Public Comments Received on VHFA Draft Qualified Allocation Plan 2027-2028

PART 3

Public Comment Period from March 24, 2026 through April 24, 2026

SECTION 4:

Conclusion

Disabled and Here

Advocating for disability-forward housing through OAPs is a crucial tool for developing more inclusive and accessible communities. By engaging in the OAP process, advocates can significantly impact the development of affordable housing that meets the diverse needs of people with disabilities.

Key takeaways from this guide include:

- LIHTC is a powerful tool for creating affordable housing, but reforms are needed to better serve people with disabilitie
- Advocates can make a difference by participating in public comment periods and urging state agencies to prioritize accessible housing, resident services, and deeply affordable units
- Lived experience and community insights are valuable contributions to the OAP process, even without technical expertise
- Collaboration with other advocates and community members can amplify the impact of advocacy efforts

By applying the strategies outlined in this guide, advocates can work towards:

- Increasing the number of accessible units in LIHTC-funded projects
- Promoting service-linked housing options
- Ensuring affordability for individuals relying on programs like SSI
- Advancing an intersectional approach to disability inclusion in housing

Remember, every voice matters and has the power to influence housing policies that impact millions of Americans with disabilities and older adults.By speaking up, sharing experiences, and advocating for equitable policies, you contribute to a movement that drives meaningful change. Your efforts can lead to tangible improvements-expandingaccess to affordable, accessible housing, strengthening protections against discrimination,and ensuring that all individuals have the opportunity to live independently in the communities of their choice.Your advocacy will help build a more inclusive and just housing system for generations to come.

Additional Resources

- **National Low Income Housing Coalition (NLIHC}** | NLIHC State Housing Profiles
  Access state-specific data on affordable housing needs and advocacy efforts through NLIHC's comprehensive profiles. These resources provide key statistics and actionable insights for driving state-level policy change.

- **ACTION Campaign** | National, State, AND District Fact Sheets
  The ACTION Campaign has factsheets highlight the critical role of LIHTC in addressing affordable housing needs across the U.S. These fact sheets offer detailed data at the national, state, and congressional district levels, showcasing the impact of the program.

- **Technical Assistance Collaborative (TAC}** | Priced Out Report
  This report highlights the affordability gap faced by people with disabilities relying on SSI and compares it to local rental costs.It is essential for demonstrating the critical need for affordable, accessible housing.

- **Center for American Progress** | Center for American Progress: Disability and Housing
  The Center for American Progress provides research and policy recommendations on issues affecting people with disabilities, including housing.

- **The Kelsey** | The Kelsey Learn Center
  The Kelsey Learn Center provides research, tools, and best practices for inclusive housing solutions, with a focus on disability-forward housing policies and developments.

- **The National Housing Trust (NHT}** | NHT's Info Briefs
  NHT conducts research on Qualified Allocation Plans (QAPs) to analyze how states prioritize housing investments, particularly in sustainability, equity, and resident needs.

- **The Corporation for Supportive Housing (CSH}** | CSH Policy Brief
  CSH provides in-depth research on QAPs, evaluating how these plans incorporate supportive housing and services for vulnerable populations.

- **National Council of State Housing Agencies (NCSHA}** | NCSHA Research & Reports
  NCSHA offers extensive resources on affordable housing policies, including research on LIHTC, Qualified Allocation Plans, and state housing finance agency initiatives.

Outlook

Re: [EXTERNAL]QAP Public Comment

From DevelopmentDept <developmentdept@vhfa.org>
Date Mon 4/20/2026 2:27 PM
To Abby Long <abby@nekcollaborative.org>; DevelopmentDept <developmentdept@vhfa.org>
Cc Alex Farrell <alex.farrell@vermont.gov>; Maura Collins <mcollins@vhfa.org>; Gustave Seelig <g.seelig@vhcb.org>; Kathleen Berk <kathleen@vsha.org>; kristin.mcclure@vermont.gov <kristin.mcclure@vermont.gov>

Hi Abby - Thank you for reviewing the draft QAP and submitting these comments. I'm confirming that we've received your comments, and VHFA will consider them as we work on next steps in developing this QAP.

My best,
Olivia

Olivia Lavecchia (she/her)
Community Development Underwriter
164 St. Paul St., Burlington VT, 05401 | (802) 652-3428
Vermont Housing Finance Agency

vhfa Affordable homes for a sustainable Vermont

I'm currently working JV/onday-Thursday, and off on Fridays. Thanks for your patience if my response is delayed.

From: Abby Long <abby@nekcollaborative.org>
Sent: Friday, April 17, 2026 2:41 PM
To: DevelopmentDept <developmentdept@vhfa.org>
Cc: Alex Farrell <alex.farrell@vermont.gov>; Maura Collins <mcollins@vhfa.org>; Gustave Seelig <g.seelig@vhcb.org>; Kathleen Berk <kathleen@vsha.org>; kristin.mcclure@vermont.gov <kristin.mcclure@vermont.gov>
Subject: [EXTERNAL]QAP Public Comment

To the Vermont Housing Finance Agency and the Joint Committee on Tax Credits,

The Northeast Kingdom Collaborative appreciates the opportunity to comment on the draft Qualified Allocation Plan (QAP) for 2027-2028. Please see the attached letter.

We recognize the importance of this tool in shaping equitable housing outcomes across Vermont and offer the following perspective grounded in the realities of our rural region.

Thank you so much for this opportunity,

Abby

Abby Long
Interim Executive Director | she/ her

abby@nekcollaborative.org
nekcollaborative.org
PO Box 4043 | St Johnsbury, VT 05819

Northeast Kingdom Collaborative

Building strong, vibrant communities in Vermont's Northeast Kingdom.

To: Vermont Housing Finance Agency
From: Abby Long, Northeast Kingdom Collaborative
Re: Comments on the Qualified Allocation Plan (QAP) DRAFT 2027-2028
Date: April 15, 2026

The Northeast Kingdom Collaborative appreciates the opportunity to comment on the draft Qualified Allocation Plan (QAP) for 2027-2028. We recognize the importance of this tool in shaping equitable housing outcomes across Vermont and offer the following perspective grounded in the realities of our rural region.

The Northeast Kingdom Collaborative is a 501(c)(3) nonprofit with a mission to improve quality of life for all Northeast Kingdom (NEK) community members through coordinated economic and community development. Our vision is a strong, vibrant NEK where all people can thrive. We serve Caledonia, Essex, and Orleans Counties, an extremely rural region spanning 2,027 square miles and 55 municipalities. The NEK is federally designated as a Rural Economic Area Partnership (REAP) Zone, one of only five in the nation, recognizing the unique and compounding challenges faced by rural communities, including geographic isolation, limited infrastructure, population decline, and persistent poverty. The NEK Collaborative holds the agreement with USDA Rural Development for this designation and serves as a neutral convener, aligning partners and elevating regional priorities to state, federal, and all levels of decision-makers.

Our work is grounded in community engagement. Through convenings like the annual NEK Together conference, sector-specific gatherings, and ongoing outreach, we consistently hear that housing is the most urgent and complex challenge facing our region.

It is from this place that we express concern with several elements of the proposed QAP, which, as currently drafted, risk disproportionately disadvantaging rural regions such as Vermont's Northeast Kingdom.

First, proposed threshold requirements related to proximity to amenities, specifically requiring both a full-service grocery store and pharmacy within two miles of a development, are not reflective of rural geography. In much of the NEK, and particularly all of Essex County, such criteria would effectively disqualify otherwise viable and needed housing projects. These standards may be appropriate in more densely populated areas but create structural barriers in rural communities where essential services are more dispersed.

Second, the requirement that all permits be secured prior to application submission presents a significant challenge. In rural regions, where development timelines are longer and upfront capital is more limited, this requirement increases risk and may deter projects from even beginning. Similarly, the draft also requires that any commercial financing be fully committed at the time of application, unless financing is provided through VHFA, effectively steering projects toward VHFA-backed lending. This approach limits the role of local banks and significantly reduces the likelihood of securing Affordable Housing Program (AHP) funding through the Federal Home Loan Bank of Boston.

Third, the apparent shift away from prioritizing units affordable at 50% of Area Median Income (AMI) raises serious concerns. In the NEK, many households cannot afford rents set at 60% AMI. By removing incentives to develop deeper affordability, the QAP risks supporting housing that remains out of reach for the very populations most in need.

Northeast Kingdom Collaborative

Building strong, vibrant communities in Vermont's Northeast Kingdom.

Finally, the removal of provisions that previously ensured distribution of funding across multiple projects, such as limiting any single project to a portion of total competitive funds, may result in a concentration of resources in larger-scale developments. While increasing unit production is an important statewide goal, this approach risks overlooking smaller, community-based projects that are often the most feasible and impactful in rural areas. Geographic equity and project diversity are essential to ensuring that all regions of Vermont benefit from these investments.

The NEK has historically benefited from tax credit programs that have enabled the development of much-needed affordable housing. We are concerned that, without adjustments, the proposed changes could significantly reduce the feasibility of future projects in our region.

We respectfully urge the Vermont Housing Finance Agency to consider modifications to the QAP that account for the realities of rural communities.

Thank you for your consideration and for your continued commitment to addressing Vermont's housing challenges. We welcome the opportunity to discuss these comments further.

Sincerely,

Abby Long
Interim Executive Director, Northeast Kingdom Collaborative
abby@nekcollaborative.org

Outlook

Re: [EXTERNAL]VAPDA

From DevelopmentDept <developmentdept@vhfa.org>
Date Fri 2026-04-17 14:04
To Devon Neary <devon@rutlandrpc.org>
Cc Maura Collins <mcollins@vhfa.org>

Hi Devon,

Thank you for writing up and sending over VAPDA's thoughts and comments on the current QAP draft- I wanted to follow up and confirm that they've been received, and that they will be reviewed and considered as we continue to update the plan. The public comment period is open through next Friday (April 24th), so if there is anything else that you or your team thinks of in the upcoming week that you would like us to consider please don't hesitate to reach out.

Thanks again, and I hope you have a great weekend!

Jameson T. Williams (he/him)
Community Development Underwriter
164 St. Paul St, Burlington VT, 05401
Vermont Housing Finance Agency

From: Devon Neary <devon@rutlandrpc.org>
Sent: Friday, April 17, 2026 12:21
To: DevelopmentDept <developmentdept@vhfa.org>
Cc: Maura Collins <mcollins@vhfa.org>
Subject: [EXTERNAL]VAPDA

Good afternoon -

Please find the attached letter from VAPDA regarding the Qualified Allocation Plan (QAP). Let me know if you have any follow up questions.

Thank you!

DEVON NEARY (he/him) | **EXECUTIVE DIRECTOR**
Rutland Regional Planning Commission
16 Evelyn Street | Rutland, Vermont 05701
PO Box 430 | Rutland, Vermont 05702
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VAPDA
VERMONT ASSOCIATION OF
PLANNING AND DEVELOPMENT AGENCIES

CHAIR: DEVON NEARY, RRPC
VICE-CHAIR: BILL COLVIN, BCRC
TREASURER:CHARLIE BAKER, CCRPC

April 15, 2026

Vermont Housing Finance Agency (VHFA) Development Staff
164 Saint Paul Street
Burlington, VT 05402

SUBJECT: Comments on Draft 2027-2028 Qualified Allocation Plan for Vermont

To Whom it May Concern:

The Vermont Association of Planning and Development Agencies (VAPDA), representing Vermont's 11 regional planning commissions (RPCs), appreciates the opportunity to comment on the draft Qualified Allocation Plan (QAP) for 2027-2028. We are building on comments submitted by Mount Ascutney Regional Commission.

In short, we believe the significant changes from the current QAP will make it significantly more difficult to fund projects in Vermont's smaller, rural communities, which would seem to run counter to the goals of the legislative mandate that RPCs establish 2030 and 2050 housing targets across our towns based upon the VHFA-developed Housing Needs Assessment, identify areas for growth in regional future land use maps that collectively identify growth areas statewide, and enable project-scale infrastructure investment through the new CHIP program.

1. In the current and past QAPs, there is a stipulation that a single project cannot receive more than 30% of the state's allocation of tax credits. That provision helps to ensure regional equity for smaller towns and for areas outside of Chittenden County. In the draft 2027-2028 QAP, this cap has been removed, meaning that these larger projects could use an outsized percentage of credits, thus limiting the available pool of credits for smaller, more rural projects. Coupled with a few other provisions, this essentially incentivizes larger projects that rural communities couldn't support. It is our opinion that the 30% cap should be retained.
2. The current and previous QAPs incentivized mixed income development, which allows housing providers to serve a wider income bracket. The income range incentives have changed dramatically in the draft 2027-2028 QAP. The current and previous QAPs incentivized rents targeting those making 50% AMI, which incentivized more affordable units for those that needed it while still being financially sustainable for the housing developer. This draft QAP removes the incentive for 50% units and replaces it with an incentive for 30% AMI units, which are increasingly hard to serve due to the lack of rental assistance available. The overall effect of this is that income restrictions are shifting downward, limiting the market that housing developers can attract and that require larger projects to ensure financial feasibility. Especially in smaller

CHAIR: DEVON NEARY, RRPC
VICE-CHAIR: BILL COLVIN, BCRC
TREASURER:CHARLIE BAKER, CCRPC

communities, developments may not be able to be large enough to support these income restrictions. We believe that this increase in supply has the potential to help break housing mobility bottlenecks and thus ultimately improve market dynamics to make existing housing more available and affordable.

3. The draft QAP prioritizes developments that meet very specific location requirements, including being within a two-mile proximity of full-service grocery stores, general retail, schools, AND retail pharmacies. The "and" severely limits what locations are actually viable for an application without any nuance. This new provision would preclude VHFA investment in smaller communities throughout Vermont and, ironically, preclude the addition of residents necessary to sustaining existing groceries, schools, and pharmacies or the development of new ones. We all agree that being close to services is a fundamental principle of good planning. But in the Vermont context this essentially limits development to the downtown cores of our larger towns and places at a disadvantage other smaller walkable communities that have infrastructure and some, but not all, of those services but with opportunities for transformational housing projects nonetheless.
4. In Section 4.01, the proposed QAP refers to older state designation categories. We believe it should instead incentivize developing in the regional Future Land Use Map identified Downtown Center, Village Center, Planned Growth Area, and Village Area. Aligning the new QAP with Act 181 would streamline site selection and align state priorities.

We recognize that our suggestions upend VHFA proposals to concentrate its investments in a narrower band of Vermont communities, and understand the logic behind that approach. Our goal here is to reflect opportunities to harness the new housing planning tools the state has enabled to increase overall supply in areas designated for planned growth. This should give VHFA more options to invest its resources in a manner that will produce the most housing units possible in places that are appropriate for current and future generations of Vermonters across their stages in life.

Thank you for your consideration. Please do not hesitate to contact us with any questions.

Best regards,

Devon Neary, Chair
Vermont Association of Planning and Development Agencies

Outlook

Re: [EXTERNAL]Summit QAP Comments - March 2026 Draft

From DevelopmentDept <developmentdept@vhfa.org>
Date Fri 2026-04-17 13:57
To Tom Getz <tgetz@summitpmg.com>
Cc Andy Miller <admiller@summitpmg.com>; Zeke Davisson <ZDavisson@summitpmg.com>

Hi Tom,

Thank you for being so thorough in your review of the QAP draft, and for also providing the summary alongside your notes- that is extremely helpful. I'll make sure that all of your feedback is reviewed and considered by the appropriate folks at the Agency as we continue to develop the next iteration of the plan. If you have anything else that pops into your head between now and when the public comment period closes on the 24th please just reach out.

And, even beyond that, please share any reactions as the process continues and the plan is finalized- before we know it we'll be working on the next version!

Thanks again, and I hope you all have a great weekend.

Jameson T. Williams (he/him)
Community Development Underwriter
164 St. Paul St, Burlington VT, 05401
Vermont Housing Finance Agency
vhfa
Vermont Housing Finance Agency

From: Tom Getz <tgetz@summitpmg.com>
Sent: Friday, April 17, 2026 11:57
To: DevelopmentDept <developmentdept@vhfa.org>
Cc: Andy Miller <admiller@summitpmg.com>; Zeke Davisson <ZDavisson@summitpmg.com>
Subject: [EXTERNAL]Summit QAP Comments - March 2026 Draft

Dear VHFA Team -

Attached are Summit's comments on the March 2026 Draft OAP. Given the scope of this rewrite, it is a lot. You'll see the number one theme we hit over and over again is that this draft just adds a ton of unpredictability and vague/ambiguous clauses. We appreciate the intent of a lot of these provisions to pursue valuable policy goals (cost containment, avoiding awards to speculative projects, eliminating incentives for non housing-related priorities) but given the amount of risk and cost involved in pursuing LIHTC deals the OAP needs to provide a predictable roadmap for developers.

The attached comments go through the QAP in order, but below is our cheat sheet that breaks our comments down into 3 categories:

1. Project Killers: In our minds these have to be fixed or developers won't be able to take the risk and invest the time and resources necessary to pursue LIHTC deals.
2. Serious Policy Concerns: These are areas of disagreement that we believe will lead to some serious unintended consequences or incentivize and reward the wrong development decisions.
3. Desired Cleanup/Suggestions: Items we wouldn't go to the mat over but believe would really help the QAP function better.

Please let us know if you would like to talk these through.

Project Killers:

- **Threshold determinations that rely on VHFA discretion with no standards:** Developers cannot risk spending years on a project only to have VHFA decide it fails a purely discretionary threshold question. Everything listed in the QAP as a non-waivable threshold requirement needs to be clear and predictable.
- **No Basis Boost:** Projects need a predictable way to generate the 30% basis boost (and it would be good policy to expand this to rural and high priority location projects)
- **3.02 Land Use Approvals & Mandatory Commitment Letters:** Full permits as a threshold is unreasonable. Permits require significant investments of time and money and therefore aren't pulled until the financing is secured. The commitment letter language is impossible to comply with as written.
- **3.03: Could be interpreted as requiring competitive bidding:** This only needs to be addressed to the extent it could be interpreted as requiring mandatory bidding, especially at the application stage (which is impossible)
- **3.11: Discretionary Overhead/Profit/Gen Req Requirements:** These need to be known up front, not after years of work on these deals.
- **3.18: Discretionary Developer Fee Reductions:** Compensation for developing affordable housing needs to be understood up front so that organizations can reliably plan and commit the vast resources necessary to build these projects.

Serious Public Policy Concerns:

- **Elimination of waiver process for threshold requirements:** The chance to apply for waiver of certain threshold requirements is probably necessary.
- **3.09 All electric as threshold requirement:** This is not necessarily feasible for every project as a threshold. It is more expensive to go all electric and should only be a threshold requirement if and when it becomes a cost neutral decision.
- **4.03-4.05 Emphasis on 30% units:** Taken together these 3 sections essentially turn the QAP into a lottery as to which projects can get project-based vouchers. With 25 points at stake, the losers of the voucher lottery cannot compete.
- **4.07 Points for whoever can use the most scarce public money:** While not a project killer, this sets up the wrong incentives when it comes to cost containment. Competing over who can use the fewest tax credits would achieve the same policy goals and better incentivize cost containment.
- **Misc: Add back Highly Ready to Proceed as scoring criteria**
- **Misc: Add scoring based on competing over Total Development Costs (TDC)**

Desired Cleanup/Suggestions:

- **3.03 Threshold on Cost Reasonableness:** This is one that really should be part of a scoring criteria, but at the very least developers should have some way to know whether their proposed costs will fail as a threshold question.
- **3.03 CNA for new construction:** There is little benefit to requiring a CNA as threshold for new construction.

- **3.03 Market Need:** It is possible Chittenden County overall vacancy could exceed 5% soon. Just need to be sure this wouldn't shut down all affordable housing development in the county.
- **4.06 Land Donation:** It would be helpful to have some points for below market land even if it is not 100% donated.
- **4.09 On Site challenges:** This is very vague as written and there are better ways to achieve cost containment (like competing on costs). At the very least there needs to be a way to understand how projects will score very early, before sites are selected and developers commit significant funds.
- **4.11 Scoring for obtaining energy efficiency certs that save the project money:** This is not necessary. Vermont projects already have enough incentives to be highly energy efficient and to pursue measures that reduce operating costs.
- **4.13 Other Public Funds:** It would be helpful to give municipalities additional creative ways to bring resources to the table to keep costs down.

SUMMIT PROPERTIES

Tom Getz | Owner
phone: 802.846-5430 x3113
site: SummitPMG.com

April 20, 2026

Vermont Housing Finance Agency
164 St. Paul Street
Burlington, VT 05402

RE: Summit Properties - QAP Comments - April 2026

Dear VHFA Team,

Over the past 3 years, Summit has emphasized the importance of (i) cost containment, (ii) project readiness, and (iii) predictability in scoring and award making. Our core thesis from these past comments is still true: **Vermont remains a cost outlier and under-producer of affordable housing units.**

This year, the proposed QAP draft is a significant rewrite. Through the lens of the 3 priorities listed above, Summit has organized our comments in the following structure:

1. Essential Clarification Requests and Proposed Changes
    a. Basis Boost Eligibility
    b. Threshold Requirements Should Not be Discretionary or Ambiguous
    c. General Clarifications and Edits

2. Policy Comments
    a. Objective overall cost containment criteria are preferrable to discretion on specific cost drivers.
    b. Project readiness should be included in the scoring criteria.

At the first public hearing on April 7, several stakeholders requested tabling this new QAP for at least 1 year given the scope of the proposed changes. Summit supports the implementation of this QAP ***on the condition that*** the important clarifications included in these comments are made, otherwise we would agree that it creates more problems than it solves as currently drafted.

The essential clarifications are crucial to avoid the potential for enormous confusion and disruption. The policy comments we think are important to ensure we are fulfilling our mission as an affordable housing development community as efficiently and effectively as possible

1. **Essential Clarification Requests**

The theme of this section is to address language that adds ambiguity. Overall, there are too many sections in this draft that pair seemingly firm threshold requirements with vague authority for VHFA to exercise discretion.

<u>It is more important for QAP terms to be predictable than to be perfectly tailored to every application</u>.

Developers build a pipeline and design projects that are likely to succeed under a QAP. That effort requires years of work and hundreds of thousands of dollars in predevelopment expense. This draft QAP sets up too many areas where developers cannot confidently plan and budget projects because they will not know what VHFA's position will be on key terms, such as:

- Will the project be eligible for a basis boost?
- Will the location be approved?
- If approved, will the site be considered to have "On-Site Challenges" and lose points?
- Will there be a process for waiver of threshold items like an Act 250 permit?
- What will VHFA decide the GC can charge for Overhead and Profit?
- Will VHFA require this project to go through a formal bidding process prior to application?
- What developer fee will VHFA approve for this project?

These, and several other issues discussed below, are all questions that should either have objective yes/no answers (if threshold) or clear point associations (if scoring criteria). Any QAP will have some gray areas, but as written this draft simply has too many vague requirements to allow developers to confidently pursue new projects.

If a major QAP rewrite is going to be approved this year, these are the areas we believe absolutely need to be cleaned up.

a. **Basis Boost Eligibility Should Be Explained:**

This version of the QAP does not mention how projects will be deemed eligible for the 30% basis boost. The basis boost is typically essential for projects applying for 9% tax credits. The prior QAP requirements were reasonable, although we would be in favor of expanded eligibility to include all projects in QCTs and DDAs, rural projects, and high priority locations referenced in Section 4.0l(a) and (b).

b. **Threshold Requirements Should Not Be Discretionary or Ambiguous:**

This draft of the QAP takes a more aggressive approach to threshold requirements. Philosophically we agree with this change as it will help achieve the goal of having all scored projects be further along in the development process, less speculative, and therefore far more likely to proceed as envisioned. However, all threshold requirements should be objectively quantifiable and simple to understand.

It is not acceptable for a project to go through the time and resources required to apply only to discover their project fails as a threshold matter. The following discretionary items should be eliminated as threshold issues:

- 3.03 Market Need: "VHFA **may** reject an application that **might** have a negative impact on existing rental housing."
- 3.10(b): "An application **may be deemed ineligible** due to the site being within a half a mile of the following... " (list then includes things like "agricultural activities generating odors or pollution.")
- 3.lO(c): "An application **may be deemed ineligible** if the site is adjacent to, or across the street from..... (list things such as "source of excessive noise")
- 3.1l(b): Builder's O&P and Gen Req: As a threshold requirement **"may** limit Builder's Profit, Overhead, or General Requirements below the maximums stated above."
- 3.18: Maximum Developer Fees: "The allowance of a developer fee up to the maximum does not mean the amount is automatically approved. VHFA **may reduce the developer fee if it determines the fee is not necessary for project feasibility."**

We feel strongly that it is problematic for VHFA to have the discretion (i) to reject applications that "might" have a negative impact or are located near undefined hazards and/or (ii) to reduce the value of a project to a developer. If they are not hard, objective threshold criteria, they are more appropriately addressed as scoring criteria, with points awarded based on (i) site characteristics or (ii) overall total development cost (TDC).

Developers take on huge amounts of risk when selecting and moving forward with tax credit applications, and should get maximum transparency at the earliest stage possible on all of the discretionary threshold requirements. VHFA's decision to exercise its discretion on any of the above items would materially impact the Developer's decision to pursue a given development.

c. General Clarification and Edit Comments

Given the number of new clauses in this QAP draft, we have numerous questions regarding intent and interpretation. These questions are listed by section in the QAP as follows:

i. 3. Threshold Requirements (Elimination of waiver option)

The new QAP eliminates the option to request a waiver of any threshold requirement. The following language was deleted "If the proposal cannot meet a threshold, the Sponsor must request a waiver from that threshold with a detailed description of why the proposal cannot meet the threshold." It appears the intent of the new QAP is to eliminate the waiver process.

Clarification Request: Is it the intent of the new QAP to eliminate the waiver process and make all threshold requirements non-waivable?

This is a compounding-and circular-issue together with the ambiguity in the threshold requirements articulated above.

ii. 3.02 Compliance with Zoning & Land Use Regulations

This section states that every application "must include documentation indicating the site has all legislative and quasi-judicial land use approvals necessary to build the proposed development." As written, this means that without an Act 250 permit or Jurisdictional Opinion confirming no permit is required (the Act 250 process being a quasi-judicial land use approval), an application cannot move forward. There is no provision in the QAP for waiver of any threshold requirements. This is a significantly higher threshold requirement than in any previous QAP.

The intent of this section is to ensure applications are well beyond the speculative stage. We feel the language as drafted is not necessary to achieve that goal, especially given the proposed language in section 3.04(b) which requires all developers to close construction on Ceiling Credit developments before applying for another.

Clarification Request: Is it the intent of this QAP draft to have permits (including Act 250) act as a mandatory, non-waivable, threshold issue?

iii. *3.02 Funding Commitments (a)*

This section prohibits projects from applying without "commitment letters" from non-VHFA funding sources. This is impossible to fulfill, as permanent lenders cannot issue binding commitments, conditioned only on LIHTC award and other limited exceptions at the LOI stage.

Clarification Request: Summit requests that this threshold issue be changed for "commitment letters" to "term sheets or Letters of Interest"

iv. 3.03 *Financial Feasibility and Cost Reasonableness*

Summit continues to believe that applicants should be competing over costs judged on TDC and as a scoring issue rather than having a vague threshold requirement that VHFA "may" disqualify an application with costs "materially higher or materially lower than amounts VHFA determines to be reasonable."

Clarification Request: Provide either a scoring criteria related to costs or a list of objective cost reasonableness criteria for developers to predict whether their projects will pass this threshold.

v. *3.03 Evidence of Costs (Capital Needs Assessment)*

A CNA at the application stage for new construction projects is premature. If a CNA is going to be required at any point in time it should be at construction close when all systems have been determined and designed.

Clarification Request: A Capital Needs Assessment (CNA) should only be required as a threshold issue for rehab projects.

vi. *3.03 Evidence of Costs (procurement practices)*

The intent of this threshold requirement is unclear, because it seems to suggest that projects are expected to have completed competitive bidding by the time of application, which is quite simply not possible. At application stage, projects are not at a level of design to move forward with competitive bidding. It would, however, be feasible to require both cost estimates and a statement of the Developer's procurement policies.

This is another example of a section that is written as a vague threshold requirement, which appears to be intended to give VHFA flexibility to make threshold denials without clear standards.

Clarification Request: Is **the intent of this section to require Developer's procurement policies only, and not require proof of actual bids at the time of application?**

vii. 3.03 Market Need

The non-waivable threshold requirement of vacancy rate at 5% seems too broad and could have unintended consequences. For example, Chittenden County's overall vacancy rate has ticked up in recent years, due primarily to the delivery of market rate units, and could reach an overall market vacancy rate above 5% in the near future. Without a change to the current language, this threshold could render all Chittenden County projects ineligible even though vacancy in units targeted toward lower income households remains low.

Clarification Request: Define the threshold vacancy rate as vacancy only within the project's targeted income ranges.

viii. 3.09 Design Standards and Broadband

There should not be a threshold requirement for all-electric utilities. This makes sense as a priority, but not a threshold. While Summit has used all electric utilities on its recent developments, these developments are not always feasible from a cost perspective. Summit recently underwent a conversion from oil to all electric heating and cooling on a 22-unit 4% LIHTC rehab project, and even with energy efficiency upgrades, the project's utility costs have increased by $20,000/year. Given the limited resources available to support affordable housing development, not every project is going to be able to absorb the costs associated with all electric utilities. This should not be a threshold requirement until the point in time at which this decision is cost neutral.

Change Request: Eliminate the all-electric utilities threshold requirement and/or make it a **scoring criteria.**

ix. 3.10 Amenities/Opportunities and Incompatible Uses

As discussed above, if this is going to be a non-waivable threshold requirement it should not include vague language such as a project "may" be deemed ineligible if within½ mile of "agricultural activities generating odors or pollution." Likewise, train tracks are often considered a "source of excessive noise" and it is unclear whether a project near train tracks would fail as a threshold matter.

If these are going to be threshold requirements, there should be a process for determining very early on whether the location will be deemed eligible, along with a waiver process for things such as rural projects that are not within 2 miles of a pharmacy.

Request for Clarification: Will VHFA include both a waiver process for this requirement, as well as a process for determining site eligibility at the earliest stages, in order to avoid Developers spending significant time and resources only to discover their site fails this threshold requirement?

x. 3.11 Builders Profit/Overhead and General Requirements

This section has been modified to allow VHFA the discretion, as a threshold eligibility issue, to modify its Builder's Profit, Overhead, or General Requirements below the maximums stated. This is part of a theme of this draft QAP of adding broad discretion for VHFA to modify threshold requirements but without corresponding standards as to when or why it would potentially exercise such discretion. These types of clauses run counter to the predictability Developers need in planning LIHTC developments.

When Developers begin the procurement process, all projects have historically been on a level playing field when it comes to providing Overhead/Profit/Gen Req limits to general contractors. If some projects will now face arbitrarily reduced limits, those projects will be hamstrung when they go out to bid.

For all this QAP does well, this is one of many examples where this draft deliberately adds unpredictability to the development process by giving VHFA broad, standardless discretion to modify material terms from project to project. This discretion has the potential to do far more harm than good and the prior QAP language should be used here.

Change Request: Maintain the prior limits and do not insert VHFA discretion to reduce what some GCs can charge on a case-by-case basis.

xi. 3.12 - 3.17 [these clause are all missing from this QAP draft]

xii. 3.18 Maximum Developer Fees

This section is yet another example of this draft adding unpredictability to the development process by setting a maximum fee and then stating "... the maximum does not mean the amount is automatically approved. VHFA may reduce the developer fee if it determines the fee is not necessary for project feasibility." There are no standards for understanding when or why VHFA would potentially exercise this discretion.

If there is one thing to take away from these comments, it is that predictability is critical! Summit, just like every other developer, relies on its development fees to fund its operations and to reinvest in new affordable housing developments. There is no way of knowing how or when VHFA would decide to reduce a project's fee or by how much. Developers make decisions on who to hire, how much money to spend, and which projects to pursue based on budgets that include fees earned. These fees fund our organizations and ability to continue investing in our next affordable housing developments. Development fees need to be understood and agreed upon at the outset of the development process, and not subject to arbitrary modification based on a determination that the fee earned is "not necessary for project feasibility."

By the time VHFA would be making a decision to reduce a fee, all of the decision-making and investment of resources into a new development will be too far down the road to tum back. The developer will have spent hundreds of thousands of dollars and made the decision to devote its team to this project. It is easy to forget that affordable housing development is a business and that development fees are the primary compensation these business owners rely on to pay their staff and continue to do their work. In no other business context would it be considered reasonable to ask the business owner to commit to years of work with no understanding of what their compensation will be. There is no such thing as an "easy" or "low risk" 9% LIHTC project and no scenario under which a developer should go through the development process and then be hit with a fee reduction based on the arbitrary decision that the fee amount was "not necessary for project feasibility."

Change Request:

If the QAP is going to switch to a fixed per unit fee (as opposed to a percentage of development costs) then we would advocate for the following changes:

1. **The maximum fee calculation should apply to all units, not just the LIHTC units:** The non-LIHTC units almost always serve Vermonters between 60-120% of AMI, and are typically targeted around 80%. These non-LIHTC units always require additional subsidy given construction costs and market rents in Vermont. Both middle-income units, as well as units subject to other covenants (i.e. VHCB and other funders) add high value and are complicated to develop, and developers should earn a fee for delivering these units. Moreover, as written this clause disincentives mixed-income developments.

   In addition, deferred fees are a tool at developers' disposal for adding to basis without increasing the amount of cash taken home by the developer. As written, this $35,000 per LIHTC unit cap would significantly reduce the average fee generated by each project and make it difficult for projects to utilize deferred fees as a source.

2. If **VHFA is going to then have a cap on the cash portion of the fee (i.e. non-deferred portion) it should be based on a predictable formula:** The prior QAP capped the cash portion of developer fees at $1 million, with some exceptions. The current draft removes the cap entirely (which incentivizes larger projects) and replaces it with broad VHFA discretion to reduce the fee. It needs to be one or the other - if VHFA wants to incentivize large, complex developments that require developers to dedicate additional time and resources, then fees need to be predictable. Summit would propose either going back to the prior cap on cash portion of fees, or eliminating discretion to reduce the fee altogether. The QAP either needs to incentivize large projects and do so predictably or keep the lower cap in place that allows developers to plan accordingly.

xiii. 4.03 - 4.05 Criteria pertaining to 30% units

Given the very limited number of project-based vouchers available, the emphasis on 30% units is not reasonable or feasible. As drafted, this version of the QAP gives 25 points to projects providing a mix of 30% units that can only be achieved with project-based vouchers (5 points for 25% ofLIHTC units below 30%; 10 points for serving homeless households in at least 25% of LIHTC units with proof these units are affordable at 30%; and 10 points for having project-based rent assistance on 25% of LIHTC units). With only 115 total points available, the QAP scoring essentially becomes a lottery based on who can obtain project-based vouchers, thus outsourcing significant discretion to VSHA and other voucher providers. Any project that is somehow able to get vouchers on 25% of its LIHTC units will be able to get these 25 points, all others will not.

Instead of rewarding 30% units, we would propose maximum scoring for targeting down to 50% units. This can be achieved without reliance on project-based vouchers.

Change Request: Allow maximum scoring for targeting down to 50% units

Clarification Request: Section 4.05 says 10 points are available for project-based assistance covering at least 25% of units. Is this a typo and was supposed to say 25% of LIHTC units to match the language in 4.03 and 4.04?

xiv. 4.06 Land Donation

This section allows 10 points for donated land. Will this also allow points for below-market land sales? Also, this is an example where this QAP is piecemeal trying to contain cost. Instead, there should be scoring criteria on TDC (see below in Section 2 on Policy Comments). There are many ways to contain cost and it does not make sense to pick and choose just a few cost containment measures to reward.

Clarification Request: If this criterion is going to remain part of the QAP (rather than rolled in to overall TDC scoring criteria), award these points on sliding scale based on percentage of appraised market value of the land (i.e. 5 points for land acquired at 50% of appraised market value, 7 points for land acquired 70% below market value, etc.).

xv. 4.07 Permanent Debt

The title of this section is misleading, as it awards points for the **most scarce public resources used per project.** This section does not award points for using conventional, non-competitive permanent debt (a non-scarce public resource) but instead awards up to 20 points for the projects that spend the most local, State, and federal money per unit, which cuts completely against our community's mission to build as many units as possible with scarce resources.

The sure-fire way for a project to earn these 20 points would be to maximize development costs, minimize the amount of conventional permanent debt used, and then apply for every form of local, State, and federal funding available to fill the gap. That is not a strategy we should be incentivizing and would be an unfortunate unintended consequence of this language as written. This is especially true given that this draft QAP has no cost caps or other scoring criteria related to project cost (which would then act as a counterbalance to the perverse incentive to keep costs up to maximize scoring).

A better way to achieve this same goal would be to award these points to the projects that use the fewest LIHTCs/unit. By competing over the fewest tax credits used, developers can score points here not just by loading up on scarce public resources, but by reducing TDC and maximizing permanent debt. That would be simpler and would avoid the negative externalities as well as incentivize cost containment.

Change Request: Award these points to the projects that use the fewest LIHTCs/unit to incentivize efficient use of tax credits and cost containment.

xvi. 4.09 On-Site Challenges

This section proposes a 10 point scoring reduction for any site with "negative features" that impede project construction and lists things like "underground obstacles" and "large boulders." How is this practical? A Geotech report indicating refusals? Visual assessment by VHFA of boulders of a certain diameter? What else are "negative features"?

This is another example of a cost driver that is addressed piecemeal rather than as part of an overall scoring of TDC. For example, our most recent 9% award, Stonecrop Apartments, required blasting of ledge but was still the most cost effective 9% application of its round. Under this QAP draft it may have received a deduction for "negative features" (although that is not really clear based on this draft language) rather than positive points for cost efficiency. That is a backward, unintended consequence of the piecemeal approach to cost effectiveness.

Change Request(s): (i) Remove as a scoring criteria and move up into the discussion of site suitability and cost reasonableness in the threshold inquiry or (ii) remove and replace by an overall TDC scoring criteria.

xvii. 4.11 Historic Rehabilitation or Energy Efficiency (2)

In addition to language regarding Historic Rehabilitation Tax Credits, this section awards points for achieving certain federal energy efficiency certifications if it can be proven that the cost of receiving the cert pays for itself. This is an improvement over the prior QAP that incentivized these types of programs regardless of how much they cost, but we feel it would be better to just eliminate this scoring criteria altogether.

Vermont LIHTC projects are already subject to our State's high building code requirements and the High Performance Track for multifamily development. Developers are likewise already incentivized to minimize operating costs and implement all energy efficiency measures that will reduce costs. Moreover, the predictions regarding the cost savings of obtaining these certifications are not reliable, as we have seen on our most recent project where 3E Thermal's projections incorrectly showed no net cost increase from converting to all electric heating and cooling.

This criteria is attempting to motivate developers to pursue energy efficiency certifications if doing so will save the project money. LIHTC developers are some of the most sophisticated housing developers in the State and will already do so because it is the self-interested choice to make. It is not necessary for this to be a scoring criteria and to add the additional layer of bureaucracy necessary to obtain these certifications and attempt to isolate and quantify the exact savings achieved due to the certification.

xviii. 4.13 Other Public Funds

This section provides additional incentive for projects to seek gap financing. In addition to the commitments listed in the draft, we would propose adding:

"... or make other municipal contribution worth at least $50,000".

This would allow developers to pursue creative solutions with towns that do not have a process for waiving tap, impact, or other fees but still want to demonstrate their commitment to a project. This could be a municipal Housing Trust Fund commitment for example. It is also a great tool for developers to have when approaching municipalities to discuss potential LIHTC projects, so it is clear that the city or town will likely need to come to the table with a commitment in order for the application to be competitive.

2. Policy Comments

a. The QAP still needs objective cost containment criteria

As indicated above, there are meaningful instances where this QAP attempts to tackle cost containment measures. They are, however, likely to have unintended consequences that fail to address the root metric: TDC. Projects could theoretically have every negative indication of cost in this QAP and still have the lowest TDC. This hamstrings developers to create solutions that genuinely solve the core problem: making our scarce public resources serve the public as efficiently as possible.

The QAP should contain objective scoring criteria based on TDC.

b. Project Readiness has been partially addressed but should still be included in scoring

Project readiness is incredibly important and the "Highly Ready to Proceed" category should be expanded, not eliminated. There are so many variables in affordable housing development that cannot be controlled by the developer (interest rates, construction costs, labor availability, etc.), and only a few that can be controlled. Permit readiness is one of the variables within the developer's control.

Vermont affordable developers and financing agencies are painfully familiar with the costs associated with delays between the time projects receive tax credit awards and the date construction starts.

Summit's goal with every project is to receive tax credit awards in late spring and start construction 4-5 months later in the fall of the same year. Summit has achieved this goal on 3 of its last 4 tax credit developments. Occasionally, outlier projects are so complex that it may take up to a year between project awards and construction closing, but the longer the delay the more likely it is that the proforma supporting the award is obsolete or that the project will no longer work. In either case, the applicant will need to return for supplemental awards. In worst case scenarios, projects never happen at all, which cost the developer and the State immensely.

Conclusion

This QAP revision introduces a cost criterium and eliminates incentives for cost-driving amenities and housing-adjacent policy goals, which is a huge step towards Vermont shedding its outlier position as an under-producer of net new units. We applaud VHFA staffs recognition of the issue and leadership on remedying it. Nonetheless, as currently drafted, these positive steps would be overridden by the introduction of another leading killer of housing development: uncertainty and unpredictability. We believe that by incorporating the edits discussed above, adding proposed improvements to the cost provision and reintroduction of the project readiness criterium, the QAP will more effectively accomplish those goals for the benefit of vulnerable Vermonters.

Outlook

Re: [EXTERNAL]QAP Public Comment

From DevelopmentDept <developmentdept@vhfa.org>
Date Mon 4/20/2026 2:27 PM
To Pegeen Mulhern <pmulhern6@gmail.com>; DevelopmentDept <developmentdept@vhfa.org>
Cc Alex Farrell <alex.farrell@vermont.gov>; Maura Collins <mcollins@vhfa.org>; g.seelig@vhcb.org <g.seelig@vhcb.org>; Kathleen Berk <kathleen@vsha.org>; kristin.mcclure@vermont.gov <kristin.mcclure@vermont.gov>

Hi Pegeen - Thank you for reviewing the draft QAP and submitting these comments. I'm confirming that we've received your comments, and VHFA will consider them as we work on next steps in developing this QAP.

My best,
Olivia

Olivia Lavecchia (she/her)
Community Development Underwriter
164 St. Paul St., Burlington VT, 05401 | (802) 652-3428
Vermont Housing Finance Agency
vhfa **Affordable homes for a sustainable Vermont**
I'm currently working JV/onday-Thursday, and off on Fridays. Thanks for your patience if my response is delayed.

From: Pegeen Mulhern <pmu1hern6@gmail.com>
Sent: Sunday, April 19, 2026 11:45 AM
To: DevelopmentDept <developmentdept@vhfa.org>
Cc: Alex Farrell <alex.farrell@vermont.gov>; Maura Collins <mcollins@vhfa.org>; g.seelig@vhcb.org <g.seelig@vhcb.org>; Kathleen Berk <kathleen@vsha.org>; kristin.mcclure@vermont.gov <kristin.mcclure@vermont.gov>
Subject: [EXTERNAL]QAP Public Comment

Hello VHFA Development Department,
Attached are my commentts regarding the damaging affect the proposed changes to the QAP will have on the creation of affordable housing in Vermont's rural communities. In this letter I respectfully urge VHFA to:

- Extend the timeline for review and feedback
- Delay implementation of the proposed QAP
- Ensure that the final plan supports the continued development of housing in our rural communities

Thank you for your attention to this important matter.

Pegeen Mulhern,
Board member
Downstreet Housing & Community Development

Pegeen Mulhern

1516 Blush Hill Road, Waterbury, VT 05676 **206.817.1775**

April 19, 2026

Vermont Housing Finance Agency
Development Department
164 St. Paul Street
Burlington, VT 05402

Re: Comments on Draft 2027-2028 Qualified Allocation Plan

Dear VHFA Development Team,

I am writing to express concern regarding the proposed changes to the Qualified Allocation Plan (QAP) and the limited timeframe provided for review. The proposed QAP represents a significant shift in both process and priorities that will make small projects in rural communities impossible. Unfortunately, the 30-day review period, does not provide sufficient time to fully understand how these changes will impact the feasibility of projects currently in development or those planned in Vermont's vulnerable rural communities.

I respectfully urge VHFA to:

- Extend the timeline for review and feedback
- Delay implementation of the proposed QAP
- Ensure that the final plan supports the continued development of housing in our rural communities

I am particularly concerned about how the combined changes may affect the viability of smaller, rural developments, including:

- Reduced prioritization of 50% AMI units, which help ensure rents are more affordable to local residents than standard tax credit rents
- Increased emphasis on 30% AMI units without consistent access to rental subsidies
- Requirements and scoring that appear to favor larger projects over smaller, community-scaled developments
- Reduced feasibility for projects involving historic buildings, redevelopment sites, or other typical rural conditions
- Constraints on developer fees that may make smaller projects financially unsustainable

Taken together, these changes risk slowing production and limiting where housing can be built-particularly in the rural communities that are already underserved.

Before moving forward, it is critical that VHFA provide additional time for analysis and stakeholder input to better understand how these changes will affect housing development across Vermont.

As a Board member of Downstreet Housing & Community Development, I have seen firsthand how complex and fragile affordable housing development can be-particularly in small towns where projects are smaller, resources are limited, and margins are thin. Downstreet works across rural communities in Washington, Orange, and Lamoille Counties to develop and steward permanently affordable housing. This work will be practically impossible

Thank you for your consideration and for your continued leadership on housing in Vermont.

Sincerely,

Board Member, Downstreet Housing & Community Development

Pegeen Mulhern **1516 Blush Hill Road, Waterbury, VT 05676**

Outlook

Re: [EXTERNAL]Preservation Trust of Vermont Public Comments on Draft VHFA QAP

From DevelopmentDept <developmentdept@vhfa.org>
Date Wed 4/22/2026 10:22 AM
To Ben Doyle <ben@ptvermont.org>
Cc DevelopmentDept <developmentdept@vhfa.org>

Hi Ben - Thank you for reviewing the draft QAP and submitting these comments. I'm confirming that we've received your comments, and VHFA will consider them as we work on next steps in developing this QAP.

My best,
Olivia

Olivia Lavecchia (she/her)
Community Development Underwriter
164 St. Paul St., Burlington VT, 05401 | (802) 652-3428
Vermont Housing Finance Agency
vhfa Affordable homes for a sustainable Vermont
I'm currently working Monday-Thursday, and off on Fridays. Thanks for your patience if my response is delayed.

From: Ben Doyle <ben@ptvermont.org>
Sent: Monday, April 20, 2026 2:47 PM
To: DevelopmentDept <developmentdept@vhfa.org>
Subject: [EXTERNAL]Preservation Trust of Vermont Public Comments on Draft VHFA QAP

Please see attached comments regarding VHFA's draft QAP. Thanks for your consideration. Best, Ben

Ben Doyle
President
Preservation Trust of Vermont
90 Main Street, Suite 304
Montpelier, VT 05602
(802) 839-9914
ben@ptvermont.org

PRESERVATION TRUST
OF VERMONT

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April 20, 2026

Maura Collins
Executive Director
Vermont Housing Finance Agency
164 Saint Paul Street
Burlington, VT
05402

RE: QAP Public Comments

Dear Maura,

The Preservation Trust of Vermont is grateful for the important work of the Vermont Housing and Finance Agency ('VHFA') and for the opportunity to comment on the Vermont 2027-2028 Qualified Allocation Plan ('QAP') update.

The current draft QAP represents a significant shift in project prioritization that may work at cross purposes with Vermont's longstanding commitment to its historic downtowns and village centers. In short, while the draft plan makes a commendable effort to limit per-unit housing costs, it does not adequately account for the broader community and economic benefits of housing deve)opment in historic downtowns. As a result, it risks increasing costs borne by Vermonters over the long term.

We have identified several specific areas of concern in the draft QAP:

i-:-- 'fhe r emovat---uftlre--existing threshold requirernentthatpTOje-cts- "shall maintain the historic settlement pattern of compact village and urban centers" encourages greenfield development and, by necessity, requires additional infrastructure investment-the Jong-term maintenance cost of which is not factored into project cost.

1. Section 3.03 proposes an approach to determining cost reasonableness that does not include consideration of the co--benefits of downtown rehabilitation or infill development (such as increased economic activity, infrastructure efficiency, or brownfield remediation).

2. Section 4-.09 proposes a deduction of 10 points for sites with negative features, design challenges, physical barriers, or other unusual and problematic circumstances, but lacks sufficient clarity. For example, would a deduction be considered for a historic building downtown that presents environmental challenges? If so, this provision would disincentivize reinvestment in historic settlement patterns.

3. Section 4.11 proposes awarding 5 points to projects that include documentation of anticipated equity investment from the Historic Rehabilitation Tax Credit (HRTC) at a level of at least 110% of the estimated costs attributable to qualifying for the credit This change in scoring criteria will further disincentivize downtown redevelopment projects that rely on the HRTC, by effectively expecting the credit to more than offset the costs associated with preservation, rather than recognizing those costs as inherent to achieving broader community benefits.

Several of the state's most visible and successfuJ recent housing and community development projects may not have moved forward under the proposed criteria. Projects such as the French Block in Montpelier, the Woolson Block in Springfield, and the New Avenue Project in St. Johnsbury have not only delivered safe, affordable housing, but have also served as catalytic investments-strengthening the economic vitality of their downtowns and reinforcing Vermont's historic settlement patterns. VHFA helps make these kinds of projects happen and should continue to-not abandon this approach due to a focus on unit cost alone.

The Vermont Housing Finance Agency is a critical leader in providing safe and affordable housing to Vermonters. By ensuring that this leadership operates within the context of a long-established economic development strategy-one that prioritizes historic settlement patterns-VHFA can most effectively support a more affordable and sustainable Vermont. Thank you for your consideration of our concerns and for your important work.

Sincerely,

Ben Doyle, President

April 20, 2026
Vermont Housing Finance Agency
Development Department

Re: Comments on Draft 2027-2028 Qualified Allocation Plan (QAP)

Dear VHFA Staff,

After reviewing the draft QAP, I have several concerns. The draft QAP represents a substantial departure from prior allocation plans. While I support VHFA's goals-cost containment, deeper affordability, and serving households with the greatest needs-I am concerned that, as drafted, the QAP introduces uncertainty, misaligns with development realities, and may impede production.

1. Process and Timing
Given the scale of proposed changes, a 30-day public comment period is insufficient. The draft introduces fundamental shifts in threshold requirements, scoring, and underwriting assumptions that warrant deeper analysis and dialogue with practitioners.

A nine-month lead time before the 2027 application cycle is also inadequate. Affordable housing projects advance over multiple years; many projects already in predevelopment cannot reasonably pivot to new requirements without added cost, delay, or risk.

Recommendation: Extend the comment period and maintain the current QAP for one additional year to enable a more iterative, transparent revision process in partnership with practitioners.

In addition, I recommend separating the Vermont State Homeownership Tax Credit (SHOTC} allocation plan from the LIHTC and state rental credit QAP. This separation is not precluded by statute and would allow VHFA to advance needed improvements to the SHOTC program on a more immediate timeline, while providing additional time to thoughtfully revise the rental credit QAP. Maintaining a single combined document risks delaying important homeownership policy updates or, alternatively, advancing rental policy changes without sufficient review.

2. Increased Discretion Without Standards
The draft expands VHFA discretion in cost reasonableness, procurement expectations, site evaluation, and builder compensation, while removing or not replacing longstanding benchmarks.

Without clear standards, applicants cannot reliably assess competitiveness or structure viable proposals. This undermines the QAP's core function as a transparent, replicable allocation framework.

Recommendation: Reintroduce clear, objective standards for threshold and scoring. Specify how cost reasonableness will be evaluated, what documentation satisfies threshold, and how discretion will be applied consistently.

These concerns are particularly evident in the draft's procurement and cost documentation requirements, discussed further below.

3. Misalignment with Development and Financing Realities
Several proposed requirements conflict with standard LIHTC sequencing:

- **Procurement and cost documentation:** As drafted, the language may be read to require bid-level certainty at application-unachievable prior to award and likely to increase pre-award cost and risk.
- **Permanent debt commitments:** Requiring fully secured permanent debt at application is inconsistent with underwriting timelines and capital stack assembly.
- **Readiness to proceed:** Advanced permitting expectations shift substantial pre-award risk onto applicants without funding certainty.
- **Pipeline continuity:** The development team capacity requirement may constrain pipeline continuity (see Section 4).

Collectively, these provisions increase upfront costs, discourage participation, and reduce viable applications.

Recommendation: Align threshold requirements with typical development timelines. Clarify that projects are not expected to be fully bid at application and set a reasonable standard for procurement documentation (e.g., narrative of approach, evidence of competitive intent, and preliminary cost estimates), without requiring completed bidding or construction-level documentation.

4. Development Team Capacity Requirement
While related to threshold requirements, this provision warrants separate attention due to its potential impact on statewide production.

The draft appears to require that applicants have closed construction financing on all previously awarded Ceiling Credit developments before submitting a new application. As written, this functions as a strict threshold.

In practice, LIHTC projects often take more than a year to close due to permitting, appeals, procurement, and financing coordination. This requirement would prevent developers from maintaining an annual pipeline.

In Vermont's development model-where a limited number of experienced developers partner with multiple nonprofit sponsors statewide-this would have broader impacts. A project in one community could be blocked by the status of an unrelated project elsewhere, effectively creating a statewide bottleneck tied to individual project timelines.

If this is not the intent, the language should be clarified. If it is, it should be reconsidered to better balance capacity management with consistent production across regions.

Recommendation: Replace the blanket requirement with a targeted standard that evaluates pipeline capacity and performance (e.g., limits on open awards, evidence of substantial progress toward closing, or demonstrated track record) and clarify applicability to partnerships and affiliated entities.

5. Policy Inconsistencies

Several provisions create inconsistencies within the policy framework or with broader state housing and land use objectives:

- The absence of basis boost language creates uncertainty around a fundamental component of LIHTC project feasibility and may be an unintended omission.
- The lack of clear cost reasonableness standards (discussed in Section 2) may conflict with the eviction prevention threshold requirements, creating uncertainty around how operating costs for housing stability programs will be evaluated (discussed further below).
- Site challenge penalties may discourage infill, redevelopment, and brownfield sites despite smart growth priorities.
- Amenities/location requirements may conflict with supporting development in designated centers, particularly in smaller communities.
- Certain design and electrification requirements may outpace current technology readiness and supply chain constraints, conflicting with stated policy goals of increasing housing production and controlling costs.

These tensions risk outcomes that diverge from stated policy goals.

Recommendation: Ensure QAP criteria are consistent with state housing, land use, and climate policies and calibrated to current market and regulatory conditions.

6. Eviction Prevention and Operating Feasibility

I support the draft's emphasis on eviction prevention and housing stability. The concern is not the policy goal itself, but the lack of clarity around how the associated operating costs will be treated in underwriting.

Effective eviction prevention requires ongoing staffing, coordination, and programming that carry real and recurring operating costs. For many nonprofit providers, these programs are partially funded through property operations. Without clear guidance, there is a risk that projects could be required to implement eviction prevention while simultaneously being penalized through cost reasonableness review for the associated operating expenses.

This creates a disconnect between policy intent and implementation and may discourage or constrain robust housing stability efforts.

Recommendation: Explicitly recognize eviction prevention and resident services as appropriate and allowable operating expenses within underwriting standards and ensure that cost reasonableness reviews do not penalize projects for maintaining effective housing stability programs.

7. Geographic Equity and Rural Impacts

Several provisions will **disadvantage rural communities and smaller-scale developments:**

- Amenities and proximity requirements are more easily met in urban areas, limiting competitiveness in rural regions where need remains significant.
- The proposed developer fee structure may favor larger, urban projects that benefit from economies of scale, while making smaller rural developments less viable.

Taken together, these provisions risk concentrating resources where projects are easiest to deliver, rather than where need is greatest, exacerbating regional disparities.

Recommendation: Evaluate geographic impacts and ensure a balanced distribution of resources across rural and urban communities. At a minimum, remove or modify the requirement that developments be located within two miles of a pharmacy, which presents a barrier even in larger towns and does not reflect current access patterns given widespread prescription delivery services.

8. Rental Subsidy Fund for Accessible Units

Many extremely low-income households, especially those on fixed incomes like Supplemental Security Income (SSI), face a significant affordability gap in housing despite meeting the qualifications for affordable units. For these individuals, the cost of rent remains out of reach without further subsidy, leading to a precarious housing situation even within "affordable" housing programs. Implementing an internal rent subsidy policy within affordable housing developments could be a transformative approach to bridging this gap and providing stability for those most in need.

Recommendation: Create an internal rent subsidy model that would allow developers to directly subsidize rents for extremely low-income tenants rather than depending exclusively on external sources, such as vouchers or government-funded rental assistance programs, which are often scarce or unreliable. To make this feasible, developers could be permitted to increase their development fees, stipulating that a portion of these fees be allocated specifically for subsidizing rents within the project. This approach incentivizes developers to incorporate an internal subsidy system while preserving project viability and reducing reliance on unpredictable external funding streams.

Pennsylvania's QAP provides a noteworthy example of this type of internal rent subsidy policy. In Pennsylvania, developers who receive tax credits can increase their allowable developer fees by a certain percentage if they commit to setting aside funds for an internal rent subsidy. This increase enables developers to subsidize extremely low-income residents' rent while preserving the project's financial viability. Key components of Pennsylvania's model include:

•Increased Allowable Developer Fees: Developers can raise their fees beyond standard levels, specifically when committing a portion of this increase to an internal rent subsidy fund.

• Flexible Use of Subsidy Funds: The allocated subsidy can be applied directly to reduce rents for tenants with the greatest need, typically those earning 20-30% of the area median income (AMI) or who are on fixed incomes like SSI.

• Alignment with Tax Credits: This model works within the LIHTC framework, allowing developers to meet affordability requirements while creating a financial cushion that is a sustainable subsidy source.

9. Tax-Credit Allocation Pool for Accessible Supportive Housing (ASH)

Recommendation: Establish a dedicated Accessible Supportive Housing (ASH) Tax Credit Allocation Pool within the state's Low-Income Housing Tax Credit (LIHTC) program. Modeled after Virginia's Qualified Allocation Plan (QAP), this pool would prioritize developments that:

- Designate at least 15% of units for individuals with disabilities who require supportive services.
- Comply with HUD Section 504 accessibility standards to ensure fully accessible housing options.
- Include project-based rental assistance to make units affordable for extremely low-income households.

Several states have successfully implemented dedicated LIHTC allocation pools for supportive housing, for example:

- The Illinois Housing Development Authority (IHDA) reserves a portion of its LIHTC allocation specifically for supportive housing. The state has successfully utilized this model to develop deeply affordable, accessible housing linked with services, leveraging federal and state resources, including Medicaid waivers and Section 811 PRA.
- Pennsylvania has a dedicated set-aside within its LIHTC Qualified Allocation Plan (QAP) for projects that provide housing for people with disabilities and other vulnerable populations. This pool has facilitated the expansion of disability-inclusive housing across the state by offering competitive but protected funding opportunities.

By setting aside a specific portion of tax credits for ASH developments, states would streamline funding for disability-inclusive housing and incentivize developers to integrate accessibility and supportive services into their projects.

Conclusion

The QAP is VHFA's primary tool for advancing Vermont's housing priorities. As drafted, the proposed changes risk increasing uncertainty, reducing competition, and slowing production at a time of acute need.

I encourage VHFA to pause implementation, extend the review timeline, and engage in a more iterative process with practitioners. Housing providers are essential partners in translating policy into production, and a collaborative approach will better ensure the QAP achieves its intended outcomes.

Thank you for your consideration.

Sincerely,

(Mary) Beth Davis
Member, Developmental Disabilities Housing Initiative parent group
Shoreham, VT

Outlook

[EXTERNAL] Form submission from: QAP comments

From VHFA.org - Vermont Housing Finance Agency <home@vhfa.org>
Date Mon 4/20/2026 4:48 PM
To DevelopmentDept <developmentdept@vhfa.org>

Submitted on April 20, 2026

Submitted by: Anonymous

Submitted values are:

Organization name
Town of Rockingham and BF Downtown Alliance

First name
Betsy Thurston

Last name
Betsy Thurston

Date
2026-04-20

Comment
Concerns are within:

Elimination of settlement pattern requirement: Removing the requirement that projects "maintain the historic settlement pattern of compact village and urban centers" incentivizes greenfield development. This shifts investment away from existing communities and toward projects that require new infrastructure-without accounting for long-term public maintenance costs.

Narrow definition of cost reasonableness (Section 3.03): The proposed approach evaluates cost without considering the broader benefits of downtown and infill development, including increased economic activity, efficient use of existing infrastructure, and brownfield remediation.

Ambiguity in negative site scoring (Section 4.09): The proposed 10-point deduction for sites with "negative features" or "design challenges" lacks clarity. As written, it could penalize historic downtown buildings with environmental or structural complexities, discouraging reinvestment where it is most needed, and in fact should be receiving more funding.

Disincentive for Historic Tax Credit projects (Section 4.11): Requiring HRTC equity to equal at least 110% of eligible costs sets an unrealistic threshold and undermines the role of the credit. Rather than recognizing preservation costs as necessary to achieve community benefits, this effectively penalizes projects that rely on the HRTC-many of which are located in downtowns.

Let's make sure we are not creating larger problems with this fix please! Don't forget who the beneficiaries of our historic tax credits are; our hardworking Vermonters, business owners in heavily taxed regions, and the very people that have no programs of assistance, nor many the means to do the rehab that benefits all with a beautiful historic downtown.

Thank you for your time and energy on this.

Outlook

RE: [EXTERNAL]QAP Public Comment

From Elizabeth Bridgewater <ebridgewater@homemattershere.org>
Date Mon 4/20/2026 2:30 PM
To DevelopmentDept <developmentdept@vhfa.org>

Thanks Olivia.

5Llz�betvi "E,rlolgew�ter
Executive Director
802-246-2109

From: DevelopmentDept <developmentdept@vhfa.org>
Sent: Monday, April 20, 2026 2:26 PM
To: Elizabeth Bridgewater <ebridgewater@homemattershere.org>; DevelopmentDept <developmentdept@vhfa.org>
Subject: Re: [EXTERNAL]QAP Public Comment

Hi Elizabeth - Thank you for reviewing the draft QAP and submitting these comments. I'm confirming that we've received your comments, and VHFA will consider them as we work on next steps in developing this QAP.

My best,
Olivia

Olivia Lavecchia (she/her)
Community Development Underwriter
164 St. Paul St., Burlington VT, 05401 | (802) 652-3428
Vermont Housing Finance Agency
vhf a Affordable homes for a sustainable Vermont
I'm currently working Monday-Thursday, and off on Fridays. Thanks for your patience if my response is delayed.

From: Elizabeth Bridgewater <ebridgewater@homemattershere.org>
Sent: Monday, April 20, 2026 10:49 AM
To: DevelopmentDept <developmentdept@vhfa.org>
Subject: [EXTERNAL)QAP Public Comment

Good morning,

Attached are WWHT's comments on the draft 2027-2028 Qualified Allocation Plan.

Thank you.

6lLzcibetvi B.rf.�gewciter

Executive Director

Windham & Windsor Housing Trust

Office: 802-246-2109

Cell: 802-689-0917

https://link.edgepilot.com/s/04ced731/fh_EyZCzJIEiihzhxk4PUOQ?u=http://www.homemattershere.org/

www.HomeMattersHere.org

April 20, 2026

Vermont Housing Finance Agency
164 Saint Paul Street
Burlington, VT. 05402

Via email: developmentdept@vhfa.org

To whom it may concern,

Thank you for the opportunity to comment on the draft 2027-2028 Qualified Allocation Plan (OAP). Before doing that, we offer a note about the process itself. This draft plan represents a significant departure from long standing policies and practices and yet, unlike previous updates to the OAP, there has been no presentation to or dialog with the stakeholders about what this plan is designed to accomplish and how it dovetails with other state policy. The public comment period is also more compressed than in the past, leaving very little time for developers who have invested in pipeline projects to fully understand what these proposed changes will mean for projects already in progress. Because of these two factors, we respectfully request that the current 2025-2026 remain in place for another year. This will open up space for more dialog about the impact of the proposed changes and time to make decisions about pipeline projects that may no longer align with the new guidelines.

Regarding the draft plan, there are two major areas of concern.

1. **Diminished Regional Equity: This plan does not appear to support a regionally equitable approach in the allocation of a very scarce and competitive resource.** The removal of incentives for mixed income projects, specifically for rents targeted to households earning 50% of the Area Median Income **(AMI),** will reward projects that maximize rents at the 60% level which is not feasible for all parts of the state. For example, in Brattleboro, where renter incomes are 47% of the AMI, a project designed to be competitive for funds with a majority of rents set at 60% will reduce the number of people who can afford to live in these apartments and will not be designed to meet local market conditions.

   In addition, lifting the cap of 30% of the total annual allocation for any one project

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opens up the door for the majority or all of the annual allocation to be awarded to one or two large projects. Large-scale developments (100+ units) are only possible in the stronger, urban markets of Chittenden County. Therefore, the outcome of this change may be one that leaves our more rural communities on the sidelines and unable to address their housing needs.

The new development fee structure, (section 3.18) from a percentage-based formula to a unit-based formula with no cap, also rewards larger projects while simultaneously diminishing the fee for smaller projects. This will further erode the feasibility of smaller projects often serving communities outside of Chittenden County.

Finally, the threshold requirement (section 3.10) that the location of a project be within a 2-mile radius of a full-service grocery store, general merchandise, retail pharmacy and a public community center, library, park, or school are not possible to meet in almost all smaller communities, and even certain neighborhoods in larger communities, in Windham and Windsor Counties. For example, the redevelopment of the Chalet parcel in West Brattleboro which will result in over 70 homes over 3 phases, would not be eligible for funding because of this proposed provision. This, despite the fact that the parcel is already connected to municipal water and sewer, will have three bus stops on the redeveloped campus and is in a well-established residential neighborhood located 3-4 miles from every amenity that Brattleboro has to offer.

Taken together, these proposed changes present the real possibility to shift the majority of this critical funding source to parts of the state where the incomes are higher and where there are a higher concentration of goods and services throughout the community.

2. **Higher Risk: This plan introduces a higher level of risk for developers and operators of affordable housing.** The new requirement that all land use permits are in hand at the time of the application (section 3.02) means that in some communities, developers will need to invest in construction level civil drawings in order to obtain final permit approval, which is a significant investment in predevelopment expenses before a 9% award is secured. In addition, the proposed plan does not make it clear whether a state ACT 250 permit is required at the time of application which, if required, would place an undue burden of upfront cost and risk, potentially chilling development in certain communities altogether. It is also unclear what additional "land use approvals" are needed

   The proposed new requirements designed to address cost reasonableness (section 3.03), while a worthy goal, introduces a higher level of financial risk that in some cases doesn't make sense. For example, requiring a Capital Needs Assessment at the time of application will require an investment of funds before design drawings are ready for such an analysis. This will drive up cost without resulting in any meaningful information because the report will not be based on construction level drawings. In addition, the proposed plan does not make it clear whether a construction manager must be procured to meet the threshold requirements or if applicants will only need to describe their procurement practices. Finally, without citing standards by which costs will be evaluated, VHFA is being given broad discretion to interpret costs without any guidance to the applicant in advance.

The proposed plan requirement of conditioning a permanent loan commitment on the project receiving a LIHTC award (section 3.02} does not align with commercial lending standards and may unintentionally steer applicants to VHFA for permanent financing. This presents barriers to securing competitive pricing especially when equity investors pair equity and permanent debt as a way to bring down costs. It can also run counter to competitive scoring components of other funding sources such as the Federal Home Loan Bank Affordable Housing Program which favors projects that use member banks to provide permanent debt.

There are also proposed new requirements that introduce more risk once a project is complete and operating as an affordable housing community. In section 4.02, points are allocated for projects with units targeting households earning 30% of AMI and that these restrictions will be recorded, *regardless of whether a project-based rental assistance contract is in place.* Given the diminishing availability of project-based vouchers, this requirement puts the long-term viability of low-income communities as risk. Instead, the restriction should be tied to the availability of a voucher contract. Likewise, recording a requirement that applicants must be referred from the local Continuum of Care Coordinated Entry (CE) system *regardless of whether a project-based rent assistance contract is in place* is of significant concern given the well-known fact that many applicants referred from CE cannot afford the cost of an apartment without a voucher. What will happen 10 years down the road if a voucher contract is not renewed? It's hard to imagine a scenario where there is a rent structure that will both meet this requirement and for the property to cover its costs.

Other areas of concern include the fact that this proposed plan does not discuss its alignment with the state's Consolidated Plan or the new land use mapping system required by Act 181. It also states that application materials will be available 30 days prior to a submission deadline which is an extremely short window considering the time and effort it takes to assemble an application.

In summary, this proposed OAP represents a dramatic shift in approach to updating state housing policy by limiting dialog with stakeholders who have successfully utilized the LIHTC program to build housing in every county in Vermont. We have concerns about whether the proposed new policies will continue to serve every county in Vermont as they appear to preference projects with higher rents and higher unit count and we have concerns that they introduce an unnecessary higher level of risk than has existed in the past. Finally, it's not dear why these changes are being made or what policy goals VHFA hopes to accomplish as a result of these changes because VHFA has not articulated its goals.

Given the number of changes and their potential impact, we respectfully ask that the current 2025-2026 plan stay in effect for this year while the timeline to develop a new plan is extended.

Thank you again for the opportunity to submit comments.

Respectfully,

Elizabeth Bridgewater
Executive Director

Peter Paggi
Director of Housing Development

Outlook

Re: [EXTERNAL]RuralEdge Comments on 2027-2028 Draft Qualified Allocation Plan

From DevelopmentDept <developmentdept@vhfa.org>
Date Wed 4/22/2026 10:24 AM
To Patrick Shattuck <PatrickS@ruraledge.org>; DevelopmentDept <developmentdept@vhfa.org>
Cc Becky Masure <BeckyM@ruraledge.org>

Hi Patrick - Thank you for reviewing the draft QAP and submitting these comments. I'm confirming that we've received your comments, and VHFA will consider them as we work on next steps in developing this QAP.

My best,
Olivia

Olivia Lavecchia (she/her)
Community Development Underwriter
164 St. Paul St., Burlington VT, 05401 | (802) 652-3428
Vermont Housing Finance Agency
vhfa Affordable homes for a sustainable Vermont
I'm currently working Monday-Thursday, and off on Fridays. Thanks for your patience if my response is delayed.

From: Patrick Shattuck <PatrickS@ruraledge.org>
Sent: Monday, April 20, 2026 8:18 PM
To: DevelopmentDept <developmentdept@vhfa.org>
Cc: Becky Masure <BeckyM@ruraledge.org>
Subject: [EXTERNAL]RuralEdge Comments on 2027-2028 Draft Qualified Allocation Plan

Good Afternoon,
Please find attached RuralEdge's comments on the 2027-2028 Draft Qualified Allocation Plan. Thank you for this opportunity to comment.
Regards,
Patrick

Patrick Shattuck-Executive Director
1222 Main Street, St. Johnsbury, VT 05819
Toll Free: 800-234-0560 | Direct: 802-473-3925
https://link.edgepilot.com/s/74c9669e/V7ZCt_4B80WRRKW1c5_Xiw?u=http://www.ruraledge.org/

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To: VHFA Development Staff
From: Patrick Shattuck, Executive Director
Re: Feedback on Draft 2027-2028 QAP
Date: 14 April 2026

Thank you for the opportunity to comment and share my thoughts on the 2027-2028 draft Qualified Allocation Plan (QAP).

The draft QAP represents a substantial change from the current version with dramatic changes to both threshold requirements and scoring criteria. Given the extent of the proposed changes, the condensed timeline for review and public comment, we believe an extended opportunity for public comment is warranted. Too, the proposed changes significantly impact projects already in pre-development and anticipating application in 2027-2028. Because these projects were based on and in line with the previous and long-term framework of the QAP, as well as the priorities of the Consolidated Plan, we request that VHFA consider delaying implementation of this proposal and extend the 2025-26 QAP for a year.

We share VHFA's goals of increasing housing production and improving cost effectiveness. Serving households with the greatest needs is paramount to our work at RuralEdge, but we are concerned that, as drafted, the QAP introduces changes that increase uncertainty and risk for any developer, reduce transparency in the evaluation process, and may result in unintended consequences that thwart these goals. As a provider of affordable housing in the most rural area of Vermont, we also are concerned with the potential adverse impact of geographic distribution of tax credits and the ability to serve smaller, rural communities. We offer the following specific comments:

3.02 Readiness to Proceed

Compliance with Zoning and Land Use Regulations

Our projects are usually developed in concert with a community and respond directly to a community's needs. Requiring all permit approvals to be in hand at time of application is not realistic. This requires advancing design and engineering work at a substantial cost and risk that is not reasonable to undertake prior to an award of tax credits. We understand the goal of awarding credits to projects that are most ready to proceed and suggest VHFA consider scoring that acknowledge process with local permit approvals. These permits, and their local review can be the most problematic and result in timing delays. Projects that have made progress through the permitting process should receive credit in scoring.

Funding Commitments

Requiring firm commitments for non-VHFA permanent loans is unrealistic. As proposed, this would eliminate most participation in permanent financing from local banks and could be seen as directing lending to VHFA. The Northeast Kingdom is so fortunate to have strong local lenders with whom we regularly partner. Strong local banks are vital to our communities, and this proposed requirement also indirectly reduces the opportunity for sponsor participation, a key component of the competitive scoring for the Federal Home Loan Bank's AHP Program.

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3.03 Financial Feasibility and Cost Reasonableness

Consistent with the previous comment, we feel there is unnecessary emphasis on securing a permanent debt commitment at time of application. This is typically one of the last sources secured because it is the least competitive. We would suggest changing this to require that some form of competitively awarded funding such as VHCB, HOME, VCDP or AHP must be committed or an application has been submitted. This is a better signal of the ability of the project to move forward.

Evidence of Costs

We appreciate the focus on addressing the rising cost of development; however, this provision provides broad discretion to VHFA staff to determine whether costs are acceptable without reference to defined standards, benchmarks or methodology. It's important to balance an emphasis on cost containment with other long-held state goals of downtown revitalization, smart growth and brownfield clean-up.

Requiring both a third-party cost estimate and a CNA at the time of application is premature and unlikely to produce meaningful results without full construction drawings. This adds cost without value. Too, there are a limited number of producers of CNAs, and the turnaround time is frequently more than six months for these reports, creating a disconnect between meaningful pre-development work and product delivery.

While we agree that early involvement of contractors is prudent and can result in wise decision making as a project is developed, the level of detail included in this draft anticipates a level of advanced bidding. While a Construction Manager may be procured, they typically have not procured major subcontractors. We appreciate the consideration given to the difficulty of competitive bidding in some rural areas. It is worth noting that the complexity in receiving multiple bids in rural areas is compounded as a project size increases. Too often, this eliminates smaller, local contractors from consideration, and in turn, increases the potential cost of components because of travel time and additional overhead for contractors who can handle larger projects.

3.04 Development Team Capacity

Requiring that before any Ceiling Credit application is submitted, the applicant must have closed on all awarded Ceiling Credit developments does not accurately reflect that extended timeline of project development and the complexity of the current environment and for projects that currently have Ceiling Credit awards. While many of the significant changes proposed in this QAP would help to alleviate the timeline between allocation and construction closing, implementing these changes for the 2027-2028 application period does not provide sufficient time to close awarded projects or complete the additional predevelopment work required for an application submission under the proposed terms. This is part of the reason for recommending that the current QAP is extended for another year so that developers can adjust to these changes.

3.09 Design Standards

The requirement that all new construction developments be all-electric, while laudable, is not realistic. Domestic hot water, in larger multi-story buildings has proven an ongoing challenge with current technology. Too, this standard eliminates wood pellet systems from consideration. RuralEdge has several properties that are heated

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with pellets, a renewable resource sourced from Maine. Pellet boilers are easily maintained, with regular upkeep easily undertaken and handled by our maintenance crews. Too, reliable pellet boiler service exists in the Northeast Kingdom whereas we pay a premium for qualified contracts skilled in servicing and maintaining electric heat pump systems and do not have regional expertise available in the Kingdom.

3.10 Amenities/Opportunities and Incompatible Uses

Despite the rural location of so many of our developments, we pride ourselves on having centrally located developments in town centers adjacent to a community's amenities. The requirements that projects must provide full-service grocery store, general merchandise and retail pharmacy within a two-mile radius would eliminate most of our project and the Northeast Kingdom from consideration as they could not meet this threshold requirement. As an example, Kinney Drugs in Barton is the only pharmacy in nearly a twenty-mile radius, and it remains active in that location because it has a very favorable long-term lease from RuralEdge. Further, the wording of the section seems incompatible with Vermont's rural landscape, referencing "city-wide" goods, services and employment opportunities. The Northeast Kingdom only has one city in its 2,000 square miles, that being Newport.

Too, in 3.10b, the statement that a project may be deemed ineligible due to a site being within a half mile of an agricultural activity generating odors would exclude most town center locations in the Northeast Kingdom. Our Johns River development in Derby Center is across the street from a 750 head dairy farm. Our Rainbow Apartments in Orleans Village is next door to a farm. There are odors associated with these enterprises, but these are common occurrences and impact virtually every population center in the Northeast Kingdom, where village centers are flanked by the working agricultural landscape. These are not incompatible and we feel that this potential for ineligibility adversely impacts our region and rural areas across the state.

3.11 Builder Profit/Overhead and General Requirements

The limits are acceptable under normal circumstances, however in multiple instances, RuralEdge has combined multiple projects and multiple sites to create larger projects to address cost and realize some efficiencies of scale. In some of these, distances of more than five miles exist between project sites. This creates unique circumstances which can warrant higher overhead and general requirement costs. While VHFA has allowed discretion to staff to reduce these limits, it does not provide the same discretion for flexibility related to unique circumstances.

3.18 Maximum Developer Fee

The newly proposed maximum developer fees, changing new construction from a percentage calculation to maximum per unit amount places smaller and more rural projects at a disadvantage. It diminishes the fee for exceedingly complex projects, or smaller projects which often address other community goals.

4.03 Occupancy and Rent Restrictions

The draft removes incentives for units affordable at 50% AMI and instead places emphasis on units at 30% AMI. Nearly 80% of RuralEdge's portfolio is occupied by residents with either project or tenant-based assistance, but the unfortunate reality is that the project-based rental assistance that we have been so fortunate to secure and is necessary to serve households at the lowest incomes is no longer readily available.

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The current QAP supports a more balanced approach by incentivizing a mix of 30%, 50% and 60% AMI units. This tiered approach aligns with the Consolidated Plan and creates more stable, mixed-income communities. We recommend reinstating incentives for 50% AMI.

4.07 Permanent Debt

The scoring approach which scores projects relative to each other makes it impossible for applicants to understand how their project will score prior to the funding meeting. This uncertainty introduces additional uncertainty to an already risky process. We would recommend establishing clear, objective scoring standards that are easily self-scored.

4.09 On-site Challenges

We understand the intention of this section is to help manage costs, but these types of challenges are the very sites where housing is most needed including infill, redevelopment and brownfield sites. This is the type of development that is encouraged in other state policies including the Consolidated Plan. While our development and project management staff would welcome a "simple" site, the reality is that our projects are impactful because they redevelop sites are highly visible and others won't. We have a long history of redeveloping key downtown sites that have been impacted by huge fires. Our Passumpsic View Apartments, Dean Hale Block and Packard Court sites are all examples of this which filled these huge voids and in turn, helped to stabilize downtown St. Johnsbury.

Packard Court, which will begin construction this spring, is such an example. This is a terrible site in an amazing location. Its proximity to the Atheneum, Fairbanks Museum and distinctive architecture of St. Johnsbury's tree-lined Main Street make this ideal for housing, but the brownfield conditions, location of an active sewer line 24' below grade, and retaining walls of more than 15' high create just the type of challenges which would result in a 10-point deduction - and leave this prominent site - at the heart of the community- a vacant hole.

Too the condition that the deduction will not apply if the application includes committed funds from non-housing sources to mitigate the challenges equal 110% if the estimated costs. We regularly use Brownfield funding and through a partnership with NVDA, our predevelopment and consultant expenses for the reuse of these brownfields are covered in full, but this does not equate to 110%.

4.11 Historic Preservation or Energy Efficiency

RuralEdge regularly pursues redevelopment projects that take advantage of Historic Preservation Tax Credits. These bring resources to a project that are not available to most developments and with the inclusion of other Federal funds, represent only small variations in the required work from that of Section 106. That said, the required methodology to document the associated costs of preservation work is very hard to quantify. Because historic preservation often requires materials to be restored, or result in a different treatment than would typically be specified, it is difficult to calculate. As an example, if building today, most projects would not be constructed of masonry. Restoration and masonry restoration costs are an additional expense, that can be quantified, but the resulting life cycle of a masonry exterior is going to be very different from a vinyl clad frame structure. I suggest that if a project is already subject to a funding source that requires Section 106 review, and it uses Historic Tax Credits, the five points be awarded.

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Application and Award Process

The timeline for application materials is not sufficient given the complexity of LIHTC applications. We request that application materials be made available at least 90 days prior to deadline. We also recommend reinstating a pre-application process. This has been a very helpful step for both applicants and VHFA to identify potential issues early and help us improve our projects.

We appreciate the work that has gone into this draft and the opportunity to provide feedback. We attended the April 6th public hearing and hope that the comments shared there, along with the written comments submitted will be helpful as you revise the draft. At such point, we request an opportunity for a second public hearing and additional opportunity to comment on the revised QAP once developed.

CC:
The Joint Committee on Tax Credits:
Alex Farrell, Commissioner, Department of Housing and Community Development
Maura Collins, Executive Director, Vermont Housing Finance Agency
Gustave Seelig, Executive Director, Vermont Housing and Conservation Board
Kathleen Berk, Executive Director, Vermont State Housing Authority
Kristin McClure, Governor Appointee

Outlook

Re: [EXTERNAL]QAP Public Comment -- Lamoille County Planning Commission

From DevelopmentDept <developmentdept@vhfa.org>
Date Wed 4/22/2026 10:24 AM
To Seth Jensen <seth@lcpcvt.org>; DevelopmentDept <developmentdept@vhfa.org>
Cc tasha <tasha@lcpcvt.org>

Hi Seth - Thank you for reviewing the draft QAP and submitting these comments. I'm confirming that we've received your comments, and VHFA will consider them as we work on next steps in developing this QAP.

My best,
Olivia

Olivia Lavecchia (she/her)
Community Development Underwriter
164 St. Paul St., Burlington VT, 05401 | (802) 652-3428
Vermont Housing Finance Agency
vhfa Affordable homes for a sustainable Vermont
I'm currently working Monday-Thursday, and off on Fridays. Thanks for your patience if my response is delayed.

From: Seth Jensen <seth@lcpcvt.org>
Sent: Monday, April 20, 2026 6:38 PM
To: DevelopmentDept <developmentdept@vhfa.org>
Cc: tasha <tasha@lcpcvt.org>
Subject: [EXTERNAL]QAP Public Comment -- Lamoille County Planning Commission

Dear VHFA Development Team,

Thank you for the opportunity to comment on the draft 2027-2028 Qualified Allocation Plan (QAP). VHFA and affordable housing organizations provide critical resources to meet housing needs in communities throughout the Lamoille Region and other regions of Vermont. Lack of housing opportunities is a significant barrier to other goals and objectives of the Lamoille County Region Plan and the Plans of our member municipalities.

Please find comments from the Lamoille County Planning Commission attached to this email. Please feel free to contact me if you have any questions.

Thank you,

Seth

Seth Jensen, Deputy Director
Lamoille County Planning Commission
P.O. Box 1637

52 Portland Street, 2nd Floor
Morrisville, VT 05661
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April 20, 2026

Vermont Housing Finance Agency
Development Department
164 St. Paul Street
Burlington, VT 05402

Re: Comments on Draft 2027-2028 Qualified Allocation Plan

Dear VHFA Development Team,

Thank you for the opportunity to comment on the draft 2027-2028 Qualified Allocation Plan (QAP). VHFA and affordable housing organizations provide critical resources to meet housing needs in communities throughout the Lamoille Region and other regions of Vermont. Lack of housing opportunities is a significant barrier to other goals and objectives of the Lamoille County Region Plan and the Plans of our member municipalities.

The Lamoille County Planning Commission (LCPC) would like to raise the following concerns, specifically as they relate to investment in rural communities

Location Specific Criteria

Of significant concern is the following provision of the draft QAP that will require all projects to meet the criteria below to receive full tax credit funding:

> *"New construction projects must provide convenient neighborhood and city-wide goods, services, and employment opportunities within a two-mile radius, including:*
> • *full service grocery store;*
> • *general merchandise;*
> • *retail pharmacy; and*
> • *a public community cente,�libra1y, park, or school.*"

Previous QAP's have provided points and priority funding for these location specific criteria - but have not made them a prerequisite for eligibility.

LCPC prepared the attached map to better understand the impact of this provision in our Region. The circular outlines depict areas within two miles of a listed amenity. The yellow polygons highlight where all four listed are present within a two-mile radius.

As this map indicates, very few areas of Lamoille County will be able to meet this criterion. Only the Stowe, Morristown, and a small area of the Village of Hyde Park will be eligible for funding.

Notably excluded are Jeffersonville and Johnson Village - critical population centers that are still recovering from the severe floods of 2023 and 2024. Each Village is a walkable population center and contains many -- but not all -- the required amenities.

Ironically, Johnson is disadvantaged as a direct result of the July 2023 flood, which resulted in the closure of the community's only full-service grocery store. This provision would significantly hamper efforts in both communities to replace housing stock lost to the floods and subsequent FEMA buyouts with safer housing outside of the floodplain.

Impact on Brownjields Redevelopment

Other provisions of the draft QAP will disincentivize affordable housing efforts that include brownfield remediation. Affordable housing organizations have been critical partners for remediating brownfields. Successful examples in Lamoille County include large sites such as the Arthurs Main Street in Morrisville and the VEC Substation on School Street in Johnson, and small sites such as the Habitat for Humanity lot within the Town Forest in Wolcott.

Remediation of brownfields can have a transformative impact on rural villages and downtowns. Early investment in brownfields by affordable housing organizations has set the stage for redevelopment and reinvestment by private builders and small businesses who lack the capital to undertake the time and complexity of the brownfields process,

Other Impacts on Rural Communities

Finally, provisions of the Draft QAP will discourage smaller projects needed m rural communities while incentivizing larger development in urban areas. These provisions include:

- ***Disincentivizing of mixed income development,*** which allows housing providers to serve wider income brackets. Especially in smaller communities, developments are not large enough to support these income restrictions. In addition to concentrating poverty into specific communities, this approach will make it more difficult to meet the needs of moderate-income households who face significant challenges finding suitable housing.
- ***Placing new caps on per-unit development fees*** that do not reflect the economies of scale and complexities faced by smaller projects in rural communities. This will discourage, and potentially prevent, affordable housing organizations from investing in the scale of project needed in Lamoille County. Smaller projects in rural communities still must face similar costs and challenges as large developments but must spread these costs over fewer units. Even so, these smaller projects meet the critical needs that exist in rural regions of the State.
- ***Eliminating the current stipulation that a single project cannot receive more than 30% of the state's allocation of tax credits.*** This current limit helps to ensure regional equity for smaller towns and regions. If this limit is removed, a single project in Chittenden County could receive the majority - or even all - of the state's allocation of tax credits. Coupled with other provisions in the draft QAP, lifting this limit incentivizes larger projects, likely in urban areas, while leaving little to meet needs in rural communities.

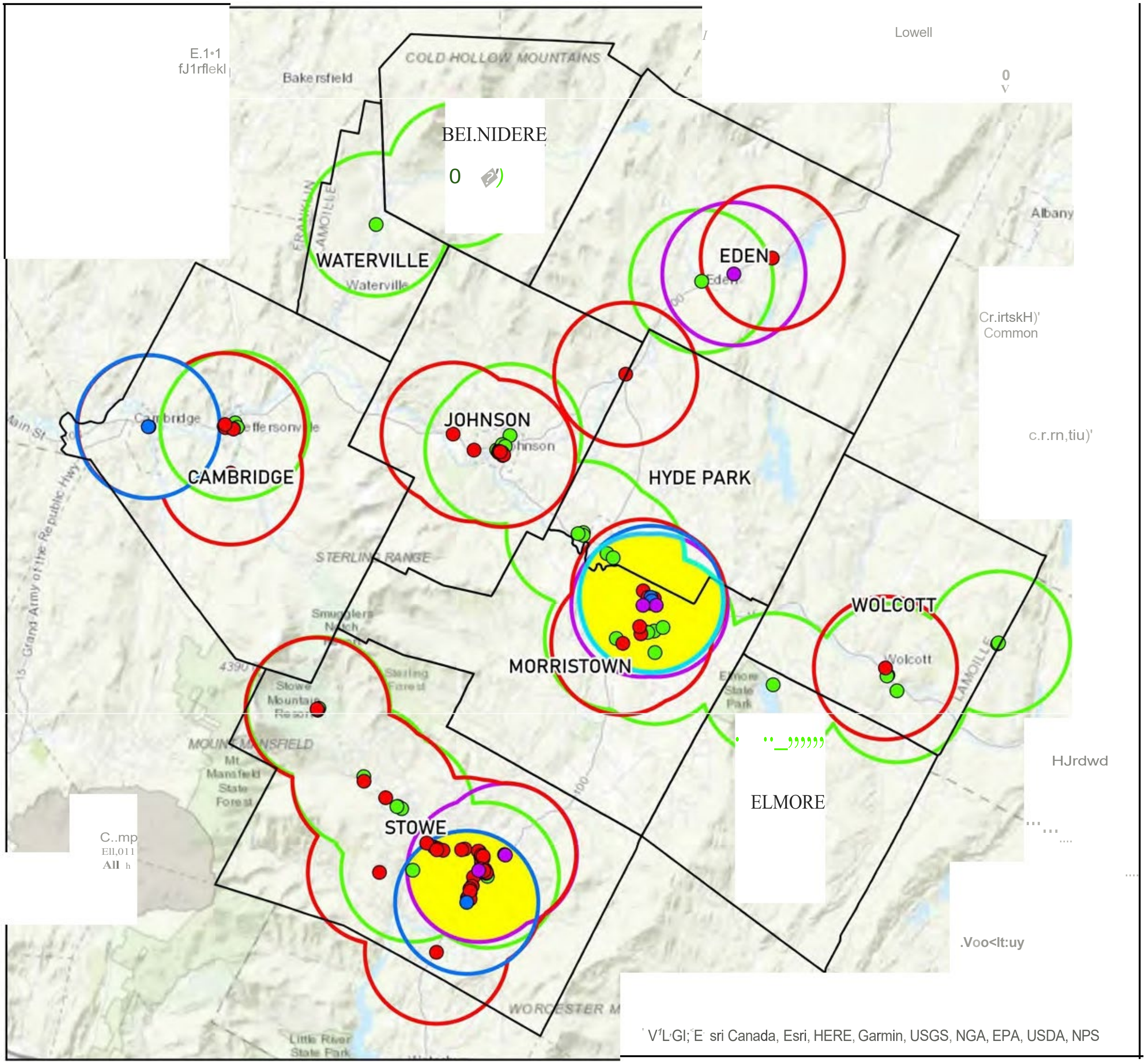
We appreciate VHFA's work and share the goal of increasing housing across Vermont. We look forward to working with you to support a system that meets housing needs in all Regions of the State.

Sincerely,

Seth M. Jensen

Seth Jensen
Deputy Director

Map of QAP Tax Credit Constraints



Legend

Full Service Grocery Stores	Pharmacy 2 mile buffer
Retail Pharmacy	General Merchandise 2 mile buffer
General Merchandise	Public Centers 2 mile buffer
Public Community Centers	Area where all 4 categories are within 2 miles
Grocery Stores 2 mile buffer	Town Boundary

N

0 2.5 5 10 Miles

Outlook

Re: [EXTERNAL]QAP Public Comment

From DevelopmentDept <developmentdept@vhfa.org>
Date Wed 4/22/2026 10:25 AM
To Angie Harbin <aharbin@downstreet.org>
Cc DevelopmentDept <developmentdept@vhfa.org>

Hi Angie - Thank you for reviewing the draft QAP and submitting these comments. I'm confirming that we've received your comments, and VHFA will consider them as we work on next steps in developing this QAP.

My best,
Olivia

Olivia Lavecchia (she/her)
Community Development Underwriter
164 St. Paul St., Burlington VT, 05401 | (802) 652-3428
Vermont Housing Finance Agency

vhf a Affordable homes for a sustainable Vermont

I'm currently working Monday-Thursday, and off on Fridays. Thanks for your patience if my response is delayed.

From: Angie Harbin <aharbin@downstreet.org>
Sent: Tuesday, April 21, 2026 9:25 AM
To: DevelopmentDept <developmentdept@vhfa.org>
Cc: Alex Farrell <alex.farrell@vermont.gov>; Maura Collins <mcollins@vhfa.org>; g.seelig@vhcb.org <g.seelig@vhcb.org>; Kathleen Berk <kathleen@vsha.org>; kristin.mcclure@vermont.gov <kristin.mcclure@vermont.gov>
Subject: [EXTERNAL)QAP Public Comment

Dear VHFA Development Team,

Thank you for the opportunity to comment on the draft 2027-2028 Qualified Allocation Plan.

Attached are Downstreet Housing & Community Development's comments. While we share the goal of increasing housing production, we are concerned that the proposed changes-particularly in combination and with a short implementation timeline-could make it significantly more difficult to develop affordable housing in the communities we serve.

We also respectfully request additional time for stakeholders to fully evaluate the impacts before these changes are finalized.

Thank you for your consideration, and please don't hesitate to reach out if a conversation would be helpful.

Best,

Angie Harbin (she/her) I Executive Director
802-477-1335 (o) • 503-929-9591 (m) • aharbin@downstreet.org
22 Keith Avenue Suite I 00, Barre, VT 05641
downstreet.org

Establish a dedicated Accessible Supportive Housing (ASH) Tax Credit Allocation Pool within the state's Low-Income Housing Tax Credit (LIHTC) program. Modeled after Virginia's Qualified Allocation Plan (QAP), this pool would prioritize developments that:

- Designate at least 15% of units for individuals with disabilities who require supportive services.
- Comply with HUD Section 504 accessibility standards to ensure fully accessible housing options.
- Include project-based rental assistance to make units affordable for extremely low-income households.

Several states have successfully implemented dedicated LIHTC allocation pools for supportive housing, for example:
- The Illinois Housing Development Authority (IHDA) reserves a portion of its LIHTC allocation specifically for supportive housing. The state has successfully utilized this model to develop deeply affordable, accessible housing linked with services, leveraging federal and state resources, including Medicaid waivers and Section 811 PRA.
- Pennsylvania has a dedicated set-aside within its LIHTC Qualified Allocation Plan (QAP) for projects that provide housing for persons with

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