

**Guidelines for Montpelier Housing Trust Fund**  
*Updated and Approved by City Council on November 28, 2018*

**Sec. 100 Background and Purpose**

The Montpelier Housing Trust Fund (the Trust Fund or Fund) was established in accordance with Article 15 approved by the voters of Montpelier, Vermont on March 1, 2005. It dedicated "one cent for housing" and a special revenue account was created by the City Council.

The purpose of the Fund is to preserve, construct and/or rehabilitate affordable housing units in Montpelier for ownership or rental, and occupancy by eligible households.

**Section 101 Goals and Objectives**

**(a) Goals**

Increase the number of dwellings in Montpelier affordable to eligible households by funding projects and programs;

Attract and retain young families;

Support economic development by helping to provide a variety of housing types and tenure to ensure adequate housing for workers in Montpelier businesses.

**(b) Objectives**

1. Provide information and guidance to prospective applicants about how they may apply for assistance;
2. Make grants or loans to eligible applicants to assist prospective buyers, owners and tenants occupy dwelling units, which shall be affordable for a period of at least 15 years;
3. Leverage, deposit and use private, charitable, and public funds to increase affordable housing opportunities in Montpelier;
4. Facilitate the creation of 10-20 new affordable apartments annually;
5. Help 10 eligible households annually buy an affordable home in Montpelier.

**Sec. 102 Definitions**

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

**Affordable housing (owner-occupied):** Housing (a) owned by its occupants whose gross annual household income at the date of purchase does not exceed 120% of 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 30 percent of the household's gross annual income; or 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 the county median income, as defined by the United States Department of Housing and Urban Development; (b) with a goal that the total annual cost of the housing, including rent plus utilities not be more than 30 percent of the household's gross annual income but with a maximum cost of 50% of gross annual income; and (c) remains affordable for a minimum period of fifteen (15) years.

**Eligible Applicant:** A public housing authority, non-profit housing development organization with tax exempt status under the Internal Revenue Code, a private developer, an owner of multifamily residential property or a homeowner proposing to add an accessory apartment. The applicant shall have experience preserving, constructing or rehabilitating dwelling units that are affordable for rental or 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 the county median income adjusted for household size, 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.103 Housing Trust Fund Revenue**

All Housing Trust Fund revenue shall be deposited into the special revenue account mentioned in Section 100 above, including 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.104 Management of the Housing Trust Fund**

#### **(a) Establishment of Advisory Committee**

There is hereby established an Advisory Committee (Committee) of up to five (5) persons appointed by the City Council. The Advisory Committee shall consist (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. Two (2) members of the Committee shall be members of the Montpelier Housing Task Force and two (2) shall be members of the public at large. The City Council shall make every reasonable effort to appoint persons who have expertise and experience in the preservation, construction, rehabilitation and financing of dwelling units that are affordable for ownership or rental by eligible households.

#### **(b) Roles and Responsibilities**

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 Council shall make awards from the Housing Trust Fund.

In addition to its other responsibilities, the Montpelier Housing Task Force (the Task Force) shall develop and amend policies and guidelines for the Trust Fund and make recommendations to the City Council regarding their adoption.

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:

- i) Develop and maintain application materials and financial and other records;
- ii) Assist prospective applicants in completing application materials;
- iii) Collect Housing Trust Fund monies;
- iv) 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;
- v) Report at least annually to the City Council on operation and activity of the Fund;

- vi) Work with the advisory committee on recommendations to the City Council on awards from the Fund; and
- vii) Provide information to the public on the operation and activity of the Fund.

**(c) Terms**

Advisory Committee members shall serve three-year terms and may serve multiple terms as long as they are re-appointed by the City Council.

**Sec.105 Procedures, awards and use of the Housing Trust Fund's assets**

- a) As long as there are sufficient monies in the Fund, at least once a year City staff shall publish a Notice of Fund Availability;
- 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) Loans made to facilitate the purchase of a home shall be repaid to the Fund upon sale of that home;
- f) Financial information supplied by a potential occupant of a dwelling unit assisted by the Funds 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);
- g) Given the goals and objectives of the Fund, the City Council is authorized to make awards up to fifteen thousand dollars (\$15,000) per residential unit. Upon recommendation of the Advisory Committee the City Council may adjust the maximum amount of the award.

**Sec. 106 Priorities for Funding**

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 that will result in a net gain in the number of affordable homes in the city;
2. Housing will be affordable to persons with incomes below 80% of county median as determined by HUD;
3. Fund monies for multi-family dwellings will make the home affordable to eligible households in perpetuity;
4. If an award is made for homeownership, affordability shall be for a period of at least 15 years;
5. Homeownership awards shall be made for purchase of housing by a household that is living or working in Montpelier at the time of application or has other connections to the City. This residency preference does not apply to the resale of the home;
6. In the case of awards for homeownership, the housing contains two or more bedrooms and can be occupied by households with children;
7. The housing consists of accessory apartments for year-round residents.

**Sec. 107 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 provided that the waiver furthers the purposes of these Guidelines.