COMMUNITY & ECONOMIC DEVELOPMENT OFFICE

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MEMORANDUM

TO:	Housing Trust Fund Administrative Committee
FROM:	Todd Rawlings, Assistant Director, Grants & Finance
	Community & Economic Development Office (CEDO)
DATE:	September 29, 2022
RE:	Proposed Changes to Housing Trust Fund Allocation Process

Background

7050During 2016 and 2017, CEDO staff led a process to improve the allocation process for Housing Trust Fund (HTF) awards. The changes were motivated by a desire to ensure that a) applications met the requirements of City Council resolutions and guidance from the pertinent Council committee and b) award decisions were transparent, defensible, and tied to City priorities. This process, which involved an eligibility threshold analysis and a detailed scoring rubric involving 14 questions, was approved by the HTF Administrative Committee (HTFAC) and the City Council Community Development & Neighborhood Revitalization Committee. The approved process was instituted in FY17 allocation cycle.

Reevaluation of Allocation Process

In 2021, the HTFAC and CEDO staff expressed interest in reevaluating and improving this process for the following reasons:

- To prioritize (in this order, highest to lowest): the creation of new permanently affordable housing, preservation of existing permanently affordable housing, and the maintenance of permanently affordable housing.
- Reduce the burden on HTFAC members to score 10-14 applications in 14 categories per application
- The lack of clear correlation between scoring and award decisions. An analysis of the relationship between scoring and funding found:
  - For the 2018 program year, two projects rated in the top five that were not funded by the committee, both with a total score of 118. Instead the committee chose to fund projects with total scores of 110, 108, 99, and 96 respectively.
  - For 2019, the highest scoring project was not fully funded, while the rest of the projects were fully funded.
  - For 2021, a number of projects did not receive full funding, but the 3rd highest scoring project only received 32% of its total application amount.
- Rather than solely rely on application scoring, HTFAC members wish to use their judgment and discretion when making HTF award decisions.

Proposed Changes

Based on the above, CEDO's recommendations are as follows:

1) Shift application scoring from HTFAC members to CEDO staff. In this scenario, CEDO staff would review and score the project and capacity applications and prepare a recommendation memo to the HTFAC for consideration in making final allocation decisions. If adopted, this would relieve the HTFAC from a significant and time consuming task.

2) Adopt revised project and capacity scoring sheets and guidance to reflect a focus on the creation of new affordable housing (as opposed to repair or maintenance of existing affordable housing). The attached proposed revised project scoring sheet adds triple and double weighted scoring for creation of new affordable housing and preservation of existing permanently affordable housing (respectively) and reduces the number of scoring categories from 14 to 12. CEDO also proposes one small change to the scoring value in the capacity scoring, increasing the maximum amount of points for capacity projects for organizations that create new affordable housing from 5 to 10. Again, the guiding policy for use of HTF funding is to encourage the creation of new affordable housing and preservation of existing affordable housing – with the latter involving comprehensive re-capitalization of existing properties rather than defraying the of maintenance and repairs. The best analogy here is that new development and major capital improvements are the priority as opposed to routine maintenance.

The changes above are reflected in the attached draft project & capacity scoring and criteria documents.

It is hoped that these changes will align scoring with the expressed priority for the creation of new affordable housing and help make this process much less time consuming for HTFAC members.

City of Burlington Housing Trust Fund (HTF) Application Scoring Form -- Capacity Grants

Capacity Project Name:

Project Agency:

Evaluator Name:

Date:

Amount requested:	

Housing Trust Fund Allocation Available for Capacity and Project Application for this Fiscal Year		
Maximum amount which can be allocated for capacity grants (35% of allocation if Administration is 15% of allocation)***		

Requirements Per Ordinance	Yes	No
Is the applicant a 501(c)(3) tax-exempt, nonprofit corporation organized and operated for the purpose of creating or preserving housing for very low, low and moderate income households?*		
Would the requested grant support the staffing, training, planning, fundraising or on-going operations of a nonprofit corporation, thereby increasing that corporation's capacity to create or preserve housing for very low, low and moderate income households?*		

<div align="center">If the answer is "No" to either of the above, the application is not eligible for a Housing Trust Fund award</div>

	Yes	No
Is the applicant a corporation, partnership or individual who is delinquent, at the time of application, in the payment of property taxes or impact fees to the City of Burlington, who have been convicted of arson, who have been convicted of discrimination in the sale or lease of housing under article IV of this chapter or under the fair housing laws of the State of Vermont, or who have pending violations of current city electrical, plumbing, building or housing codes or zoning ordinances?*		

<div align="center">If the answer is "Yes" to the above, the application is not eligible for a Housing Trust Fund award</div>

Priorities Per Ordinance/Committee Action/Other Factors (not listed in order of importance)	Max Points	Points Awarded	
The application supports a nonprofit's ongoing operations (priority)(yes= 5 points; no = 0 points)**	5		
The application supports the assessment of structural and financial feasibility of new affordable housing (priority)(yes= 5 points; no = 0 points)**	5		
The organization is currently involved in the construction of new affordable housing (priority)(yes= 10 points; no = 0 points)**	10		Maximum points were 5 in previous years
The application supports one or more of the priorities listed in the City's Housing Action Plan	5		
The application supports one or more of the priorities listed in the City's Consolidated Plan	5		
Financial need of the requested activity	5		
The request clearly articulates how the Housing Trust Funds will be used	5		
The negative impact to the community if the request is not funded	5		
The proposed project supports an underserved and vulnerable population	5		
Total	50	0	

Evaluator Comments:

*Housing Trust Fund Ordinance Requirement (dated July, 1988)

**Requirements for applications per the Aldermanic Community Development Committee (dated September 20, 1989)

***City Council Resolution Requirement (dated September 3, 2002)

****Applicant checked for tax delinquencies with the Clerk/Treasurer's Office

City of Burlington Housing Trust Fund (HTF) Application
Capacity Grants
Scoring Criteria
FY23

Factor #1:   "The application supports a nonprofit's ongoing operations (priority) (Yes= 5 points; No = 0 points)"

Scoring Guidance: Self-explanatory

Factor #2:   "The application supports the assessment of structural and financial feasibility of new affordable housing (priority) (Yes= 5-10 points; No = 0 points)"

Scoring Guidance: Self-explanatory

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Factor #3:   "The organization is currently involved in the construction of new affordable housing (priority) (Yes= 10 points; No = 0 points)"

Scoring Guidance: Self-explanatory

Factor #4:   "The application supports one or more of the priorities listed in the City's Housing Action Plan"

Scoring Guidance:
0   Does not support plan priorities/incomplete information
1-2   Indirect support of 1 priority
3-4   Direct support of 1-2 priorities
5   Direct support of more than 2 priorities.

Factor #5:   "The application supports one or more of the priorities listed in the City's Consolidated Plan"

Scoring Guidance:
0   Does not support plan priorities/incomplete information
1-2   Indirect support of 1 priority
3-4   Direct support of 1-2 priorities
5   Direct support of more than 2 priorities.

Factor #6:   "Financial need of the requested activity" (suggestion: look at project budget, return on investment, and leverage)

Scoring Guidance:
0   Application does not demonstrate financial need/incomplete information
1-2   Application demonstrates some financial need
3-4   Application demonstrates moderate financial need
5   Application demonstrates high financial need

Factor #7:   "The Request clearly articulates how the Housing Trust Funds will be used."

Scoring Guidance:
0   Request does not articulate how funds will be used
1-2   Request provides some detail about how funds would be used
3-4   Request provides moderate detail about how funds would be used
5   Request provides very clear detail about how funds would be used

Factor #8:   "The negative impact to the community if the request is not funded"

Scoring Guidance:

0	No negative impact if not funded/incomplete information
1-2	Some negative impact if not funded
3-4	Moderate negative impact if not funded
5	High negative impact if not funded

Factor #9:   "The proposed project supports an underserved and vulnerable population"

Scoring Guidance:

0	Does not support underserved and vulnerable population/incomplete information
1-2	Serves somewhat underserved and vulnerable population
3-4	Serves moderately underserved and vulnerable population
5	Serves severely underserved and vulnerable population.

City of Burlington Housing Trust Fund (HTF) Application Scoring Form -- Project Awards

Project Name:
Project Agency:
Evaluator Name:
Date:

Amount requested:	

Minimum FY22 Housing Trust Fund Allocation for Project Applications	
Minimum amount which must be allocated for **projects** serving 80% of AMI*	
Minimum amount which must be allocated for **projects** serving 50% of AMI**	

Priorities Per Ordinance/Resolution/Committee Action	Max Points	Points Awarded
Will the proposed housing project be perpetually affordable? (first priority) (Yes= 5 points; No = 0 points)*	5	
Will the proposed housing project be affordable for 10-40 years? (second priority) (Yes= 1 point; No= 0 points)*	1	
Will the project serve households at or below 80% of AMI? (*No less than 33% of the annual disbursement of gifts, grants, or loans shall go to project grants that directly benefit "low income" households...")**	5	
In addition to the above, will the project serve households at or below 50% of AMI? (**"... [n]o less than 17% of the annual disbursement of gifts, grants, or loans shall go to projects that directly benefit 'very low income' households [at or below 50% of AMI]...")**	5	
Has the City already demonstrated its interest and support through the investment of CDBG funds, the provision of technical assistance, and/or acquisition of site control for the proposed housing project? (priority) (Yes= 5 points; No = 0 points)***	5	

Other Factors (not listed in order of importance)	Max Points	Points Awarded	
Project creates new permanently affordable housing	15		New category
Project preserves existing permanently affordable housing (typically LIHTC syndication)	10		New category
The proposed project supports an underserved and vulnerable population	5		Existing category
Experience of the applicant organization's development team	5		Existing category
The application supports one or more of the priorities listed in the City's Housing Action Plan	5		Existing category
The application supports one or more of the priorities listed in the City's Consolidated Plan	5		Existing category
Cost effectiveness of the project: number of units assisted	5		Existing category
Total:	71	0	

Evaluator Comments:

*Housing Trust Fund Ordinance Requirement (dated July, 1988)
**City Council Resolution Requirement (dated September 3, 2002)
***Requirements for applications per the Aldermanic Community Development Committee (dated September 27, 1989)

Removed Categories:	
Cost effectiveness of the project: cost per unit	5
Project has other ancillary uses (community space, mixed use, etc.)	5
Project addresses community need	5
Project has community impact	5

Factor #1:   "Will the proposed housing project be perpetually affordable (first priority) (Yes= 5 points; No = 0 points)"

Scoring Guidance: Self-explanatory

Factor #2:   "Will the proposed housing project be affordable for 10-40 years? (second priority) (Yes= 1 point; No= 0 points)"

Scoring Guidance: Self-explanatory

Factor #3:   "Will the project serve households at or below 80% of AMI? ('No less than 33% of the annual disbursement of gifts, grants, or loans shall go to project grants...')"

Scoring Guidance:
0	incomplete information/does not serve households under 80% of AMI
1	serves relatively few households under 80% of AMI
2-3	serves moderate number of households under 80% of AMI
4	serves fairly high number of households under 80% of AMI
5	serves high number of households under 80% of AMI

Factor #4:   "In addition to the above, will the project serve households at or below 50% of AMI? ('...[n]o less than 17% of the annual disbursement of gifts, grants, or loans shall go to projects that directly benefit 'very low income' households [at or below 50% of AMI]...')"

Scoring Guidance:
0	incomplete information/does not serve households under 50% of AMI
1	serves relatively few households under 50% of AMI
2-3	serves moderate number of households under 50% of AMI
4	serves fairly high number of households under 50% of AMI
5	serves high number of households under 50% of AMI

Factor #5:   "Has the City already demonstrated its interest and support through the investment of CDBG funds, the provision of technical assistance, and/or acquisition of site control for the proposed housing project? (priority) (Yes= 5 points; No = 0 points)"

Scoring Guidance: Self-explanatory

Factor #6:   "Project creates new permanently affordable housing"

Scoring Guidance:
0	no new permanently affordable housing created
15	creates new permanently affordable housing

Factor #7:   "Project preserves existing permanently affordable housing (typically LIHTC syndication)"

Scoring Guidance:
0	no permanently affordable housing preserved
10	preserves permanently affordable housing

Factor #8: "The proposed project supports an underserved and vulnerable population"

Scoring Guidance:

0   Does not support underserved and vulnerable population/incomplete information
1-2   Serves somewhat underserved and vulnerable population
3-4   Serves moderately underserved and vulnerable population
5   Serves severely underserved and vulnerable population

Factor #9: "Experience of the applicant organization's development team"

Scoring Guidance:

0   Development team has no experience/incomplete information
1-2   Team has some experience successfully developing affordable housing projects
3-4   Team has moderate experience successfully developing affordable housing projects
5   Team has extraordinary experience successfully developing affordable housing projects

Factor #10: "The application supports one or more of the priorities listed in the City's Housing Action Plan"

Scoring Guidance:

0   Does not support plan priorities/incomplete information
1-2   Indirect support of one priority
3-4   Direct support of 1-2 priorities
5   Direct support of more than two priorities.

Factor #11: "The application supports one or more of the priorities listed in the City's Consolidated Plan"

Scoring Guidance:

0   Does not support plan priorities/incomplete information
1-2   Indirect support of one priority
3-4   Direct support of 1-2 priorities
5   Direct support of more than two priorities.

Factor #12: "Cost effectiveness of the project: number of units served"

Scoring Guidance:

0   Project will not create any new affordable units/incomplete information
1-2   Project will create some new affordable units
3-4   Project will create a moderate number of new affordable units
5   Project will create a large number of new affordable units

~~**Factor #11:** "Cost effectiveness of the project: cost per unit"~~

~~**Scoring Guidance:**~~

~~0   Project has an unreasonable per unit cost/incomplete information~~
~~1-2   Project has a high per unit cost~~
~~3-4   Project has an average per unit cost~~
~~5   Project has a low per unit cost~~

Factor #12: "Project has other ancillary uses (community space, mixed use, etc.)"

Scoring Guidance:
0   Project has no ancillary use/incomplete information
1-2   Project has an ancillary use for which there is some need
3-4   Project has a moderately needed ancillary use
5   Project has a much needed ancillary use

Factor #13: "Project addresses community need"

Scoring Guidance:
0   No information
1   Poor, incomplete information, does not clearly describe the needs/issues
2-3   Fair, describes the needs/issues, but they are not significant or urgent
4   Good, clearly and convincingly describes compelling needs/issues
5   Excellent, clearly and convincingly describes compelling needs/issues that are significant and urgent and ties these needs/issues to facts and figures and/or local strategic planning efforts

Factor #14: "Project has community impact"

Scoring Guidance:
0   No information
1   Poor, incomplete information, does not clearly describe how the project addresses the identified impact of the project
2-3   Fair, describes how the project addresses the needs/issues, but the long-term community impacts are limited
4   Good, clearly describes how the project addresses the identified needs/issues and the project will have a reasonable impact on the community
5   Exceptional, clearly describes how the project addresses the identified needs/issues and the project, will have far-reaching and long-lasting impacts, and supports assertions with facts and figures.