

DRAFT for 2027-2028

State of Vermont Qualified Allocation Plan

IRC Section 42 Housing Credit Program
32 VSA 5930u Vermont Affordable Housing Tax Credit Program

*Revised
Effective*

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Introduction

1.01 Purpose and Applicability

The purpose of this Qualified Allocation Plan (QAP) is to describe the application process and the criteria for allocating Housing Tax Credits in the State of Vermont including:

1. Federal Low-Income Housing Tax Credits (LIHTCs)
 - a. 9% “Ceiling Credits”
 - b. 4% “Bond Credits”
2. Vermont Affordable Housing Tax Credits
 - a. Rental Housing Tax Credits
 - b. Homeownership Tax Credits
 - c. Down Payment Assistance Tax Credits

This QAP applies to all applications submitted after its adoption date.

1.02 Federal Low-Income Housing Tax Credits

The Federal Tax Reform Act of 1986 created the Low-Income Housing Tax Credit (LIHTC) Program for qualified residential rental properties. The LIHTC Program provides a ten-year federal income tax credit to owners and investors in eligible low-income rental housing projects involving new construction, rehabilitation or acquisition with rehabilitation. [Section 42](#) of the Internal Revenue Code requires that allocating agencies develop and adopt a Qualified Allocation Plan for the distribution of LIHTCs.

1.03 Vermont Affordable Housing Tax Credits

The Vermont Affordable Housing Tax Credit was established by the Vermont Legislature in 2000 pursuant to Vermont Statutes [32 VSA § 5930u](#) which names VHFA as the allocating agency charged with administering \$1,325,000 of annual housing tax credit authority.

The Statute authorizes specific annual tax credit amounts to support three categories of projects as follows:

1. Rental Housing - \$400,000
2. Homeownership Development - \$675,000
3. Down Payment Assistance - \$250,000

The Statute allows the annual tax credit amount to be taken each year for up to 5 years. Therefore the \$1,325,000 in credit allocation represents a total of \$6,625,000 in tax credits available for allocation to projects by VHFA on an annual basis. The allocation process and criteria for each type of state housing tax credit are set forth in separate chapters of this QAP.

1.04 Qualified Allocation Plan Approval

The Vermont Housing Finance Agency (VHFA) is the designated allocating agency for the State of Vermont pursuant to [Executive Order 32-10](#) and has administered the LIHTC Program since its inception. As the allocating entity for housing tax credits, VHFA is required to prepare a Qualified Allocation Plan for review by a Joint Committee on Tax Credits, adopted by the

VHFA Board of Commissioners, and approved by the Governor. The Joint Committee on Tax Credits consists of the Commissioner of the Department of Housing and Community Development, the Executive Director of VHFA, the Executive Director of the Vermont State Housing Authority, the Executive Director of the Vermont State Housing and Conservation Board, and one additional member representing housing interests appointed by the Governor. A designee may fill any of these positions.

2. Application and Award Process

VHFA will post application materials, submission instructions and application deadlines on its website at least 30 days prior to any submission deadline.

All applications will be reviewed to determine whether the threshold requirements have been met. Applications not meeting threshold requirements, will be notified of deficiencies and given 10 business days to cure them. Any application not meeting threshold requirements after the cure period shall be disqualified from further consideration.

Applications passing the threshold review will be scored in accordance with the criteria set forth in this QAP for the applicable type of housing tax credit. The applications will be ranked in order of scoring and staff award recommendations will be presented to the VHFA Board of Commissioners. Awards must be authorized through a resolution approved by the VHFA Board of Commissioners. VHFA will make authorized awards subject to any specified terms and conditions.

3. Threshold Requirements

Applications must meet all threshold requirements to be considered for an allocation of housing tax credits. The threshold requirements for all housing tax credit applications are listed below.

3.01 Compliance with Application Submission Requirements

Submission of a complete application, including any applicable application fees, by the posted application deadline is required.

3.02 Readiness to Proceed

Site Control

Applicants must demonstrate control of the proposed project site at the time of application. Acceptable forms of site control include:

1. Recorded Deed
2. Executed Long-Term Ground Lease (minimum term consistent with the extended use period)
3. Executed Purchase and Sale Agreement or Purchase Option

Compliance with Zoning & Land Use Regulations

Applications for new construction must include documentation indicating the site has all

legislative and quasi-judicial land use approvals necessary to build the proposed development.

Funding Commitments

a. Other than as allowed below, applications must include commitment letters indicating the following for all non-VHFA permanent loans:

- amount,
- amortization and term (minimum of 15 years),
- fixed interest rate,
- fees charged,
- reserve requirements (if different than the QAP), and
- anticipated lien position.

The commitment may be conditional on only a LIHTC award and limited, unlikely exceptions (fraud, force majeure, and similar). Private sector lenders may include language regarding potential interest rate changes.

b. As an exception to the foregoing, an application may include one or more DHCD, VSHA, or VHCB loans as source(s) which is/are not yet committed so long as there is:

- either an application submitted or promise to apply in the next cycle,
- an explanation of why it's likely to be awarded, and
- either a realistic plan for how to fill the gap if not (not including reducing uses) or an acknowledgement the need to return the award.

3.03 Financial Feasibility and Cost Reasonableness

The project must demonstrate financial feasibility based on the proposed ownership structure, the development costs, sources and uses, and operating pro forma. If an Applicant proposes costs that are materially higher or materially lower than amounts VHFA determines to be reasonable the application may be disqualified. VHFA will evaluate the reasonableness of development costs, the adequacy of sources to meet all project costs, sufficiency of operating revenue to meet expenses including all required reserves, and the status of commitments for non-tax credit funding sources.

Proposed development budgets must be reasonable, necessary, and appropriate for the proposed scope of work and must be consistent with VHFA's Underwriting Standards, VHFA/VHCB Building Design Standards, and other relevant data. Projects with unreasonable costs, unresolved financing gaps or speculative sources may be deemed infeasible by VHFA and not pass threshold.

Key considerations and documentation requirements necessary for VHFA's determination of financial feasibility and cost reasonableness are detailed below.

Evidence of Costs

Applications must include a Capital Needs Assessment (CNA) which complies with VHFA/VHCB/DHCD Capital Needs Assessment Guidance. Development costs must be evidenced by a reliable third-party cost estimate.

Applicants must provide documentation of the development team's procurement practices that

promote cost reasonableness and transparency, including the project's construction managers and major subcontractor trades where applicable. Such documentation may include a) a request for proposals as appropriate, b) evidence of multiple bids, c) a bid tabulation or summary, d) a description of the procurement process used, and e) a narrative explanation where competitive bidding was not feasible due to rural location, specialized construction, timing constraints, or other market factors.

VHFA's determination of cost reasonableness will take into account the proposed scope of work, the Capital Needs Assessment and local and regional market conditions. VHFA may require clarification, additional documentation, or updated estimates where proposed costs appear inconsistent with the scope of work or prevailing market conditions.

At VHFA's discretion, the Agency may work with the Applicant to address unreasonable or unreliable costs through adjustments to the development proposal or revised cost estimates or the Agency may determine the application to be ineligible for an award of credits.

Where an identity of interest exists between the Sponsor and the general contractor or construction manager, VHFA may require additional documentation, including but not limited to:

- third party cost review,
- evidence of competitive pricing or benchmarking, and
- enhanced cost review

Appraisal Requirements

Applications must include an appraisal which complies with VHFA's Appraisal Standards demonstrating that the acquisition cost is supported and is reasonable. VHFA may take extenuating circumstances into account.

Market Need

All rental project applications must include a study which complies with VHFA's Market Study Standards. New construction projects must be in housing markets with a vacancy rate of 5.0% or less, as demonstrated by the study. VHFA may reject an application that might have a negative impact on existing rental housing.

3.04 Development Team Capacity

The Applicant must demonstrate sufficient experience, financial capacity, and organizational resources to successfully develop and operate the proposed project. VHFA's capacity determination will take into consideration:

- a. The Applicant's track record of successfully completing comparable projects on schedule and within budget
- b. The status of the Applicant's current pipeline and organizational capacity to undertake the development(s) as proposed and oversee all its projects under construction.

The following specific limitations apply: 1) Before submitting a Ceiling Credit application, the Applicant must have closed the construction loan on all awarded Ceiling Credit development(s) and 2) For a multi-phased project, any previous phase of a project must be

in at least the first year of the compliance period and have a waiting list by the application date of a subsequent phase.

- c. Past and current requests to VHFA by the Applicant for increased resources, rule waivers, additional time, or other allowances
- d. The Applicant's performance track record with respect to project operations, all applicable compliance and monitoring including:
 - Timely and accurate submission of compliance documents and information
 - Program and financial audit results and resolution of any audit findings
 - Recapture events
 - Cooperation with inspections and compliance with applicable physical condition standards
 - Events of default or foreclosure on project financings
 - Compliance with all applicable fair housing, civil rights, and accessibility laws including the federal Fair Housing Act, Americans with Disabilities Act, Section 504 of the Rehabilitation Act, and the Violence Against Women Act

3.05 Acceptance of Extended Use Period

All projects receiving Ceiling Credits or Vermont Affordable Housing Tax Credits must agree to perpetual affordability.

Bond Credits must agree to an initial 15-year Compliance Period followed by at least an additional 15-year Extended Use Period.

3.06 No Prior Adverse Action by Development Team

Applications where any member of the development team, including the investor, has:

- a) participated in a Qualified Contract request resulting in the conversion of affordable housing to market rate housing; or
- b) been involved in litigation aimed at the transfer of affordable housing ownership interests for the purpose of conversion to market rate housing are disqualified.

3.07 Compliance with Executive Order 3-73

Availability of Units for Homeless

Applications must demonstrate that Sponsors are meeting the goal of Executive Order 3-73 for owners of publicly supported affordable housing in Vermont to make at least 15% of their permanent, publicly supported housing units available to the homeless. This threshold requirement may be satisfied by evidence that Sponsors have met the 15% goal as of the month before application submission, or by providing a detailed plan identifying the steps that will be taken to reach the 15% goal within 24 months of the application submission deadline.

Eviction Prevention

Proposed projects must include a plan to effectively reduce the risk of eviction, which may include one-on-one or group services, classes, financial coaching, and early intervention with

mediation and conflict resolution strategies.

3.08 Housing with Services

Age-Specific (Senior) Housing

Applications for Age-Specific Housing must meet the criteria detailed in this section to advance in the application process.

Projects must provide Service-Enriched Housing meeting the following criteria:

- a. Close to other community resources residents will need to access food and other shopping, pharmacy, transportation, physician/medical services.
- b. Include communal areas and residential units that support people with disabilities and aging in place, including physical accessibility and Universal Design features.
- c. Implement specific methods of serving residents with low incomes, disabilities, chronic health conditions, and/or frailty associated with aging.
- d. Implement stable and predictable methods of providing services that address a range of needs in an individualized and flexible manner to support individual resident needs, either through site employees or agreements with other entities, including meals, cooking assistance, cleaning, shopping assistance, personal care, social and recreational activities, and transportation.
- e. Implement practices that build positive relationships with residents and other community agencies and empower residents to direct their own lives through supportive decision-making.
- f. Implement methods of improving access to health care and the health status of residents.

Vermont Blueprint for Health Support and Services at Home (SASH) program participation meets the requirements in this section. Participation in services must be voluntary and free of charge. Staffing must be adequate to serve all residents and be in addition to management normally needed to serve regular resident needs or meet property management functions.

In evaluating age-specific projects, VHFA may seek input from the Agency of Human Services (AHS) as to whether the proposal will support AHS's long-term care goals.

Supportive Housing

Any application for Supportive Housing where either the project owner or property manager (including any affiliates) engages in medical, therapeutic, or other activities regulated by the U.S. Centers for Medicare & Medicaid Services with respect to the residents is disqualified and does not meet this threshold requirement.

Supportive Housing applications also require acceptance of the following tenant protections by the Owners and Property Managers:

- a. Expressly include reasonable accommodations in the application for tenancy;
- b. Not ask applicants or residents for medical or other protected information unless and only to the extent legally necessary (e.g., processing reasonable accommodations);
- c. Not give a preference based on disability type (actual or perceived) or being a client of a particular provider;

- d. Use standard leases with the same rights available to, and responsibilities expected of, households in other publicly funded properties;
- e. Not limit duration of tenancy (cannot be transitional); and
- f. Ensure participation in any supportive services is entirely voluntary (not a formal or implied condition of occupancy).

3.09 Design Standards and Broadband

All projects and units must meet the VHFA Universal Design Policy, the [Vermont Access Rules](#) for being “adaptable” and “visitable”, and the VHCB/VHFA Building Design Standards. New construction projects must utilize all-electric utilities. Rehabilitation projects must do so to the extent practicable when replacing components. All projects must be mechanically and envelope commissioned by a certified agent. Projects must be constructed with infrastructure to provide broadband / high speed internet (coaxial cable, optical fiber, wireless Internet, or twisted pair cable). Owners must make it available if the area has service but are not required to pay for residents’ access.

3.10 Amenities/Opportunities and Incompatible Uses

- a. 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 center, library, park, or school.
- b. An application may be deemed ineligible due to the site being within a half mile of the following:
 - airport;
 - chemical or hazardous materials storage/disposal;
 - commercial junk or salvage yards;
 - industrial or agricultural activities generating odors or pollution;
 - landfills currently in operation; or
 - wastewater treatment facilities.
- c. An application may be deemed ineligible if the site is adjacent to, or across a street from, any of the uses listed above or the following:
 - adult entertainment establishment;
 - distribution facility involving trucking;
 - electrical utility substation;
 - factory or similar industrial operation;
 - jail or prison;
 - source of excessive noise; or
 - other factors which create an environmental justice concern, creating undue adverse environmental impact on a low-income, minority, or special population.

3.11 Builders Profit/Overhead and General Requirements

a. Maximum Allowable Amounts

The following maximum limits apply to all projects, unless otherwise approved by VHFA:

- Builder's Profit: up to 6% of hard construction costs
- Builder's Overhead: up to 2% of hard construction costs
- General Requirements: up to 6% of hard construction costs

These limits apply to the total construction contract, inclusive of any identity of interest relationships.

b. VHFA Discretion

VHFA may:

- limit Builder's Profit, Overhead, or General Requirements below the maximums stated above;
- require revisions to construction pricing or procurement methods; or
- disallow costs that VHFA determines are not adequately supported or are inconsistent with cost reasonableness standards.

3.18. Maximum Developer Fees

VHFA limits developer fees and other compensation paid to related parties. Fees paid to a consultant, guarantor, the Developer or an identity of interest party for are considered part of the developer fee. The maximum permitted developer fee is as follows:

- #### a. Applications may include up to the following in developer fee:
- \$35,000 per LIHTC unit for new construction, or
 - 15% of hard costs for rehabilitation (set at award).

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.

VHFA may cap the amount of developer fee paid at or before full occupancy to 65% of the total developer fee subject to the project capacity to repay any deferred fee from projected cashflow.

4. Evaluation Criteria

In making Ceiling Credit awards VHFA will consider the scoring in this section along with community investment, timing, resource efficiency, and other factors.

Any changes post-award that would mean not fulfilling a representation made for purposes of

earning points may result in VHFA reducing or cancelling a LIHTC award. VHFA may require owners to seek approval before implementing any such change or allowing it to happen.

4.01. Site Location and Designations

- a. Applications will earn 20 points based on the site being in:
 - Downtowns or Village Center;
 - support of a Downtown or Village Center by virtue of their location (i.e., that are within a 0.5-mile from these areas); or
 - Neighborhood Development Areas or Growth Centers associated with a Downtown or Village Center.
- b. Applications will earn 10 points based on the site being in:
 - New Town Centers.
 - Growth Centers not associated with a Downtown or Village Center; or
 - Neighborhood Development Areas associated with a New Town Center or Growth Center

4.02. Project Tenancy

Applications for non age-specific properties will earn 5 points.

4.03. Occupancy and Rent Restrictions

Applications will earn 5 points for agreeing to either:

- 25% or more Tax Credit Units at or below 30% AMI if electing the 40% at 60% minimum set-aside, or
- Designations averaging 52% or less if electing the average income minimum set-aside

The recorded restrictions will reflect this targeting being in effect regardless of whether a project-based rent assistance contract is in place.

4.04. Housing with Services for the Homeless

Applications will earn 10 points for agreeing to provide between 25% and 30% of the LIHTC units as Housing with Services for the Homeless or At Risk of Homelessness either:

- i. at the proposed project, or
- ii. another project in the Sponsor's portfolio (not already dedicated).

Applications must include an inventory of existing housing units owned by the Sponsor and set aside for Housing with Services.

The application must include a realistic description of how the units will be affordable to households at 30% AMI, including electing average income or having a commitment for project-based rent assistance. The recorded restrictions will require accepting referrals from the local Continuum of Care Coordinated Entry system or other VHFA-approved provider regardless of whether a project-based rent assistance contract is in place.

Referrals for occupancy will go through either Coordinated Entry or one of the following if approved by VHFA: homeless shelters, corrections departments, mental health agencies, community action agencies and other social service providers.

Services provided include, but are not limited to, life skills, budgeting, credit counseling, housekeeping, and parenting. For additional guidance please see the common application VHFA's website.

4.05. Project Based Rent Assistance

Applications documenting an existing or committed federal project-based rent assistance contract covering at least 25% of units will earn 10 points.

4.06. Land Donation

Applications for new construction will receive 10 points if the project will either:

- a. receive a donation of land, or
- b. utilize a 99-year ground lease for all buildings. The total payments for a ground lease may not exceed \$100 annually.

4.07. Permanent Debt

Applicants may seek points by providing documentation of loan(s) described below.

a. Only permanent loans of or from the following will qualify:

- DHCD, VSHA, VHCB awarded funds;
- HOME Investment Partnerships;
- Community Development Block Grant;
- Federal Home Loan Bank Affordable Housing Program;
- established local government housing programs; and
- local public housing authorities.

For scoring purposes, VHFA may disregard a source affiliated with a Sponsor (excluding public housing authorities).

b. Each loan must reflect the following terms:

- be for at least \$250,000,
- an interest rate of no more than 1%,
- amortization of at least 20 years, and
- no commercially unreasonable fees.

c. VHFA will calculate the total amount of qualifying funds committed per residential unit. For scoring purposes, VHFA will reduce the amount from a local government by the cost of any land to be sold to the project by that local government.

d. VHFA will rank order the applications. The application with the highest ranking will earn 20 points. Those with no qualifying funds will earn 0 points.

Hypothetical Examples:

Applicants		10
Points		15
		2
App #	1	20
App #	2	18.5
App #	3	17
App #	4	15.5
App #	5	14
App #	6	12.5
App #	7	11
App #	8	9.5
App #	9	8
App #	10	6.5
App #	11	
App #	12	
App #	13	
App #	14	
App #	15	

4.08 Access to Public Transportation

Applications will receive 5 points if:

- the site is within 0.5 miles of public transportation that operates at regular times on fixed routes and are used by the public; or
- the project has access to service by on-demand response transportation if free and available to the general public.

4.09 On-Site Challenges

A deduction of 10 points will be applied for sites with negative features, design challenges, physical barriers, or other unusual and problematic circumstances that would impede project construction or adversely affect future tenants, including but not limited to: power transmission lines and towers, underground obstacles, proximity to undesirable or unhealthy sights or smells, flood hazards, steep slopes, large boulders, ravines, year-round streams, wetlands, and other similar features.

The deduction will not apply if the application includes committed funds from non-housing sources to mitigate the challenges. The amount of such funds must equal to 110% of the estimated costs.

4.10 Federally Subsidized and At Risk

Applications for preservation of existing federally assisted affordable housing will be eligible for 10 points if the application includes documentation that the project is facing a loss of deep rental assistance or other operating subsidy, and prepayment of its mortgage or other involuntary action by its owner that would terminate federal low income use restrictions within

the next five years. Examples include but are not limited to RD 515, Section 8, Section 23, Section 236, and Section 221(d)(3).

4.11 Historic Rehabilitation or Energy Efficiency

Applications may be eligible in either of the two categories below (not both).

1. Projects that will utilize the federal Historic Rehabilitation Tax Credit (HRTC) will receive 5 points if the application includes documentation of:
 - estimated additional costs attributable to qualifying for HRTC,
 - anticipated equity investment for the HRTC of at least 110% of estimated costs attributable to qualifying for HRTC

2. Projects that will build to one of the standards listed below will receive 5 points if the application includes documentation of:
 - savings resulting from meeting the standard (utilities, maintenance) and the increased private-sector financing made possible through increased cash flow, and
 - estimated increased costs for meeting the standard, both in increased construction costs and the certification itself, where applicable.

The increased financing must be at least 110% of the costs.

Enterprise Green Communities (EGC)	Certification
Passive House Institute US (PHIUS)	Core
United States Green Building Council (USGBC)	LEED Gold
International Living Future Institute (ILFI)	Core Green Building Certification
National Green Building Standard (NGBS)	Gold
Green Building Initiative (GBI)	Green Globes Multifamily with Journey to Net Zero
U.S. Environmental Protection Agency and Department of Energy	DOE Efficient New Homes Program

4.12. Public Housing Waiting List or Tenant Ownership

Applications will receive 5 points if the project meets either or both of the two categories below.

1. Projects that will serve households on a waiting list operated by the local Public Housing Authority.
2. Projects intended for eventual tenant ownership meeting the following:
 - the application includes a comprehensive conversion plan;
 - there are fewer than 30 units;
 - all units are single-family houses on what are or could be subdivided lots;
 - all lots are contiguous (separated only by streets) and have direct access to a publicly maintained street;
 - the Sponsor is applying under the nonprofit set-aside; and
 - the Sponsor agrees to record a restriction stating it will remain the owner for at least 30 years for any household electing to not purchase the unit.

4.13 Other Public Funds

Applications will receive 10 points for one of the following either being committed or in place:

- HUD 202 or 811;
- USDA Rural Development Section 515;
- waivers for tap, impact, or other fees worth at least \$50,000;
- a loan of Tax Increment Financing for Infrastructure funds of at least \$100,000; or
- a payment in lieu of tax agreement.

VHFA may award points under this section for commitments from the federal government, a state agency, or a local jurisdiction which will reduce total development costs or improve project cash flow. The Sponsor must submit a request for consideration by the application deadline.

5. Vermont Housing Tax Credits

The Vermont tax credit for affordable housing is governed by [32 VSA § 5930u](#).

5.1 Vermont Rental Tax Credits

Eligible Applicant

An eligible applicant is any Sponsor who has also applied for or received an award of federal Bond Credits.

Eligible Project

An eligible project is:

- A rental housing project identified in [26 U.S.C. § 42\(g\)](#) and meets all of the requirements laid out in the Vermont Qualified Allocation Plan; and
- Agrees to a perpetual Extended Use Agreement.

Prioritization of Awards

Projects will be given preference, in order, for:

1. Targeting a minimum of 15% of the Housing Credit units as Housing with Services to households who are Homeless or At Risk of Homelessness, or Special Needs Housing;
2. Rehabilitating existing affordable housing, including adding new accessible units and improving visitability.
3. Rehabilitating existing affordable housing.
4. Creating net new Housing Credit units in growing communities (based on recent Census data).
5. Demonstrating innovation in cost and scarce resource efficiencies.

5.2 Vermont State Homeownership Tax Credits (SHOTC)

VHFA has authority to allocate affordable housing tax credits to make loans or grants to eligible applicants for affordable owner-occupied housing. VHFA shall require that the recipient use program funds to maintain the unit as an affordable owner-occupied unit or as an

affordable housing source for future owners or buyers.

Eligible Applicant

For-profit and non-profit developers who have demonstrated financial strength and experience in for-sale housing development consistent with the nature and scope of the proposed development as determined by VHFA. State instrumentalities such as VHFA or VHCB and municipalities are eligible applicants.

Eligible Projects

All projects must be owner occupied and must be either a newly constructed or substantially rehabilitated home. Eligible property types include single family detached units, manufactured homes, and single family attached units, including condominium, cooperative, cohousing, and planned unit developments. Units may be stick-built, modular, or panelized homes and must conform to the VHCB/VHFA Building Design Standards. Manufactured homes must meet Energy Star standards and required HUD standards. Zero Energy Modular homes are preferred.

Funding Amounts

VHFA will base funding amounts on a determination of affordability gaps for the proposed project taking into account the incomes to be served by the project, market value of the home, and the project sources and uses. Affordability gaps shall be determined based on the expectation that households will contribute between 20% and 30% of household income towards their monthly housing costs with lower income households receiving deeper subsidies than higher income households.

Income Limits

Applicants will be required to elect the income level of the purchaser households to be served for each home from a minimum income of 50% of the applicable Area Median Income (AMI) up to a maximum income of 120% of the applicable AMI.

Term of Affordability

The programs or homes supported with funds from this program must maintain affordability for owner-occupants on a perpetual basis.

Evaluation Criteria

Eligible homeownership development applications that satisfy all threshold requirements outlined in Section 3 of this QAP shall be evaluated and ranked based on the scoring criteria set forth in this section. The maximum total score available under this section is ten (10) points.

Points shall be awarded based on the extent to which the proposed project advances the housing policy objectives, as demonstrated by the materials submitted in the application.

SHOTC Application Scoring Rubric (10-Point Scale)

#	Scoring Criterion	Maximum Points	Scoring Method
1	Creating more affordable homes	2.0	2.0 points: Project creates 10 or more homes. 1.0 point: Project creates 5-9 homes. 0.0 points: Project creates 1-4 homes.
2	Reducing the number of cost-burdened households	1.5	1.5 points: Project commits to serving households at or below 80% AMI. 0.75 points: Project commits to serving households between 80%–100% AMI. 0.0 points: Project targets households above 100% AMI
3	Equitable access to program subsidies statewide	1.5	1.5 points: Project located in regions with documented unmet need and no SHOTC awards within prior 5 years. 0.75 points: Project contributes to regional balance but located in an area with at least 1 SHOTC award within the last 5 years. 0.0 points: Project located in area with multiple SHOTC awards within the last 5 years
4	Accelerating the pace of housing production	1.5	1.5 points: High readiness, including site control, required approvals, and construction start within 12 months of award. 0.75 points: Moderate readiness with construction start anticipated within 18–24 months. 0.0 points: Speculative timelines or unresolved barriers to production.
6	Cost effective deployment of public funds	2.5	2.5 point: Reliance on public subsidies for under 40% of total development costs (TDC). 1.25 points: Reliance on public subsidies for between 40%-50% of TDC. 0.0 points: Reliance on public subsidies for more than 50% of TDC.
7	Reaching underserved households and communities	1.0	1.0 point: Project prioritizes first-generation homebuyers, rural households, or other populations facing documented barriers to homeownership. 0.5 points: Partial or indirect focus on underserved households or communities. 0.0 points: No demonstrated strategy to reach underserved households or communities.
	Total Possible Score	10.0	Projects are ranked based on total points awarded, subject to threshold eligibility and overall

#	Scoring Criterion	Maximum Points	Scoring Method
			program requirements.

5.3 Down Payment Assistance

The Vermont Housing Finance Agency has the authority to allocate affordable housing tax credits, as authorized by the Vermont legislature, to finance down payment assistance loans that meet the following requirements:

- a) the loan is made in connection with a mortgage through a VHFA program;
- b) the borrower is a first-time homebuyer of an owner-occupied primary residence; and
- c) the borrower uses the loan for the borrower's down payment or closing costs or both.

The Agency shall require the borrower to repay the loan upon the transfer or refinance of the residence.

6. Compliance

Owners must comply with all applicable provisions of the [VHFA Compliance Manual](#) (as may be revised/updated), which is incorporated herein by reference.

7. Definitions

At Risk of Homelessness: Individuals and families might qualify under Category 1 (below), unaccompanied children and youth might qualify under Category 2 (below), and families with children might qualify under Category 3 (below).

Category 1 is an individual or family who:

- (i) Has an annual income below 30% of median family income for the area; AND
- (ii) Does not have sufficient resources or support networks immediately available to prevent them from moving to an emergency shelter or another place defined in Category 1 of the "homeless" definition; AND
- (iii) Meets one of the following conditions:
 - Has moved because of economic reasons two or more times during the preceding 60 days immediately preceding the application for assistance; OR
 - Is living in the home of another because of economic hardship; OR
 - Has been notified that their right to occupy their current housing or living situation will be terminated within 21 days after the date of application for assistance: OR
 - Lives in a hotel or motel and the cost is not paid for by charitable organizations or by Federal, State, or local government programs for low-income individuals, OR
 - Lives in an SRO or efficiency apartment unit in which there reside more than two persons or lives in a larger housing unit in which there reside more than one and a half persons per room: OR
 - Is exiting a publicly funded institution or system of care, OR
 - Otherwise lives in housing that have characteristics associated with instability and

an increased risk of homelessness, as identified in the State's approved Con Plan **Category 2** are unaccompanied children and youth who do not qualify as homeless under the homeless definition but qualifies as homeless under another Federal Statute.

Category 3 are families with children and youth where an unaccompanied youth who does not qualify as homeless under the homeless definition, but qualifies as Homeless under section 725(2) of the McKinney-Vento Homeless Assistance Act, and the parent(s) or guardian(s) or that child or youth if living with him or her.

Consolidated Plan: The current State of Vermont HUD Consolidated Plan for Housing and Community Development programs, which can be found at <http://accd.vermont.gov/housing/plans-data-rules/hud>

Consultant Fee: Any fee(s) paid by the developer to a third party for services that a developer generally would be expected to perform, such as preparing applications for financing, obtaining local permits and approvals, and overseeing project functions. Consultant Fees do not include the fees paid to independent third-party professionals for specific development-related services, such as architectural, engineering, appraisal, construction supervision, and environmental testing or assessment.

Downtown: Defined in the Consolidated Plan and as provided for in 24 VSA Chapter 76A, "Downtown" means the traditional central business district of the community that has served as the center for socioeconomic interaction in the community characterized by a cohesive core of commercial and mixed use buildings, often interspersed with civic, religious, and residential buildings and public spaces, arranged along a main street and intersecting side streets and served by public infrastructure.

Growth Center: As defined by 24 V.S.A. Chapter 76A. An area of land that is within or adjoining a downtown, village center, or new town center designated under 24 V.S.A 2793c that has clearly defined boundaries that can accommodate a majority of commercial, residential, and industrial growth anticipated by the municipality or municipalities over a 20-year period.

Neighborhood Development Area: As defined by 24 VSA Chapter 76A. "Neighborhood planning area" means an automatically delineated area including and encircling a downtown, village center, or new town center designated under this chapter or within a growth center designated under this chapter. A neighborhood planning area is used for the purpose of identifying locations suitable for new and infill housing that will support a development pattern that is compact, oriented to pedestrians, and consistent with smart growth principles. To ensure a compact settlement pattern, the outer boundary of a neighborhood planning area shall be located entirely within the boundaries of the applicant municipality and shall be determined:

- for a municipality with a designated downtown, by measuring out one-half mile from each point around the entire perimeter of the designated downtown boundary.
- for a municipality with one or more designated village centers, by measuring out one-quarter mile from each point around the entire perimeter of the designated village center boundary.

- for a municipality with a designated new town center, by measuring out one-quarter mile from each point around the entire perimeter of the designated new town center boundary; and
- for a municipality with a designated growth center, as the same boundary as the designated growth center boundary.

"Neighborhood development area" means a location within a neighborhood planning area that is suitable for new and infill housing and that has been approved by the State Board for designation under this section and associated benefits.

New Town Center: As defined by 24 VSA Chapter 76A, the area planned for or developing as a community's central business district, composed of compact, pedestrian-friendly, multistory, and mixed use development that is characteristic of a traditional downtown, supported by planned or existing urban infrastructure, including curbed streets with sidewalks and on-street parking, stormwater treatment, sanitary sewers, and public water supply.

Socially Disadvantaged: Socially disadvantaged individuals are those who have been subjected to racial or ethnic prejudice or cultural bias because of their identity as a member of a group without regard to their individual qualities. The social disadvantage must stem from circumstances beyond their control. There is a rebuttable presumption that the following individuals are socially disadvantaged: Black Americans, Hispanic Americans, Native Americans, and Asian Americans and Pacific Islanders.

Village Center: As defined and designated by the Agency of Commerce and Community Development, Division for Historic Preservation and as provided for in 24 VSA Chapter 76A, this means the central area of a village or town. Only projects in those towns that have obtained this designation can meet this evaluation category.

Appendices

Appendix 1 - Housing Credit Program Administration Personnel

Joint Committee on Tax Credits (QAP content development)

- <https://vhfa.org/news/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 Trust Fund
- Kathleen Berk, Executive Director, Vermont State Housing Authority
- Kristin McClure, Governor Appointee

VHFA Board (QAP & project approvals)

- <https://vhfa.org/about/board-commissioners>

VHFA Staff (allocations and compliance)

- <https://vhfa.org/contact/staff>

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Appendix 2 – Disclaimers

VHFA is charged with issuing no more Housing Credits to any given development than are required to make that development economically feasible. This decision shall be made solely at the discretion of VHFA, but VHFA in no way represents or warrants to any sponsor, investor, lender or others that the project is in fact feasible or viable, either before or after the final allocation decision.

VHFA's review of documents submitted in connection with any Housing Credit allocation is for its own purposes. VHFA makes no representations to the owner or anyone else as to compliance with the Internal Revenue Code, Treasury regulations, or any other laws or regulations governing the Housing Credit program.

No member, officer, agent or employee of VHFA, or the Joint Committee on Tax Credits shall be personally liable concerning any matters arising out of, or in relation to, the allocation, issuance, or compliance monitoring of the Housing Credit.

Notwithstanding any other limitations of this Plan, VHFA may enter commitments to allocate Housing Credits from a future year's Housing Credit ceiling. In addition, VHFA is under no obligation to necessarily reserve or allocate any part of Vermont's Housing Credit ceiling. The VHFA Board of Commissioners may, at its sole discretion, reserve or allocate credits to a project regardless of its rank or score, provided the Board finds that the project serves a positive community development need or the public good. A written explanation will be made available to the general public for any allocation of a housing credit dollar amount that is not made in accordance with established priorities and selection criteria of the Allocating Agency. The final decision regarding reservations and allocations of credits lies with the VHFA Board of Commissioners. The VHFA Board will consider recommendations of staff and its own experience and interpretation of the Plan in making the final reservation or allocation decision. All tax credit awards are made subject to the availability of tax credits under applicable state and federal law and to all rules, regulations and requirements thereunder.

Notwithstanding anything in the QAP to the contrary, without the need for public notice or the Governor's approval, VHFA has the right:

- To amend, modify, or withdraw provisions in the QAP that are inconsistent or in conflict with State or federal laws or regulations.
- To resolve any conflicts, inconsistencies, or ambiguities in the QAP that may become known in administering, operating, or managing the Housing Credit programs.
- To modify or waive, on a case-by-case basis, any provision of this QAP that is not required by the Code.
- To ensure that the QAP has the flexibility to adjust to changing market conditions or federally declared emergencies, to waive any section of the QAP (not otherwise required by the Code) that would hinder the ability of VHFA to meet the goals and priorities of the QAP.

Without the need for the Governor's approval, but after public notice, VHFA has the right to amend, modify, withdraw, or update any provisions of the QAP, including attachments or links, at any time to more effectively administer the Housing Credit programs.

Any amendments, modifications, or waivers that are made on a case-by-case basis are subject to written approval by the Executive Director and are available for review, as requested, by the general public. Any change to the QAP as permitted in this section shall be fully effective and incorporated herein upon the Board's adoption of such amendments. The QAP may be amended as to substantive matters at any time following public notice and public hearing, and approval by the Board and by the Governor of Vermont.

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Appendix 3 – Related Policies

Please see the [Underwriting Standards & Design Elements](#) page of the [VHFA website](#) for the following documents:

- VHFA Appraisal Standards
- VHFA/VHCB/DHCD Capital Needs Assessment Guidance
- VHFA Housing Credit Program - [Year 15 Policy](#)
- VHFA Market Study Standards
- VHFA Replacement Reserve – Surplus Cash Distribution Policy
- VHCB/VHFA Building Design Standards
- VHFA Universal Design Policy

Please see the [Rates and Fees](#) page of the [VHFA website](#) for the following:

- VHFA Policy on Program Fees
- VHFA Indicative Rates

Please see the [Forms and Documents](#) page of the [VHFA website](#) for the following document:

- Common Rental Application for Housing in Vermont (Tenant Application)

Vermont’s Housing and Urban Development (HUD) Consolidated Plan:
<https://accd.vermont.gov/housing/plans-data-rules/hud>

The Governor’s Executive Order 3-73:
<https://legislature.vermont.gov/statutes/section/03APPENDIX/003/00073>

The Housing and Urban Development Subsidy Layering Review Guidelines (3/13/23 version):
<https://www.govinfo.gov/content/pkg/FR-2023-03-13/pdf/2023-05045.pdf>

Administrative Guidelines: Subsidy Layering Review for PBVs (3/13/23 version):
<https://www.federalregister.gov/documents/2023/03/13/2023-05045/administrative-guidelines-subsidy-layering-review-for-project-based-vouchers>

Governor's Signature

The State of Vermont's Allocation Plan has been developed by Vermont Housing Finance Agency in accordance with the Federal Internal Revenue Code (IRC) of 1986, Section 42, as amended and 32 VSA 5930u. This Allocation Plan shall remain in effect until amended by the Governor of the State of Vermont as may be necessitated by changes in federal law or changes in the State's housing market.

Approved by: _____
Philip B. Scott, Governor

Effective Date: _____

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