charlotte Zoning Administrator. For rental properties, a completed Town of Charlotte Affordable Rental Registration Form must also be submitted, including evidence that the low income requirement has been met. Construction projects must be completed within two years of signing the original grant agreement in order to receive the final payment, unless an extension has been approved by the Selectboard.

VII. Penalties

Absent an approved extension of time, failure to create affordable units within one year after being funded for successful feasibility studies may result in the imposition by the Town of a penalty not to exceed the grant award plus interest charged at a rate of one percent per month, or fraction thereof, for every month after the expiration of the one year period that affordable units are not created.

If a housing unit funded as part of a Construction Project under this grant program is no longer “perpetually affordable,” the following penalties may apply:

1. If the unit is no longer rented as affordable in 5 or fewer years from the time of completion of construction, the grant monies awarded must be returned in full, and an additional penalty equal to 25% of the grant award must be paid.
2. If the unit is no longer rented as affordable between 5 and 10 years from the time of completion of construction, the grant monies must be returned in full and an addition penalty equal to 20% of the grant award must be paid.
3. If the unit is no longer rented as affordable between 10 and 25 years from the time of completion of construction, the grant monies must be returned in full and an addition a penalty equal to 15% of the grant award must be paid.
4. If the unit is no longer rented as affordable after 25 years from the time of completion, the grant monies must be returned in full.

Nothing herein shall preclude the Committee or the Town of Charlotte Selectboard from exercising its reasonable discretion with regard to the imposition and enforcement of any penalties identified herein.

Approved by the Charlotte Selectboard on January 24, 2011.

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