

Article 12 Shall the voters appropriate the sum of \$52,000 (equal to one cent on the tax rate) to be placed in a special revenue account under the name of the Montpelier Housing Trust Fund? Such account, including interest and earnings thereon, shall be used exclusively by the City to award grants and loans to appropriate non-profit organizations to preserve, construct and rehabilitate dwelling units affordable to households with incomes less than or equal to 80% of median income (with a priority for homeownership units) and which are subject to covenants or restrictions that preserve their affordability for a minimum of 15 years. [Passed March 7, 2006]

Guidelines for Montpelier Housing Trust Fund

Sec. 100 Goals and Objectives

(a) Goals

1. Increase the number of homes in Montpelier affordable to eligible households;
2. When the affordability goal can be met, require repayment or reinvestment of some, or all of the Housing Trust Fund award;
3. Leverage additional public, private and charitable funds for affordable housing and assure the health and viability of the Housing Trust Fund.

(b) Objectives

1. Establish and implement a Montpelier Housing Trust Fund in accordance with Article 15, approved by Montpelier voters on March 1, 2005, for the preservation, construction and rehabilitation of affordable dwelling units in Montpelier for ownership and occupancy by eligible households;
2. Provide information and guidance to prospective applicants about how they may apply for assistance;
3. Make grants or loans to non-profit organizations to assist prospective buyers, owners and tenants occupy dwelling units, which shall be affordable for a period of at least 15 years;
4. Leverage, deposit and use private and public funds to increase affordable housing opportunities in Montpelier;
5. Help 5 to 10 eligible households annually secure an affordable home in Montpelier.

Sec. 101 Definitions

The following definitions shall apply in the administration and interpretation of these Guidelines

Advisory Committee: A committee of up to five (5) persons appointed by the City Council consisting of one (1) member of the City Council and up to four (4) persons who live or work in Montpelier who do not have a conflict of interest as staff or member of an applicant's governing body. The City Council shall make every reasonable effort to

appoint at least two (2) persons who have expertise and experience in the preservation, construction, rehabilitation and financing of dwelling units that are affordable for ownership by eligible households.

Affordable housing (owner-occupied): Housing (a) owned by its occupants whose gross annual household income at the date of purchase does not exceed 80 percent of the county median income, as defined by the United States Department of Housing and Urban Development; (b) where the total annual cost of the housing, including principal, interest, taxes, insurance, and condominium association fees is not more than i. 30 percent of the household's gross annual income; or ii. pursuant to Section 105 (Waiver by City Council) the percentage used for residential mortgage underwriting by the Vermont Housing Finance Agency; and (c) remains affordable for a minimum period of fifteen (15) years.

Affordable housing (rental): Housing (a) rented by its occupants whose gross annual household income at the date of purchase does not exceed 80 percent of the county median income, as defined by the United States Department of Housing and Urban Development; (b) where the total annual cost of the housing, including rent plus utilities is not more than 30 percent of the household's gross annual income; and (b) remains affordable for a minimum period of fifteen (15) years.

Applicant: A housing authority or non-profit housing development organization with tax exempt status under the Internal Revenue Code with experience preserving, constructing or rehabilitating dwelling units that are affordable for ownership, working with homebuyers on education and mortgage pre-qualification and using housing subsidy covenants to preserve the home's affordability for at least 15 years.

Eligible household: A household having a gross annual income (on the date of the award from the Housing Trust Fund) that does not exceed 80 percent of the county median income, as set forth in regulations or instructions issued by the United States Department of Housing and Urban Development or any agency or instrumentality of the State of Vermont.

Housing subsidy covenant: *An agreement between the property owner and applicant that complies with 27 VSA 610 and is recorded in the City of Montpelier Land Records*

Sec.102 Establishment of Housing Trust Fund

The City Council hereby establishes a special revenue account under the name of the "Montpelier Housing Trust Fund" (hereinafter "Housing Trust Fund" or "Fund"). Into this account shall be deposited all Housing Trust Fund revenue, loan repayments, bequests, donations, grants, gifts from public and private sources and any other revenues dedicated to the Housing Trust Fund by the City Council or voters.

Sec.103 Management of the Housing Trust Fund

The City Council shall make awards from the Housing Trust Fund. The advisory committee shall work with City staff to prioritize applications to the Fund, make funding recommendations to the City Council and monitor the operation and activity of the Fund. The City Manager or his/her designee shall serve as the manager of the Housing Trust Fund and shall assign a staff person to complete the tasks listed below. Subject to further guidance from the City Council, the responsibilities of Housing Trust Fund staff shall be to:

- a. Develop and maintain application materials and financial and other records;
- b. Assist prospective applicants in completing application materials;
- c. Collect Housing Trust Fund monies;
- d. Monitor the use of monies distributed to recipients to assure compliance with the purposes of the Fund and the conditions under which funds are granted or loaned;
- e. Report at least annually to the City Council on operation and activity of the Fund;
- f. Work with the advisory committee on recommendations to the City Council on awards from the Fund; and
- g. Provide information to the public on the operation and activity of the Fund.

Sec. 104 Procedures, awards and use of the Housing Trust Fund's assets

- a. As long as there are sufficient monies in the Fund, competitive grant rounds shall be held at least once a year with application deadlines set by the City staff provided that a Request for Proposals ("RFP") is published on or before October 31st of each year;
- b. All awards from the Fund shall further the public purposes set forth herein;
- c. All awards shall be secured by a mortgage or other legal interest held by the City which benefits the Fund and shall be restricted by a housing subsidy covenant of at least fifteen (15) years duration;
- d. Awards shall be made to applicants but applicants may assign the obligation to repay the award, if any, to the owner of a dwelling unit assisted by the Fund
- e. Financial information supplied by a potential occupant of a dwelling unit assisted by the Fund shall be confidential and shall not be subject to public disclosure (except to the extent that information can be aggregated without disclosing personally identifiable information);
- f. Given the goals and objectives of the Fund, the City Council is authorized to make awards up to ten thousand dollars (\$10,000) per homeownership unit. This maximum award may be adjusted annually to take into account real estate, construction cost or consumer price index inflation and adjusted amounts shall be automatically included or referenced in this section 104.
- g. Priority in all awards intended for use in acquiring, constructing, rehabilitating or financing affordable housing shall be given, in the following order of preference, to projects where there is a strong likelihood that:

1. Newly constructed or converted/rehabilitated housing will result in a net gain in the number of affordable homes in the city;
2. The award from the fund will be repaid and the home will continue to be affordable;
3. If the award is not to be repaid, Fund monies will make the home affordable to eligible households for a period longer than 15 years;
4. The housing will be purchased or rented by a household that is living or working in Montpelier at the time the application is filed, provided that this residency preference shall not apply to resale of units assisted by the Fund;
5. The housing units contain two (2) or more bedrooms and can be occupied by households with children;
6. The award will enable refinancing or restructuring mortgage financing for an existing homeowner who agrees to affordability restrictions with a duration of at least fifteen (15) years and whose home meets (i) all applicable habitability requirements (or will meet them after rehabilitation); and (ii) one of the other priorities listed in this section.

Sec. 105 Waiver by City Council

In order to take advantage of special opportunities or unpredictable circumstances, the City Council may waive some or all of these Guidelines make awards that exceed \$10,000 per dwelling unit , provided that the waiver is consistent with the express language of Article 12 or any future resolution or article adopted by Montpelier voters in accordance with applicable law and procedure.

Sec. 106 Priority for Homeownership

In each competitive round, homeownership units shall have a higher priority for funding than rental units. However, after funding homeownership units, if there are sufficient monies in the Fund to make an award for rental units, the Advisory Committee and City staff shall recommend awards for rental units which comply with these Guidelines.