

**Vermont Community Development Program  
(VCDP)**

**Summer Study Committee Report**

**A Report to the Vermont General Assembly**

February 19, 2010

To: Vermont General Assembly  
Vermont State House  
115 State Street  
Montpelier, Vermont 05633-5301

From: Karen Horn, Chair  
CDBG RLF Summer Study Committee

Date: February 19, 2010

Re: CDBG RLF Program

Under cover of this memo please find the **Report of the 2009 Summer Study Committee on Community Development Block Grant Program (CDBG) Revolving Loan Funds.**

Municipal officials around Vermont have been able to implement significant housing, economic development, and public infrastructure projects that contribute significantly to the vitality of our cities, towns, and villages. In places where repayments of CDBG funds have been used to create revolving loan funds, those dollars contribute to a community's sustainability on an ongoing basis.

The committee found that the Department of Economic, Housing, and Community Development has implemented a robust monitoring program for its revolving loan funds.

As chair of the committee, I want to thank you for giving us the opportunity to provide the attached report to members of the House and Senate.

Respectfully,



Karen B. Horn, Director  
Public Policy and Advocacy  
Vermont League of Cities and Towns  
Chair,  
CDBG Summer Study Committee

# Vermont Community Development Block Grant (CDBG) Summer Study Committee Report

## I. Legislation

*Purpose Sec. E.800 of H.441 as passed:*

*(a) Consistent with the requirements of subchapter 1 of chapter 29 of Title 10, a committee chaired by the Vermont league of cities and towns and consisting of the executive directors of the Vermont housing finance agency, the Vermont economic development authority, and the secretary of the agency of commerce and community development or designee, the Vermont housing conservation board, the Vermont bankers association, municipalities, regional development corporations, and other appropriate entities shall develop a proposal for the best use of and administration of community development grants which have previously been awarded to municipalities and that are currently inactive from the community development block grant (CDBG) program authorized by Title 1 of the federal Housing and Community Development Act of 1974, as amended, 42 U.S.C. §§ 5301 et seq. The purpose of the proposal is to maximize the availability of CDBG funding for Vermont's municipalities. The proposal shall include criteria and processes for standardizing the administration and oversight of CDBG funds, while preserving a municipality's ability to access funds.*

## II. Committee Meetings

The committee met once on Thursday, November 19, at the Vermont League of Cities and Towns offices in Montpelier. At that meeting participants discussed the universe of CDBG revolving loan funds that are inactive, their total value, the reasons some funds are inactive, and the process for getting inactive loan funds into circulation again. Grants are made from the federally funded CDBG program in Vermont through the Department of Economic, Housing and Community Development (DECHD) Vermont Community Development Program (VCDP) for housing, economic development or public works projects at the municipal level. Some of those grants made to municipalities are loaned out to developers undertaking projects and then repaid to the granting municipality thus providing funding for a revolving loan fund (RLF).

For purposes of this summer study, staff at the DECHD provided an accurate picture of the number of Vermont Community Development Program (VCDP) revolving loan funds (RLFs) in existence, the total amount of money those RLFs represented, and the activity level within three categories of RLF: those with funds being re-loaned, those whose funds are not being re-loaned, and those that have been assigned to a non-profit community development organization (NCDO). A draft report was circulated for review in early January. A final report, reflecting committee member comments and data from the Agency of Commerce and Community Development staff, was provided to members in late January.

## 2009 Revolving Loan Fund Report

In the 2009 legislative session, the Agency of Commerce and Community Development prepared the *Revolving Loan Fund Report*, which was required by the 2008 Appropriations bill, Act 192. In that bill, the agency was required to report on “*past performance of the revolving loan funds*

*supported by CDBG appropriations. Such report shall include recommended changes for improvement if deemed necessary; and shall address standards for best practices, criteria for evaluating outcomes and a process for recapture by the state of funds that are unused for five years by grantees for the activities for which the funds were granted.”*

That report, which encompassed far more than just revolving loan funds supported by CDBG appropriations, estimated that there is about \$64 million in total revolving loan fund assets. The report examined as many RLFs around the state as possible, including those that weren't created as a result of a CDBG award. Acknowledging that the agency has no legal authority to recapture RLF funds that are not capitalized by CDBG awards, the intent was to highlight the fact that there is a significant amount of capital in Vermont communities. Further, the agency recommended ways to aggregate the funds so as to better deploy them. In response to the 2009 Revolving Loan Fund Report and its findings, the 2009 appropriations bill called for this report before you *“to develop a proposal for the best use of and administration of community development grants which have previously been awarded to municipalities and that are currently inactive from the Community Development Block Grant Program (CDBG) ... The purpose of the proposal is to maximize the availability of CDBG funding for Vermont municipalities. The proposal shall include criteria and processes for standardizing the administration and oversight of CDBG funds, while preserving a municipality's ability to access funds.” (Sec. E 800 of Act 1, 2009 Special Session)*

### **Current Status of CDBG Revolving Loan Funds (RLFs)**

DEHCD recaptures 50% of original loan principal from VCDP loans made by municipal grantees to third parties. Second generation loan repayments may be retained by a municipal grantee or sub-grantee and must be tracked separately from original loan amounts.

DEHCD has a process for keeping track of municipal RLFs and their level of activity, and it has been in place since January of 2001. *“Inactive funds’ refer to repayments and/or income generated by VCDP grant dollars in a revolving loan fund where the average annual disbursement, excluding any amount expended for administrative and management costs, does not exceed twenty five percent (25%) of the total balance over a three year period.”*

When VCDP funds managed by a grantee, sub-grantee, or NCDO to which a municipality has assigned management of VCDP funds become inactive, the department shall recapture 100% of the funds 60 days after initial notification of inactivity. That condition is included in VCDP grant closeout agreements between the agency and municipal grantee. If a municipality applies for a new grant and has inactive funds on hand, 20% of that inactive amount must be committed to the new project. Committed funds may be in the form of a loan to the project. Municipal grantees or NCDOs that have used VCDP funds to establish a micro-business revolving loan fund or a scattered site housing rehabilitation program are exempt from the recapture requirement. The department reporting and tracking requirements are attached in Appendix B of this report.

Several categories of revolving loan funds at the local level were initially established by VCDP funds. A substantial amount of VCDP dollars that have been granted to municipalities have been granted for affordable housing projects. The loan terms for such projects are extremely long. Few have come due to date.

According to the Department of Economic, Housing and Community Development, of all performing VCDP revolving loans (as of 2009):

- \$7,770,443.79 = total loan payments received.
- \$2,080,839.57 = assessments paid to the agency from those total payments (by regulation used to make new awards as soon as possible).
- \$589,995.02 = total administrative allowance (used by the municipalities to manage the funds, or pay legal costs, etc.).
- \$5,099,569.20 = total balance available to make loans.
- **\$3,541,838.09 = loans that have been made (69.5% of the total balance available has been loaned).**
- \$1,557,731.11 = total balance available in VCDP RLFs to make new loans.

There are only eight municipalities with less than 25% disbursement rate, whose revolving loan funds might be considered inactive. Five of them have less than \$20,000 available to loan, which is generally not an amount sufficient to advertise the availability of or make loans. Of the remaining three municipalities, Swanton Village and Colchester have only recently accumulated a balance over \$25,000. The Town of Bennington has a fairly sizeable balance on hand of \$126,000 and it will be notified at the next reporting cycle of June 30 if no new loans have been made that its RLF is now triggering the Inactive Policy. CDBG staff will then begin to work with Bennington town staff to find suitable projects they may lend to. If they apply for a new VCDP award, the town would be required to use up to 20% of the RLF balance towards the new VCDP project.

### **Recommendations Regarding Criteria and Process for Administration of RLFs by DEHCD**

Upon reviewing information provided to this committee regarding the CDBG RLFs, it is the committee's belief that the agency is tracking the money available in these specific RLFs and is working with municipalities to assure that funds are re-loaned in a timely manner to eligible projects. The department has guidance for municipalities and a robust procedure for addressing municipalities whose RLFs are not being re-loaned within the timeframes established in that guidance. See Appendices B and C for copies of the procedure and a definition in rule of inactive funds.

### **Recommendations for Guidance to Municipalities with VCDP RLFs**

The committee strongly recommends that municipalities that retain management of their own VCDP RLFs use generally acceptable accounting procedures to track their revenues, loan amounts and borrowers, administrative costs and repayment schedules. Municipal officials should be reminded that during an audit, an auditor will review the accounting procedures employed to track RLF dollars. Municipal officials can download a copy of *Minding the Store: An Internal Controls Checklist for Town Government Financial Officials* at the State Auditor's website, <http://auditor.Vermont.gov/uploads/1146682285.pdf>.



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# Appendix B

## Current Rules on Inactive Funds

(notes by DEHCD staff members)

# \* Agency Policy governing CDBG-Supported RLF's

## Chapter 22 – Program Income

### 22.0 PURPOSE OF CHAPTER

22.0.1 This Chapter governs the reuse of Program Income and Unrestricted Revenue.

22.0.2 The Agency's intent, in promulgating this policy, encompasses the following objectives:

22.0.2.1 To increase the total percentage of Program Income and Unrestricted Revenue retained at the local (or regional) level;

22.0.2.2 To increase the amount of Unrestricted Revenue available for reuse by grantees and by the Agency;

22.0.2.3 To encourage the active use and reuse of VCDP funds; and

22.0.2.4 To set aside funds that may be used flexibly and expeditiously by the Agency to meet community development emergencies and to take advantage of economic development opportunities.

### 22.1 EQUIVALANCY

22.1.1 The requirements are equivalent to the federal regulations found at 24 CFR Section 570.489(e).

### 22.2 EFFECTIVE DATE

22.2.1 The Agency's policy governing the re-use and recapture of income generated by VCDP grants, described above, shall take effect on January 1, 2001. The provisions of this policy shall be applied in the following manner:

22.2.1.1 VCDP Grantees with Executed Closeout Agreements as of January 1, 2001

22.2.1.1.1 The grantee may choose to continue the existing Closeout Agreement under the old policy, or elect to transition to the new policy.

22.2.1.1.2 In the case where the municipality subgranted and/or assigned the VCDP funds to an NCDO, the new policy will apply and a new closeout agreement will be negotiated and executed between the Agency and the NCDO. The existing Closeout Agreement between the Agency and the municipality will then be terminated.

22.2.1.1.3 In the case where the municipality subgranted and/or assigned the VCDP funds to any other type of entity, and that entity originated the loan(s), a closeout agreement will remain with the municipality, and there will be an option to transition from the old policy to the new policy.

- 22.2.2** VCDP Grantees with a Completion Date prior to January 1, 2001, and without an executed Closeout Agreement.
- 22.2.2.1** The old policy will apply until the terms of a Closeout Agreement have been honored through December 31, 2000. After the terms have been honored, there will be an option to transition from the old policy to the new policy.
- 22.2.2.2** If the municipality elects to execute a Closeout Agreement under the new policy, the first reporting period will be inclusive of the end of the previous reporting period under the old policy through the end date of the **grantee's fiscal year period**; thereafter, the annual reporting will be by the grantee's fiscal year.
- 22.2.2.3** When a municipality subgrants VCDP funds to an NCDO, and the **NCDO originates** the loan(s) and receives the loan repayments, a closeout agreement will be negotiated and executed between the Agency and the NCDO under terms of the new policy. The reporting period will be based on the end of the previous reporting period under the old policy of the municipality through the end date of the **NCDO's fiscal year period**; thereafter, the annual reporting will be by the NCDO's fiscal year.
- 22.2.2.4** When a municipality assigns the loan portfolio to an NCDO, the new policy will apply and a closeout agreement will be negotiated and executed between the Agency and the NCDO.
- 22.2.2.5** In the case where the municipality subgranted the VCDP funds to any other type of entity, and that entity originated the loan(s), a closeout agreement will be negotiated and executed between the Agency and the municipality under the terms of the new policy.
- 22.2.2.6** Any recapture payments made under the old policy will be credited under the new policy towards repayment of 50% of the loan principal where appropriate.
- 22.2.3** VCDP Grantees with a Completion Date after January 1, 2001, and without an executed Closeout Agreement
- 22.2.3.1** When a **municipality originates** the loan(s), and receives the loan repayments, the municipality must negotiate and execute a closeout agreement under the new policy.
- 22.2.3.2** When a municipality subgrants VCDP funds to an NCDO, and the **NCDO originates** the loan(s) and receives the loan repayments, a closeout agreement will be negotiated and executed between the Agency and the NCDO under terms of the new policy.

- 22.2.3.3** In the case where the municipality subgranted the VCDP funds to any other type of entity, and that entity originated the loan(s), a closeout agreement will be negotiated and executed between the Agency and the municipality under the terms of the new policy.
- 22.2.4** VCDP Grantees with a Completion Date prior to January 1, 2001 with loans deferred to some future date
- 22.2.4.1** When the municipality originates the loan, the municipality must negotiate and execute a closeout agreement under the new policy.
- 22.2.4.2** In the case where the municipality subgranted the VCDP funds, or assigned the loan portfolios to an NCDO, the new policy will apply and a closeout agreement will be negotiated between the Agency and the NCDO.
- 22.2.4.3** In the case where the municipality subgranted the VCDP funds to any other type of entity, and that entity originated the loan(s), a closeout agreement will be negotiated and executed between the Agency and the municipality under the terms of the new policy.
- 22.2.5** VCDP Grantees that are awarded after January 1, 2001
- 22.2.5.1** When the municipality originates the loan, the municipality must negotiate and execute a closeout agreement under the new policy.
- 22.2.5.2** In the case where the municipality subgranted the VCDP funds, or assigned the loan portfolios to an NCDO, the new policy will apply and a closeout agreement will be negotiated between the Agency and the NCDO.
- 22.2.5.3** In the case where the municipality subgranted the VCDP funds to any other type of entity, and that entity originated the loan(s), a closeout agreement will be negotiated and executed between the Agency and the municipality under the terms of the new policy.
- 22.3** **DEFINITIONS**
- 22.3.1** ***“Annual Reporting Period”*** will be defined as the Grantee’s or NCDO’s fiscal year period for purposes of reporting as required under the terms of the Closeout Agreement.
- 22.3.2** ***“Assignment”*** is the legal transference of ownership from a municipality to an NCDO of loan(s) or loan portfolio(s) made with VCDP funds. The assignment shall consist of the entire loan or loan portfolio, and shall include transferal of all rights and obligations as set forth in all security interests, mortgages and guarantees.

- 22.3.3** \* ***“Inactive Funds”*** refer to repayments and/or income generated by VCDP grant funds in a revolving loan fund where the average annual disbursement, excluding any amount expended for Administrative and Management Costs, does not exceed twenty-five percent (25%) of the total balance over a three year period.
- 22.3.4** ***“Nonprofit Community Development Organization”*** (NCDO) is a public or private nonprofit organization that provides community development services that are available to all the municipalities in one or more counties or regions, as defined below. The NCDO will manage at least one regional Revolving Loan Fund (RLF). Program Income and Unrestricted Revenue will be managed by the NCDO to provide funding for one or more Title I eligible activities, as defined in Section 105 of Title 1 of the Housing and Community Development Act, 42USC §5305(a). In the case of Program Income, all federal and state rules and regulations of the VCDP will apply.
- 22.3.5** ***“Program Income”*** (PI) is defined in the Code of Federal Regulations at 24 CFR §570.489(e). Except as noted below, all gross income received by a VCDP grantee or subgrantee (including loan principal, loan interest, bank account interest, and any funds resulting from the sale or lease of assets purchased with VCDP grant funds) is to be considered Program Income.
- 22.3.6** ***“Region”*** is defined as a county or the service area of one or more Regional Block Grant Partners, including Regional Planning Commissions, Regional Development Corporations, and Regional Marketing Organizations.
- 22.3.7** ***“Subgranted”*** is the transference of VCDP grant funds from a municipality to an NCDO, or to any other type of entity, to carry out the activities defined in a subgrant agreement. The municipality remains responsible to the Agency under the terms of the Grant Agreement.
- 22.3.8** ***“Target of Assistance”*** is a person or entity that uses VCDP funds to perform VCDP eligible activities where such activities provide the benefit that achieves the national objective required under the VCDP grant agreement.
- 22.3.9** ***“Unrestricted Revenue”*** (UR) is defined as the following:
- 22.3.9.1** Any Program Income generated by VCDP-funded activities from one or more grants, where the total amount of such income does not exceed \$25,000 during a Grantee’s fiscal year period;
- 22.3.9.2** All gross income received from loans **originated by an NCDO**;

**22.3.9.3** Repayments from second-generation loans **originated by a municipality**, assigned to an NCDO, and re-loaned by the NCDO; or

**22.3.9.4** Unrestricted revenue that is re-loaned.

**22.4 GRANTING VS. LOANING VCDP FUNDS TO SUBRECIPIENTS<sup>1</sup>**

**22.4.1** The use of Program Income and Unrestricted Revenue is linked to, and affected by, the Agency Procedures governing the conveyance of VCDP funds by municipal grantees to subrecipients. The principal elements of this latter policy are as follows:

**22.4.1.1** For-profit subrecipients. When VCDP funds are conveyed to a for-profit entity, VCDP funds must be **loaned** from the municipal grantee to the for-profit.

**22.4.1.2** Perpetually affordable housing. When VCDP funds are invested in nonprofit housing that is encumbered with a covenant to ensure the perpetual affordability of that housing, VCDP dollars will be **granted** to the nonprofit, except in the case of affordable housing projects that are developed using Tax Credits, where a deferred loan must be established.

**22.4.1.3** Municipal discretion. For all other projects sponsored, controlled, or owned by a nonprofit organization, the municipal grantee will choose to convey its VCDP funds to the nonprofit entity **either** as a grant or as a loan. The decision to loan or grant will not be considered a competitive factor when awarding applications.

**22.5 USE OF PROGRAM INCOME AND UNRESTRICTED REVENUE BY GRANTEEES AND NONPROFIT COMMUNITY DEVELOPMENT ORGANIZATIONS (NCDO)**

**22.5.1** Municipal grantees may retain loan repayments from VCDP funds, grant or re-loan them to one or more eligible subrecipients, or return them to the Agency. Municipal grantees who originated loans may also assign those loans or the total loan portfolio to an NCDO<sup>2</sup>

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<sup>1</sup> These new rules on granting vs. loaning VCDP funds, adopted in 2000, will have the effect of reducing the number of loans that are made to subrecipients, reducing thereby the amount of Program Income and/or Unrestricted Revenue that is generated. Since most loans will be made to **for-profit** entities, VCDP-funded projects promoting economic development will eventually become the primary source of Program Income and/or Unrestricted Revenue

<sup>2</sup> The Agency will not service loans or loan portfolios.

**22.5.2** All grantees shall meet the federal requirements pertaining to Program Income and Unrestricted Revenue. Program Income and Unrestricted Revenue generated by VCDP grants must be used for one or more eligible activities as defined in Section 105 of Title 1 of the Housing and Community Development Act (42USC §5305(a)). These activities may occur on a municipal or regional level. Funds determined to be Program Income shall be subject to all federal rules and regulations, and state policies that govern the use of VCDP funds. Specific uses for Program Income and/or Unrestricted Revenue shall be subject to the terms of a Closeout Agreement between the Agency and the grantee.

**22.6 RECAPTURE OF PI AND UR BY THE AGENCY**

**22.6.1** In order to maintain funding for special or emergency community development projects around the state, the Agency shall recapture income that is generated by VCDP-funded activities.

**22.6.2** Recapture of Program Income and/or Unrestricted Revenue.

**22.6.2.1** When a VCDP grant is initially used by a grantee or its subgrantee, including an NCDO, to make one or more loans, the Agency shall recapture 50% of the original loan principal. Second-generation loan repayments may be retained by the grantee or subgrantee, and if so, must be tracked separately.

**22.6.2.2** The recapture amount to be paid to the Agency may be paid using the total loan repayments received on an annual basis to accelerate payment of the 50% of the original loan principal to the Agency, or may be repaid as 50% of the loan repayments annually, until such time as 50% of the original loan principal amount has been paid to the Agency. If there is early pay-off of all or a portion of the loan principal, the proportional share of the recapture amount is due immediately.

**22.6.3** **Recapture of Inactive funds.** When the VCDP funds managed by a grantee, subgrantee, or assignee (NCDO) become inactive, as per the definition above, the Agency shall recapture 100% of these funds (Program Income and/or Unrestricted Revenue) 60 days after official notification of inactive funds. If at least 25 % of the cumulative balance is expended on eligible activities within the 60-day notification period, the funds will be considered active. However, the fact a notification of inactive funds was issued shall be a consideration when awarding applications.

**22.6.4** **Exemption.** Municipal grantees or NCDO's that have used VCDP funds to establish a micro-business revolving loan fund or a scattered-site housing rehabilitation program shall be exempt from this recapture requirement. This recapture exemption shall be acknowledged within the Grant Agreement and the Closeout Agreement.

**22.7 USE OF RECAPTURED FUNDS BY THE AGENCY**

**22.7.1** Recaptured funds shall retain their identity as either Program Income or Unrestricted Revenue, and must be managed accordingly by the Agency.

**22.7.2** **Program Income** that is recaptured by the Agency shall be added to the general pool of VCDP funds and shall be awarded through the VCDP normal cycle of application and selection of municipal grantees.

**22.7.3** **Unrestricted Revenue** that is recaptured by the Agency shall be deposited into two accounts and shall be used for Title I eligible activities:

**22.7.3.1** At least 50% of recaptured UR shall be placed in an Economic Development Fund. The Department of Economic Development shall make recommendations to the Commissioner of DHCA as to the specific use of these funds. This Fund shall be used to take advantage of unique economic development opportunities that are unable to obtain a state funding appropriation.

**22.7.3.2** The remaining UR, recaptured by the Agency, shall be placed in an Emergency Fund administered by the Department of Housing and Community Affairs. This Fund shall be used to respond to crisis situations in local communities, where VCDP funding would take too long to secure or would carry too many restrictions to address the urgent need.

**22.8 NONPROFIT COMMUNITY DEVELOPMENT ORGANIZATIONS (NCDOS)**

**22.8.1** Municipal grantees may choose to make use of one or more Nonprofit Community Development Organizations (NCDO) for managing and administering VCDP loan funds that have been repaid to the grantee. When a municipal grantee assigns a VCDP loan(s) to an NCDO, if the repayments are Program Income, the NCDO originates the loan as Program Income. The second-generation repayments received by the NCDO are Unrestricted Revenue.

**22.8.2** Alternatively, a municipal grantee, upon receipt of a VCDP grant, may immediately subgrant those funds to an NCDO. Repayments of any loans **originated by the NCDO** are considered Unrestricted Revenue.

**22.8.3** The use of Unrestricted Revenue must only meet the eligibility requirements of Title I, and not all the rules and regulations that govern Program Income.

**22.9 THRESHOLD QUALIFICATIONS FOR NCDO DESIGNATION**

**22.9.1** To qualify as an NCDO, an organization must meet all of the following requirements:

**22.9.1.1** Establish and manage at least one regional (region defined under Definitions) Revolving Loan Fund (RLF) used for Title I eligible activities;

**22.9.1.2** Maintain nonprofit designation from both the U.S. Internal Revenue Service and the State of Vermont;

**22.9.1.3** Serve any town, that chooses to participate, within the designated county or region;

**22.9.1.4** Secure resolutions designating the NCDO from all participating towns in the region served.

**22.9.2** The organization must provide the following to secure certification of an NCDO from the Agency:

**22.9.2.1** Mission Statement, Articles of Incorporation, and Bylaws;

**22.9.2.2** Personnel policies and organizational chart;

**22.9.2.3** Financial audit conducted within the most recent two-year period of the organization's operation to demonstrate management capacity and financial soundness;

**22.9.2.4** Loan guidelines and requirements for all RLF's administered by the NCDO.

**22.10 TRANSITION OF EXISTING NCDO'S**

**22.10.1** Any NCDO certified prior to December 31, 2000, will be given a period of five years in which to meet the requirements for NCDO's under the new policy.

**22.10.2** Specifically, any existing NCDO as of December 31, 2000 will need to become available to all participating municipalities in the county or region in which the NCDO is located.

**22.10.3** Failure to provide a clear demonstration of effort to be available to all municipalities in the county or region of the NCDO will result in decertification of the NCDO.

**22.11 NCDO MANAGEMENT AND ADMINISTRATION**

**22.11.1** **Conveyance of Funds** A municipal grantee may convey its VCDP funds to an NCDO in the following ways:

- 22.11.1.1 Option One** At the time of the grant award, the municipal grantee may subgrant VCDP funds directly to the NCDO, so that the **NCDO may originate** loans. All repayments flow directly to the NCDO. Although the municipal grantee remains ultimately responsible for the performance of any activities supported by these loans, the NCDO may have responsibility for fulfilling all conditions and requirements of the grant agreement on behalf of the municipality.
- 22.11.1.2 Option Two** At, or before, the Completion Date of the grant agreement, and before any loan repayments have been received, the **municipal grantee may assign** all notes and security instruments to the NCDO. The grantee must ensure that its loan documents allow this transfer. As in Option One, all repayments flow directly to the NCDO. The repayments will be program income, since the loan was **originated by the municipality**. At the point when the **NCDO originates** loan(s) from the repayments of the assigned loan(s), those loan repayments will be Unrestricted Revenue.
- 22.11.1.3 Option Three** At any time after the Completion Date of the grant agreement, the **grantee may elect to assign** all notes and security agreements to the NCDO. The grantee must ensure that its loan documents allow this transfer. As in Options One and Two, all repayments flow directly to the NCDO. The repayments will be program income, since the loan was **originated by the municipality**. At the point when the **NCDO originates** loan(s) from the repayments of the **assigned** loan(s), those loan repayments will be Unrestricted Revenue.
- 22.11.2 Acceptance of Assignment** The NCDO may choose either to accept or not to accept the assignment of loans and the associated Program Income and/or Unrestricted Revenue that comprise the repayments. The NCDO may review all loan portfolios, including loan and security agreements, repayment records, and borrower financial statements prior to making a decision to accept this assignment. The NCDO may require the grantee to keep certain loans or property, or to remedy defects in loan agreements, real estate titles, and all related security documents, prior to accepting the assignment of those items. The NCDO must act upon an offer of assignment.

- 22.11.3 Agreement for Use** The grantee and NCDO shall execute an agreement upon assignment of the loan(s) and Program Income and/or Unrestricted Revenue that outlines the eligible uses for the funds and the NCDO's responsibilities in administering the funds. The agreement shall clearly state the grantee's understanding that all funds previously generated by a grant to the municipality shall be the property of the NCDO, and available to all participating municipalities in the NCDO region. Upon execution of the assignment agreement between the municipality and the NCDO, the NCDO must enter into a closeout agreement with the Agency, and the Agency will terminate the existing closeout agreement with the municipality.
- 22.11.4 Corporate Status** If the NCDO fails to maintain its certification with the Agency for any reason, then it must transfer all Program Income, Unrestricted Revenue and the loan portfolio that generates this income to another qualified NCDO. Such transfers must be approved by the Agency.
- 22.11.5 Record Keeping & Reporting** The NCDO shall follow VCDP's requirements for recording and reporting all Program Income and/or Unrestricted Revenue. In addition to any reports that are due the Agency, the NCDO shall report the following information on an annual basis by Grantees' fiscal year period to all the participating municipalities in its designated county or region:
- 22.11.5.1** the amount, purpose, and location of loans made with PI and/or UR;
  - 22.11.5.2** the terms of the loan (interest, repayment term);
  - 22.11.5.3** balance sheet for the RLF into which loan repayments are made; and
  - 22.11.5.4** administrative and management costs for the RLF for the year; these costs shall not exceed 20% of the gross receipts.
- 22.11.6 Use of Funds Relative to New Applications** Once a municipal grantee has assigned VCDP funds to an NCDO, the NCDO may not be compelled by the Agency to contribute these funds to any future project for which the municipality is seeking VCDP funding. However, the municipality is responsible for seeking funding from the NCDO if appropriate to the project.
- 22.12 CLOSEOUT AGREEMENTS**
- 22.12.1** A closeout agreement will be negotiated to establish the plan for the use of program income and/or unrestricted revenue and a management plan to ensure compliance with all the applicable rules and regulations.

- 22.12.2** The following types of closeout agreements will be executed between the Agency and the grantee or NCDO:
- 22.12.3** When the **municipal grantee** chooses to **originate** the loan and receive the loan repayments, a closeout agreement will be negotiated and executed between the Agency and the municipal grantee;
- 22.12.4** When the municipal grantee chooses to subgrant VCDP funds to an NCDO and the **NCDO originates** the loan and receives the loan repayments, a closeout agreement will be negotiated and executed between the Agency and the NCDO;
- 22.12.5** When the **municipal grantee** chooses to **originate** the loan and then **assign** the loan to an NCDO prior to the Completion Date of the grant agreement, and the NCDO receives the loan repayments, a closeout agreement will be negotiated and executed between the Agency and the NCDO; or
- 22.12.6** When the **municipal grantee** chooses to **originate** the loan and receive loan repayments after the Completion Date, and has executed a closeout agreement with the Agency, and then assigns the loan to an NCDO, a closeout agreement will be negotiated and executed between the Agency and the NCDO. The existing Closeout Agreement will then be terminated between the Agency and the municipal grantee.
- 22.13 TRACKING AND REPORTING PI AND UR**
- 22.13.1 Initial Disbursement of Funds expected to be Repaid** All Program Income and Unrestricted Revenue shall be tracked and reported annually (see annual reporting period under Definitions) to the Agency under the terms of a closeout agreement on forms provided by the Agency. When recapture provisions apply, the grantee or the NCDO shall ensure that payment is made to the Agency within 30 days from the last day of the reporting period specified in the Closeout Agreement.
- 22.13.2 Re-Use of Funds Prior to Grant Closeout** Program Income and/or Unrestricted received by the grantee or NCDO prior to the completion date of a VCDP grant agreement must be placed in a separate interest-bearing account and held until after the execution of a Closeout Agreement with the Agency.

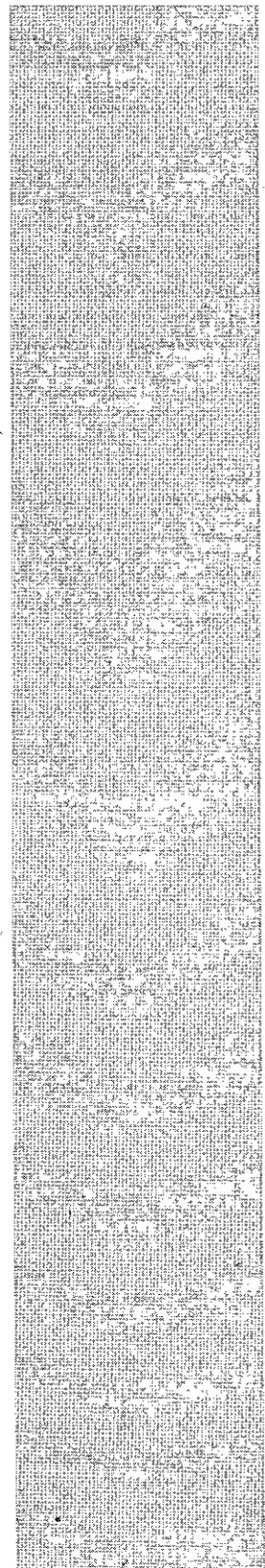
## **Chapter 23 – Revolving Loan Fund**

### **23.0 PURPOSE OF CHAPTER**

- 23.0.1** This Chapter establishes the requirements that grantees must follow when choosing the option of establishing a Revolving Fund under the Program Income Procedures. See Chapter 22, Program Income of the *Agency Procedures*.
- 23.0.2** A Revolving Fund contains repayments of principal and interest of loans made under the VCDP. A Revolving Fund cannot be directly capitalized with grant funds. That is, unobligated funds cannot be requisitioned and deposited into the fund. As loans are made, funds to cover them are requisitioned. Then as the repayments come back, these can be deposited in the Revolving Fund account.
- 23.0.3** The Revolving Fund has to be established to accomplish specific purposes, set forth and covered by provisions in a Grant Agreement or Closeout Agreement. Changes in the purpose would require amending the Closeout Agreement.
- 23.0.4** A Revolving Fund would have to be active. Repayments cannot be deposited and allowed to accumulate beyond a level sufficient to meet the intent of the Revolving Fund.
- 23.0.5** The Revolving Fund must meet the all the criteria listed in this Section.
- 23.0.5.1** It must be authorized by the legislative body of the grantee municipality(s), or by the board of the nonprofit community development organization (NCDO).
- 23.0.5.2** It must be agreed to by the Agency and covered by provisions of a Grant Agreement or Closeout Agreement.
- 23.0.5.3** A separate interest-bearing bank account must be set up specifically for the Revolving Fund.
- 23.0.5.4** A statement of policies must be adopted covering the operation of the Revolving Fund; conditions of loans, rates of interest, loan security, means of collection, etc. and shall be filed with the Agency, including any amendments or revisions.
- 23.0.5.5** There must be a managing entity; loan review committee, a bank to service the loans, or the like, if the managing entity does not directly service the loans.
- 23.0.5.5.1** VCDP grant funds in a revolving loan fund where the average annual disbursement, excluding any amount expended for Administrative and Management Costs, does not exceed twenty-five percent (25%) of the total balance over a three-year period.

**23.1 EFFECTIVE DATE**

**23.1.1** These *Agency Procedures* apply to all activities under VCDP grant agreements fully executed on or after July 1, 1998. Grantees may continue to apply the *Agency Procedures* in effect on June 30, 1998 to activities pursuant to grant agreements executed before July 1, 1998, or may elect to apply these *Agency Procedures*. Such an election must apply to all *Agency Procedures*.



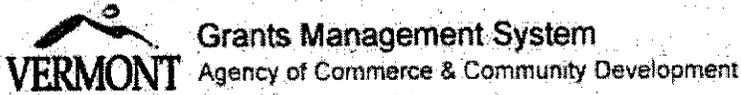
# Appendix C

## Current Process and Reporting Forms for VCDP RLF Funds

## Samples of Grant Management System Forms

(notes by DEHCD staff members)

\* 2 Examples of process for checking CDB6-RLF Balance as part of current CDB6 Grant Application Review.



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Please enter your comments about the Certification of Program Income/Unrestricted Revenue Available.					
<input type="checkbox"/>	Josh Hanford	Nov 18, 2009 09:14 AM		<input checked="" type="checkbox"/>	
<input type="checkbox"/>	Carl Bohlen	Apr 28, 2009 04:17 PM	Active	<input checked="" type="checkbox"/>	This form was not updated from Nov to March, but due to workload, I am not going to raise as an issue.
<input type="checkbox"/>	Carl Bohlen	Dec 14, 2008 09:04 PM	Active	<input checked="" type="checkbox"/>	Determine if RLF is considered inactive under the definition
<input type="checkbox"/>	Carl Bohlen	Dec 14, 2008 08:57 PM	Active	<input checked="" type="checkbox"/>	The Village is not using any of the RLF funds and this form states that repayments are to be used for Village infrastructure. Should we pursue RLF assisting with the improvements to the end of Blake St? What does CCloseout Agreement state?

**SAVE COMMENTS**

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**Created By:** Demetrowitz, Ms. Amy on 11/3/2008 4:08:25 PM  
**Last Modified By:** Paradis, Lynn on 11/4/2008 11:10:00 AM

**CERTIFICATION OF PROGRAM INCOME/UNRESTRICTED REVENUE AVAILABLE**

Does your community currently have a revolving loan fund funded by previous VCDP or HUD-directed grants?  Yes  No

Note: If no then completing remainder of the form is not required.

Municipality

Reporting Date  (mm/dd/yyyy)

Check appropriate box

- Applicant
- Lead Applicant (consortium)
- Participating Applicant (consortium)
- NCDO/RLF Name

**Income/Revenue Generated From VCDP or HUD Funded Grants**

2

**Schedule 1 Establishment of the Current Cash Balance**

	Third Previous Fiscal Year	Second Previous Fiscal Year	First Previous Fiscal Year	Current Fiscal Year
(yyyy)	2005	2006	2007	2008
Opening balance	\$19,939	\$26,364	\$28,129	\$27,734
Plus total receipts during fiscal year	\$6,425	\$7,765	\$6,805	\$7,497
Less total outlay during fiscal year	\$0	\$6,000	\$7,200	\$1,200
Ending balance	\$26,364	\$28,129	\$27,734	
Current balance as of 11/4/2008 (mm/dd/yyyy)				\$34,031

**Schedule 2 Establishment of the amount of Current Cash Balance that is Obligated (A legally committed liability to a third party through a purchase order, executed contract or a loan commitment letter; but not funds reserved or designated for a specific purpose)**

Explanation of Obligation

Amount Obligated

**Determination of what should be considered for use in this application**

Current balance from Schedule 1	\$34,031
Less total of all Obligation from Schedule 2	\$0
Equals the amount potentially available	\$34,031
Amount of this that is committed to the proposed project	<input type="text" value="\$0"/>

Describe how the funds were used during the past three years. Give the purpose and amounts for each loan or grant.

Describe the process used to "Obligate" in Schedule 1 from the amounts listed in Schedule 2. Include a copy of loan policies that govern the expenditure of revolving loan funds.

Explain what loan payments are expected during the term of the proposed project(s), whether there will be balloon payments or other receipts of funds.

Indicate whether or not there has been any consideration given to selling the loan portfolio on the secondary market. If so, when would that happen?



No.

Provide an explanation of any portion of the amount potentially available that is not being committed to the proposed project(s).

The closeout agreement anticipates the funds being used for Village infrastructure improvements.

SAVE

ADD

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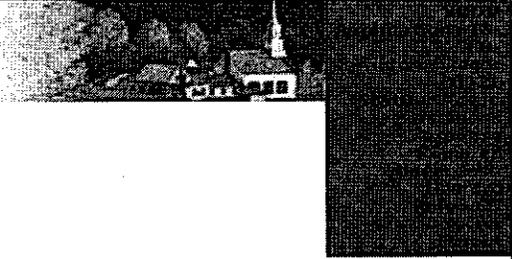
ADD NOTE

102188

4



Grants Management System  
Agency of Commerce & Community Development



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<input type="checkbox"/>	Josh Hanford	Nov 18, 2009 09:56 AM		<input checked="" type="checkbox"/>	

Please enter your comments about the Project Need.

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**Created By:** Bohlen, Carl on 1/13/2009 10:26:03 AM  
**Last Modified By:** Bohlen, Carl on 5/26/2009 4:08:37 PM  
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**PROJECT NEED**

Project Need Sub-criteria	Issues	No Issues	N/A
Documentation of project need	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Comments			
Appropriateness of solution	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Comments			
Appropriateness of funding sources	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Comments			



5

The Village has \$34,031 in its Revolving Loan Fund (RLF) created by prior VCDP and/or HUD grants. Effective July 1, 2008 the VCDP under the Consolidated Plan requires that applicants with a VCDP (RLF) that is inactive as defined by Agency Procedures, must provide 10% of the RLF balance to the project's funding. The Village RLF is inactive and therefore \$3,400 needs to be brought into the project as a source of funds. The VCDP request will be reduced \$3,400 and if the application is

Project Need Sub-criteria	Issues	No Issues	N/A
Addressing Con Plan priorities <ul style="list-style-type: none"> <li>Housing: perpetual affordability</li> <li>Housing: downtown vs sprawl</li> </ul>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Comments			

Project Need Sub-criteria	Issues	No Issues	N/A
Addressing priorities in local plan	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Comments			

Project Need Sub-criteria	Issues	No Issues	N/A
Addressing priorities in regional plan	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Comments			

Project Need Sub-criteria	Issues	No Issues	N/A
Addressing health/safety risks to beneficiaries	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Comments			

**Timing Pressures - if any, will be taken into consideration but not rated.**

**Timing Pressures:**

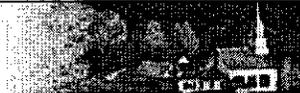
There are timing pressures if the buyer is unwilling to amend the Purchase and Sales Agreement again to identify a closing date later than June 1, 2009.

**RELATED PAGES**

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Agency of Commerce & Community Development



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**VCDP PROJECT BUDGET AND OTHER RESOURCES**

**EXECUTE QUERY** Results Per Page: 20 Sort By: Export Results to: **Excel**  
 ASC **EXPORT**

Application Number	Municipality	Title
IG-III-2008-Swanton Village-00021	Village of Swanton	Project Budget and Other Resources
1		

Other Resources	Type	Amount	Status
Bank Financing (BANK)	Loan	\$90,000	Pending
Efficiency Vermont (EVT)	Loan	\$12,000	Pending
HOME Investments Partnerships (HOME)	Loan	\$290,000	Pending
Low Income Housing Tax Credit (LIHTC)	Equity	\$2,600,612	Committed
Municipal Contribution (MUNI)	Loan	\$3,500	Committed
Vermont Housing & Conservation Board (VHCB)	Loan	\$400,000	Pending
Housing & Conservation Board - Feasibility (VHCB-F)	Loan	\$10,000	In-Hand



Code	Program Area	Activity	VCDP Amount	HOME	VHCB	LIHTC	EVT	BANK	MUNI	Other	VHCB-F	Total Activity Costs
3001	Housing	Acquisition - Real Property	\$0		\$320,000						\$6,300	\$326,300
3013	Housing	Program Management	\$0		\$80,000	\$869,804				\$0	\$3,700	\$953,504
3021	Housing	New Construction	\$336,500	\$290,000		\$1,730,808	\$12,000	\$90,000	\$3,500			\$2,462,808
5013	Housing	General Administration	\$10,000									\$10,000
		<b>Total Costs</b>	<b>\$346,500</b>	<b>\$290,000</b>	<b>\$400,000</b>	<b>\$2,600,612</b>	<b>\$12,000</b>	<b>\$90,000</b>	<b>\$3,500</b>	<b>\$0</b>	<b>\$10,000</b>	<b>\$3,752,612</b>
		<b>Percentage of Total</b>	<b>9%</b>	<b>8%</b>	<b>11%</b>	<b>69%</b>	<b>0%</b>	<b>2%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	

7



# Swanton Village, Vermont

Incorporated  
in 1888

PO Box 279 • 120 First Street, Swanton, Vermont 05488

Website: [www.swanton.net](http://www.swanton.net)  
(802) 868-3397 • Fax: 868-3930

Amy Demetrowitz  
13 Lake Street  
St. Albans, VT 05478

RE: \$3500.00 Revolving Loan Fund Request

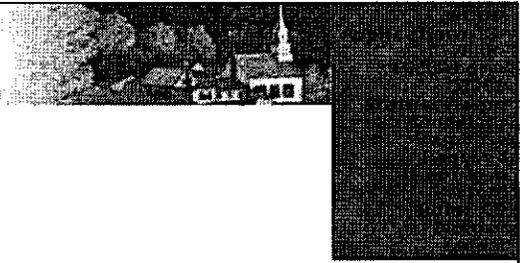
Dear Amy

Please be advised that the Swanton Village Board of Trustees met last night and ratified and confirmed the \$3500.00 loan to Champlain Housing Trust. They made a motion to go ahead with this loan request and keep with the amortization schedule showing monthly payments of \$66.05 on the first of each month to begin at the completion of construction.

If you have any further questions please contact me at [dianneday@swanton.net](mailto:dianneday@swanton.net). Thank you.

Sincerely,

Dianne Day  
Swanton Village Clerk & Treasurer



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Please enter your comments about the Certification of Program Income/Unrestricted Revenue Available.					
<input type="checkbox"/>	Josh Hanford	Nov 18, 2009 09:26 AM		<input checked="" type="checkbox"/>	
<input type="checkbox"/>	Lisa Ryan	Dec 02, 2008 02:28 PM	Active	<input checked="" type="checkbox"/>	It looks like the only use of this fund for the past three years has been repaying the state. Does that count as activity?

**SAVE COMMENTS**

SAVE ADD DELETE VIEW PDF ADD NOTE

**Created By:** Martin, Peg on 10/24/2008 11:23:31 AM  
**Last Modified By:** Martin, Peg on 11/4/2008 2:44:06 PM

**CERTIFICATION OF PROGRAM INCOME/UNRESTRICTED REVENUE AVAILABLE**

Does your community currently have a revolving loan fund funded by previous VCDP or HUD-directed grants?  Yes  No

Note: If no then completing remainder of the form is not required.

Municipality

Reporting Date  (mm/dd/yyyy)

- Check appropriate box
- Applicant
  - Lead Applicant (consortium)
  - Participating Applicant (consortium)
  - NCDO/RLF Name

**Income/Revenue Generated From VCDP or HUD Funded Grants**

**Schedule 1** Establishment of the Current Cash Balance

	Third Previous Fiscal Year	Second Previous Fiscal Year	First Previous Fiscal Year	Current Fiscal Year
(yyyy)	2006	2007	2008	2009
Opening balance	\$56,799	\$33,095	\$40,137	\$47,179
Plus total receipts during fiscal year	\$4,695	\$14,084	\$14,084	\$4,695
Less total outlay during fiscal year	\$28,399	\$7,042	\$7,042	\$0

9

Ending balance	\$33,095	\$40,137	\$47,179
Current balance as of 10/29/2008 (mm/dd/yyyy)			\$51,874

**Schedule 2** Establishment of the amount of Current Cash Balance that is Obligated (A legally committed liability to a third party through a purchase order, executed contract or a loan commitment letter; but not funds reserved or designated for a specific purpose)

Explanation of Obligation

Amount Obligated

**Determination of what should be considered for use in this application**

Current balance from Schedule 1	\$51,874
Less total of all Obligation from Schedule 2	\$0
Equals the amount potentially available	\$51,874
Amount of this that is committed to the proposed project	<del>\$0</del>

Describe how the funds were used during the past three years. Give the purpose and amounts for each loan or grant.

FY 06 - \$28,399  
 FY 07 - 7,042  
 FY 08 - 7,042

Repayment to State of Vermont

Describe the process used to "Obligate" in Schedule 1 from the amounts listed in Schedule 2. Include a copy of loan policies that govern the expenditure of revolving loan funds.

The policy of the Town of Middlebury is to use its RLF for "loan activities involving affordable housing, small business development and infrastructure improvements to support community and economic development."

Explain what loan payments are expected during the term of the proposed project(s), whether there will be balloon payments or other receipts of funds.

There will be no loan payments, balloon payments or other fund receipts from this project.

Indicate whether or not there has been any consideration given to selling the loan portfolio on the secondary market. If so, when would that happen?

There has been no consideration given to selling the loan portfolio on the secondary market.

Provide an explanation of any portion of the amount potentially available that is not being committed to the proposed project(s).

10

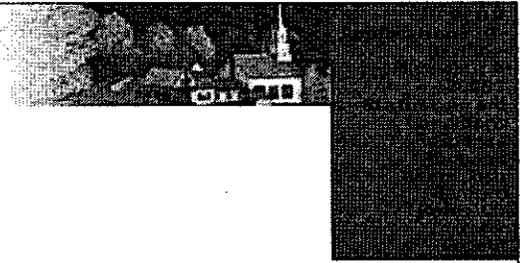
As described earlier in this application, the policy of the Town of Middlebury is to use its RLF for "loan activities involving affordable housing, small business development and infrastructure improvements to support community and economic development."



<input type="button" value="SAVE"/>	<input type="button" value="ADD"/>	<input type="button" value="DELETE"/>	<input type="button" value="VIEW PDF"/>	<input type="button" value="ADD NOTE"/>
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<input type="checkbox"/>	Josh Hanford	Nov 18, 2009 09:57 AM		<input checked="" type="checkbox"/>	

Please enter your comments about the Project Need.

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**Created By:** Ryan, Lisa on 12/12/2008 4:09:58 PM  
**Last Modified By:** Ryan, Lisa on 1/26/2009 2:52:44 PM  
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**PROJECT NEED**

Project Need Sub-criteria	Issues	No Issues	N/A
Documentation of project need	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Comments			
Appropriateness of solution	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Comments Since the time of application, Addison County Dental Care has decided not to renew the lease on the space it is currently renting and to move to a more central location in Downtown Middlebury. Staff raised several issues with the previously planned office located at 29 Court Street. The space needed significant renovation in order to function as a dental office and there were no guarantees from the landlord that those renovations would be completed in the timeframe suggested in the			
Appropriateness of funding sources	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Comments			



12

The town has a small revolving loan fund that does not meet the definition of active according to agency policy. As recommended in the current consolidated plan, the Agency will require that the town contribute 10% of the balance on hand toward this project. Realizing that the town will be making a payment to the state, the 10% will be based on the balance remaining after the January payment.

Project Need Sub-criteria	Issues	No Issues	N/A
Addressing Con Plan priorities <ul style="list-style-type: none"> <li>Housing: perpetual affordability</li> <li>Housing: downtown vs sprawl</li> </ul>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Comments			

Project Need Sub-criteria	Issues	No Issues	N/A
Addressing priorities in local plan	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Comments			

Project Need Sub-criteria	Issues	No Issues	N/A
Addressing priorities in regional plan	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Comments			

Project Need Sub-criteria	Issues	No Issues	N/A
Addressing health/safety risks to beneficiaries	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Comments			
Addison County Dental Center has the mission to provide services for people who are very low and moderate income and to increase access to dental services in Addison and Northern Rutland County. They have worked closely with the Rockingham Dental Access Project to model a program that will serve children, elders, and people with disabilities and to remove barriers that make receiving dental care a challenge for these groups.			

**Timing Pressures - if any, will be taken into consideration but not rated.**

**Timing Pressures:**

Addison County Dental Center has raised significant funds toward establishing the Dental Clinic. The commitments of these funds were made with the understanding that the clinic would be in operation by late spring/early summer of 2009.

ACDC has also worked to recruit a dentist and has an interim contract with Dr. Mauro. ACDC sites

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Please enter your comments about the Recommended Award Conditions.					
<input type="checkbox"/>	Josh Hanford	Nov 18, 2009 09:47 AM		<input checked="" type="checkbox"/>	
<input type="checkbox"/>	Lisa Ryan	Nov 18, 2009 09:46 AM	Active	<input checked="" type="checkbox"/>	The Town of Middlbury will contribute 10% of municipal RLF balance to this project to comply with VCDP requirement regarding inactive RLF.

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Award Condition

If Other, Specify Award

Received

Date Received

Comments

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Please enter your comments about Certification of Program Income/Unrestricted Revenue Available.					
<input type="checkbox"/>	Josh Hanford	Nov 18, 2009 09:52 AM		<input checked="" type="checkbox"/>	
<input type="checkbox"/>	Carl Bohlen	Aug 25, 2009 12:59 PM	Active	<input checked="" type="checkbox"/>	Village is not technically an applicant so must decide how to handle the RLF inactivity. Is the RLF actually CD originated, as I don't see an award that would generate repayments? Is it inactive under the definition?
<input type="checkbox"/>	Carl Bohlen	Aug 25, 2009 12:58 PM	Active	<input checked="" type="checkbox"/>	Get more info on the payback of the 2007 loan.
<input type="checkbox"/>	Carl Bohlen	Aug 25, 2009 12:57 PM	Active	<input checked="" type="checkbox"/>	check with GMS. Form shows RLF funds, but they checked No on the form saying no income from VCDP was been generated.

**SAVE COMMENTS**

SAVE ADD DELETE VIEW PDF ADD NOTE

**Created By:** Kilvadyova, Ms. Lea on 7/2/2009 10:15:06 AM  
**Last Modified By:** Kilvadyova, Ms. Lea on 7/28/2009 12:17:40 PM

**CERTIFICATION OF PROGRAM INCOME/UNRESTRICTED REVENUE AVAILABLE**

Does your community currently have a revolving loan fund funded by previous VCDP or HUD-directed grants?  Yes  No  
Note: If no then completing remainder of the form is not required.

Municipality

Reporting Date  (mm/dd/yyyy)

Check appropriate box

- Applicant
- Lead Applicant (consortium)
- Participating Applicant (consortium)
- NCDO/RLF Name

**Income/Revenue Generated From VCDP or HUD Funded Grants**

**Schedule 1** Establishment of the Current Cash Balance



15

	Third Previous Fiscal Year	Second Previous Fiscal Year	First Previous Fiscal Year	Current Fiscal Year
(yyyy)	2006	2007	2008	2009
Opening balance	\$152,657	\$161,667	\$142,174	\$168,359
Plus total receipts during fiscal year	\$9,034	\$10,549	\$26,254	\$5,342
Less total outlay during fiscal year	\$24	\$30,042	\$69	\$36
Ending balance	\$161,667	\$142,174	\$168,359	\$173,665
Current balance as of (mm/dd/yyyy)				\$173,665

**Schedule 2** Establishment of the amount of Current Cash Balance that is Obligated (A legally committed liability to a third party through a purchase order, executed contract or a loan commitment letter; but not funds reserved or designated for a specific purpose)

Explanation of Obligation

Amount Obligated

**Determination of what should be considered for use in this application**

Current balance from Schedule 1	\$173,665
Less total of all Obligation from Schedule 2	\$0
Equals the amount potentially available	\$173,665
Amount of this that is committed to the proposed project	\$0

Describe how the funds were used during the past three years. Give the purpose and amounts for each loan or grant.

In 2007, the Village made a loan of \$30,000 for correction of code violation and an installation of energy efficiencies to the building that was owner occupied.

Describe the process used to "Obligate" in Schedule 1 from the amounts listed in Schedule 2. Include a copy of loan policies that govern the expenditure of revolving loan funds.

Applicants submit proposals to the Village Board of Trustees. The Board reviews the application and makes a decision.

Explain what loan payments are expected during the term of the proposed project(s), whether there will be balloon payments or other receipts of funds.

The 2007 loan is in the process of being paid back.

Indicate whether or not there has been any consideration given to selling the loan portfolio on the secondary market. If so, when would that happen?

16

No.

Provide an explanation of any portion of the amount potentially available that is not being committed to the proposed project(s).

1. The Village of Johnson is in the process of revising the guidelines of the loan fund. The revision process has been initiated with the goal of making the loan fund more accessible to local businesses. We are hoping that the revised guidelines will encourage more applications from the businesses and increase the fund's activity.

SAVE

ADD

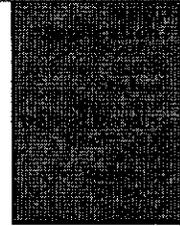
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17



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**REVIEW**

[View All Comments](#)

Delete	Reviewer	Date	Answer	Internal Only	Comments
Please enter your comments about Staff Analysis Project Need.					
<input type="checkbox"/>	Josh Hanford	Nov 18, 2009 09:53 AM		<input checked="" type="checkbox"/>	

**SAVE COMMENTS**

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**Created By:** Bohlen, Carl on 9/4/2009 8:30:48 AM  
**Last Modified By:** Bohlen, Carl on 9/24/2009 4:17:09 PM  
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**PROJECT NEED**

Project Need Sub-criteria	Issues	No Issues	N/A
Documentation of project need	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Comments			
Appropriateness of solution	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Comments			
This sub-criterion has issues for the following reasons.			
a. The project would be more competitive if there was a relationship with an experienced housing organization (such as the Lamoyille Housing Partnership or Housing Vermont) involved with the planning to bring affordable housing to the property. Input and comment on the affordable			
Appropriateness of funding sources	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Comments			



18



The Village has \$173,665 in its Revolving Loan Fund (RLF) created by a prior VCDP grant in the 1990's, and there was one \$30,000 loan from the RLF in the last 4 years. With continuing pressure on the VCDP funds in that requests far outweigh the dollars available, the Agency must ensure that there are not other options available to municipalities to undertake projects. The application would be strengthened by the Town and Village providing a convincing argument for not utilizing the RLF

Project Need Sub-criteria	Issues	No Issues	N/A
Addressing Con Plan priorities <ul style="list-style-type: none"> <li>Housing: perpetual affordability</li> <li>Housing: downtown vs sprawl</li> </ul>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Comments As noted above under Appropriateness of Solution, the project is at odds with the priority of downtown preservation. Please provide an explanation for not seeking solutions in and/or closer to the downtown area for the Town and Village.			

Project Need Sub-criteria	Issues	No Issues	N/A
Addressing priorities in local plan	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Comments			

Project Need Sub-criteria	Issues	No Issues	N/A
Addressing priorities in regional plan	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Comments			

Project Need Sub-criteria	Issues	No Issues	N/A
Addressing health/safety risks to beneficiaries	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>
Comments			

**Timing Pressures - if any, will be taken into consideration but not rated.**

**Timing Pressures:**  
 The applicant does not note any timing pressures.

- RELATED PAGES**
- [Staff Analysis Cover Page](#)
  - [Project Description](#)



State of Vermont  
Department of Housing and Community Affairs  
National Life Building, Drawer 20  
Montpelier, VT 05620-0501  
www.dhca.state.vt.us

[phone] 802-828-3211  
[Department fax] 802-828-2928  
[Historic Preservation fax] 802-828-3206

Agency of Commerce &  
Community Development

November 18, 2009

Duncan Hastings, Municipal Administrator  
Town of Johnson  
P.O. Box 383  
Johnson, Vermont 05656

RE: Town of Johnson; PG-I-2009-Johnson-00002  
VCDP Planning Grant Award

Dear Mr. Hastings:

The Community Development Board has completed its review and evaluation of the grant applications submitted for 2009 Cycle I. I regret to inform you that your proposal was not recommended for funding due to issues that make the proposal less competitive than other applications.

As you may know from the analysis, the Town is eligible to receive reimbursement of 50% of the cost of writing the grant application, and if the Town plans to reapply for this project in the future, the reimbursement can cover 50% of any additional costs related to strengthening the application. Due to financial constraints, the simplest way to provide the reimbursement is using the funds in an award. Therefore, no direct reimbursement will occur unless it is clear that the project is not going to be resubmitted for future consideration.

If the Town concludes not to pursue this project with VCDP funding and wants to receive the 50% reimbursement, please reply indicating that this project will not be resubmitted for consideration in the future along with an invoice for writing the application. The invoice can either be an accounting of the time devoted to writing the application by municipal staff or an invoice by a third party who prepared the application.

I realize the significance of this project to your community and regret that VCDP is unable to assist at this time.

Sincerely,

Kevin L. Dorn  
Secretary

KLD:CB:cmb

cc: Lea Kilvadyova, Administrator  
Josh Hanford, VCDP Director  
Carl Bohlen, CD Specialist



# Appendix D

## VCDP RLF Funds

Spreadsheets:  
VCDP Revenues, Loans,  
Expenses, Repayments

## MEMO

To: Ann K. and Josh H.  
From: Dave C.  
Date : 12 January 2010  
Subject: Information on loans and funds available on closed grants.

Attached is a report showing the loan ratio for active grantees with which the Agency has a closeout agreement. This information covers the entire period over which they have reported to the date of the last report. For some that was January 2009, for others July 2009.

The information is as follows:

- Gross PI – all of the income received since the start of the agreement
- Loans – all loans made during that period
- Assessments Paid – the total for all reported assessment.
- Admin – the total of reported administrative costs.
- Available: the amount available from which to make loans. (Gross PI-Assessment-Admin)
- BCO – the total in the bank as of the last report.
- Ratio- the percentage of the amount available used to make loans.

This report can be generated directly from the database.

On the last page are totals for the amounts. The figure of \$1,548,104.24 is the total amount in the bank for all of these grantees. It is a long ways from \$50 million.

Of note is that income from ten of the grants has never been used for loans. The one that shows “#error” is a divide-by-zero situation.

Also attached is a report for Albany. This shows the detail for that agreement. This chart can be created for all the grants but it is done in Excel and the “BCF” and “Loans over 3 Years” formula have to be hand created for each grant. It can be done but would take a while.

Summary of Revenues, loans and expenses for VCDP grantees with revolving loan funds

16-Feb-10

dac

Grand totals \$13,350,902 \$6,257,018 \$1,339,074 \$2,452,258 \$3,302,552

Municipality	Loan One	Program Income	Total Loans	Total Admin	Total Assessments	Balance on Hand
Albany	Town	27,715	2,000	2,319	9,067	14,329
Barre	Town	534,654	344,668	92,222	35,602	62,161
Barton	Town	775	0	0	897	-122
Bennington	Town	261,945	3,392	39,949	94,997	123,607
Bolton	Town	2,448	0	0	79	2,369
Brandon	Town	596,451	105,344	0	288,427	202,680
Brattleboro	Town	418,021	72,329	764	166,160	178,769
Cambridge	Town	43,019	0	3,910	28,062	11,047
Canaan	Town	1,218,181	1,071,681	7,864	0	138,636
Cavendish	Town	22,811	0	3,755	6,328	12,728
CCDC	NCDO	292,763	104,095	15,837	0	172,831
CCV	NCDO	585,401	266,138	78,187	7,626	233,450
CHT	NCDO	357,471	101,762	49,975	0	205,734
Colchester	Town	414,987	85,000	42,619	55,096	232,272
Derby	Town	100,786	32,314	19,919	20,101	28,452
East Montpelier	Town	173,197	0	32,506	32,503	108,188
Enosburg	Town	1,757	0	137	126	1,494
GHT	NCDO	462,817	330,797	38,873	0	93,148
Guilford	Town	36,975	23,750	0	3,774	9,452
Hinesburg	Town	4,829	0	966	3,274	589
Hubbardton	Town	15,320	0	0	0	15,320
Huntington	Town	55,392	0	0	21,868	33,524
Jay	Town	272,170	45,000	0	109,843	117,326
Ludlow	Town	3,618	3,256	0	362	0
Middlebury	Town	84,967	0	0	35,441	49,526
Montgomery	Town	11,275	0	0	4,214	7,060
Montpelier	City	341,391	146,500	5,077	96,915	92,899
Newfane	Town	180,546	54,866	2,652	14,114	108,914
Pittsford	Town	60,289	0	9,146	10,515	40,628
Proctor	Town	60,591	36,600	9,905	8,278	5,808
Putney	Town	118,049	0	0	4,953	113,096
Randolph	Town	1,303,034	913,129	194,253	135,946	59,706
Rutland	City	287,120	197,067	39,719	37,556	12,778
RWNHS	NCDO	808,617	531,648	176,078	0	100,891
Springfield	Town	1,129,091	519,597	24,150	342,006	243,338
St. Albans	Town	55,978	8,805	14,106	7,923	25,144
St. Johnsbury	Town	767,514	553,774	-1,417	115,406	99,751
Swanton	Town	18,000	0	0	17,950	50
Swanton	Village	42,431	0	2,400	6,000	34,031
Waterbury	Village	476,832	110,642	20,801	178,500	166,889
Weathersfield	Town	148,965	28,000	7,794	13,077	100,094
West Windsor	Town	342,676	164,699	2,535	111,627	63,815
Williston	Town	15,692	6,830	35	3,152	5,675
Windsor	Town	512,264	363,336	9,558	164,894	-25,523
Winooski	City	682,079	30,000	392,479	259,600	0

Municipality		amount granted for loans	Program Income	Loans from Program	Total Admin	Total of Assessment Checks	Balance on Hand
CCDC	NCDO	292,763	104,095	15,837	0	172,831	
CCV	NCDO	585,401	266,138	78,187	7,626	233,450	
CHT	NCDO	357,471	101,762	49,975	0	205,734	
GHT	NCDO		462,817	330,797	38,873	0	93,148
RWNHS	NCDO		808,617	531,648	176,078	0	100,891

Summary for VCDP grantees with revolving loan funds that have received repayments

From the beginning of VCDP through the last reports

16-Feb-10

dac

\$29,020,482

\$10,725,808

\$4,913,773

\$956,734

\$2,479,626

\$2,375,675

Municipality		Total amount granted for loans	Program Income	Total Loans from Program Income	Total Admin	Total of Assessment Checks	Balance on Hand
Albany	Town	87,900	27,715	2,000	2,319	9,060	14,336.8
Barre	Town	308,300	534,654	344,668	92,222	35,602	62,161.2
Barton	Town	397	775	0	0	897	-122.4
Bennington	Town	1,298,340	261,945	3,392	39,949	111,781	106,822.9
Bolton	Town	791,000	2,448	0	0	0	2,448.0
Brandon	Town	1,652,800	596,451	105,344	0	288,478	202,629.1
Brattleboro	Town	2,600,633	418,021	72,329	764	183,716	161,212.2
Cambridge	Town	561,910	43,019	0	3,910	29,241	9,868.0
Canaan	Town	735,000	1,218,181	1,071,681	7,864	0	138,635.5
Cavendish	Town	290,000	22,811	0	3,755	7,602	11,453.5
Colchester	Town	460,000	414,987	85,000	42,619	55,096	232,271.8
Derby	Town	494,699	100,786	32,314	19,919	20,101	28,452.4
East Montpelier	Town	536,900	173,197	0	32,506	40,560	100,130.6
Guilford	Town	18,868	36,975	23,750	0	3,774	9,451.7
Hinesburg	Town	45,430	4,829	0	966	3,274	589.0
Hubbardton	Town	247,400	15,320	0	0	0	15,319.5
Huntington	Town	383,810	55,392	0	0	27,696	27,695.9
Jay	Town	1,464,000	272,170	45,000	0	136,085	91,084.9
Ludlow	Town	40,000	3,618	3,256	0	0	362.0
Middlebury	Town	2,094,000	84,967	0	0	42,483	42,483.5
Montgomery	Town	22,683	11,275	0	0	4,214	7,060.4
Montpelier	City	1,843,900	341,391	146,500	5,077	96,915	92,899.3
Newfane	Town	246,500	180,546	54,866	2,652	14,114	108,913.8
Proctor	Town	168,000	60,591	36,600	9,905	8,278	5,808.3
Putney	Town	155,765	118,049	0	0	4,953	113,095.6
Randolph	Town	1,615,300	1,303,034	913,129	194,253	87,542	108,109.6
Rutland	City	1,735,100	287,120	197,067	39,719	9,942	40,392.0
Springfield	Town	1,878,647	1,129,091	519,597	24,150	373,481	211,863.0
St. Johnsbury	Town	2,004,500	767,514	553,774	(1,417)	115,394	99,763.0
Swanton	Town	200,000	18,000	0	0	17,950	50.0
Swanton	Village	400,000	42,431	0	2,400	7,200	32,830.6
Waterbury	Village	357,000	476,832	110,642	20,801	178,500	166,889.1
Weathersfield	Town	225,500	148,965	28,000	7,794	13,077	100,093.7
West Windsor	Town	240,000	342,676	164,699	2,535	112,469	62,972.0
Williston	Town	944,000	15,692	6,830	35	3,152	5,675.2
Windsor	Town	853,000	512,264	363,336	9,558	177,398	-38,026.7
Winooski	City	2,019,200	682,079	30,000	392,479	259,600	0.0