

# PROPOSED CRRP GUIDELINES 9-14-22

## 1. Legislation

Legislative Summary:

Pursuant to the requirements of Act 183 of the 2022 Legislative Session (the Act) which included the authorization of the Community Recovery and Revitalization Grant Program (CRRGP), the Agency of Commerce and Community Development (ACCD) has prepared the following program overview for the CRRGP as the basis for the consultation with the Joint Fiscal Office outlined in the Act's requirement in Sec. H. 18 , subsection (j), which asks ACCD to "consult with the Joint Fiscal Office to develop guidelines and approval processes for the program and to submit the proposed guidelines and processes to the Joint Fiscal Committee and the chairs of the relevant legislative committees of jurisdiction prior to accepting applications for grants through the program."

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## 2. Program Overview

Awards will need to be made in accordance with the US Treasury Final Rule. The Community Recovery and Revitalization Grant Program (CRRGP) will award grants to existing for profit and non-profit organizations and municipalities. Funding priority will be given to affordable housing development, childcare facilities, and impacted industries. Organizations located within Qualified Census Tracts (QCTs) are eligible for a broader set of uses.

Type of Organization Applying:

- Nonprofit Organization
- For Profit Business
- Municipality

Type of Project:

- Projects in QCTs
- Reopening assistance, and expansions within an Impacted Industry
- Affordable Housing
- Childcare
- Municipal Wastewater & Water Supply Projects

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## 3. Eligibility

*Note on Eligible Uses of Grant Funds*

In addition, eligible applicants (for-profit and nonprofit entities) must also apply to utilize grant funds to pursue projects consistent with the U.S. Treasury Final Rule for Coronavirus State and Fiscal Recovery (the Final Rule). The Final Rule describes the qualifications of these entities and four categories of eligible uses available to For-Profit and Non-Profit organizations; (a) Broad Public Health Measures; (b) Aid to Impacted Industries; (c) Aid to disproportionately impacted small businesses; (d) Assistance to Impacted and Disproportionately Impacted Households. For municipalities, the Final Rule provides that investments in water and sewer infrastructure are the eligible uses.

In summary, to be eligible for CRRGP, an applicant must be located in the state of Vermont, be a for profit (with not less than 10% equity investment in the project), nonprofit, or municipality, as well as

be undertaking an eligible use. To determine eligibility, ACCD will first determine the type of organization and then assess whether the organization can undertake a proposed use. The *Summary Table* below broadly details the eligible applicants and their proposed uses of CRRGP funds.

Summary Table of Eligible Uses					
Affordable Housing	Impacted Industries	Childcare	Qualified Census Tracts	Municipalities	
Affordable housing development & transitional shelters.	Aid for safe reopening.	Improvements to or new construction of childcare, daycare, and early learning facilities.	Small businesses can rehabilitate commercial properties as well as undertake storefront & façade improvements.	Wastewater	
	Aid for planned expansion delayed due to pandemic (only for Travel, Toursim, and Hospitality).		Small business expansion costs.	Water Supply	

Impacted Industries are for profit and non-profit organizations designated by US Treasury’s Final Rule and the Vermont Agency of Administration. “Impacted Industries” include the following sectors:

- Arts, Entertainment, and Recreation
- Accommodation and Food Services
- Agriculture & Forestry
- Educational Services

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#### 4. Award Amount (Maximum)

Eligible applicants undertaking projects that are listed above will be eligible to receive an award. ACCD expects to cap initial awards at \$500,000 to serve the greatest number of applicants as possible. Grants above \$500,000 will be considered if there is strong case for doing so. Awards will not exceed the lesser of \$1,000,000 or 20% of total project cost.

After we have awarded 50% of the funds appropriated, we will assess the distribution by county, sector, and applicant type to determine whether we need to make ongoing adjustments to the amount to be allocated to each to ensure equitable distribution of funds.

### *Factors of Consideration*

1. Project Readiness (i.e., needs the funds now to complete the project)
2. Other sources of funding (including availability & eligibility of other sources of funding)
3. Statement of Need for project & Impact (e.g., number of childcare slots, housing units, etc.)
4. Review of Applicant Need: Balance Sheet, Tax returns, Sources and Uses statement.
5. Grand List Climate of Town/Region

### *Attestations:*

Applicants will be asked to attest to using funds for economic support, uses that respond to the COVID-19 public health emergency, and its negative economic impacts.

Additionally, this program will incorporate the standard attestations stipulated for SLFRF programs and the Uniform Guidance. These include UCC lien and land use restrictions recorded in the town land records for real property, equipment and supplies. See 2 CFR 200.311, 200.313, 200.314, and 200.315. If the use of the real property, equipment or supplies changes to a use not consistent with the SLFRF rules, the appropriate disposition procedures outlined in the Uniform Guidance apply. See generally: [https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200/subpart-D/subject-group-ECFR8feb98c2e3e5ad2/section-200.313#p-200.313\(e\)](https://www.ecfr.gov/current/title-2/subtitle-A/chapter-II/part-200/subpart-D/subject-group-ECFR8feb98c2e3e5ad2/section-200.313#p-200.313(e)). All grant awards must comply with the requirements of Vermont Bulletins 3.5 and 5, as applicable.

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## **5. Example Eligibility & Award Calculations**

### ***A. Affordable Housing Projects:***

#### Four Core Requirements:

There are four restrictions imposed on affordable housing projects by Treasury:

- Resident income restrictions
- Affordability period with covenants and land use restrictions; 20 years seems to be a common covenant
- Tenant Protections
- Housing Quality Standards

#### Income Restrictions:

- **65% AMI imposed through covenant, land use restriction for 20 years:**
  - Treasury will presume that an investment in the development, repair, or operation of any affordable rental housing unit is an eligible use of SLFRF funds to respond to the negative economic impacts of the pandemic **if the unit has a limited maximum income of 65% area median income (AMI)**, as imposed through a covenant, land use restriction agreement, or other enforceable legal requirement for a period of at least **20 years**. A jurisdiction may establish a longer period of affordability at its discretion. (<https://home.treasury.gov/system/files/136/SLFRF-Final-Rule-FAQ.pdf>).
- **Example Potential Award Calculation:**
  - Utilizing Treasury's example above, an example potential award calculation for an affordable housing project is provided below. In this example, there is a mix of affordable and market-rate housing units. Twenty Percent of project cost is \$400,000 and 4 units will

be affordable (at or below 65% AMI). The CRRP award amount is proportional to this percentage; in this case, 20% of the total project cost.

<b>EXAMPLE</b>	
Total Project Cost	\$2,000,000
Total Number of Project Units	20
Affordable Units (65%AMI)	4
<b>CRRP Award (up to 20% of Total Project Cost)</b>	<b>\$400,000</b>

**Duration of Income limit:**

- The income limit and 20-year affordability covenant does not need to apply to specific units, but rather it may specify a number of units within the development, in which case the covenant should also specify the bedroom size mix.

**B. Impacted Industry**

Project eligibility and award calculations are restricted by the Final Rule and determinations by the US Treasury in designating certain industries as *impacted*.

Eligible industries include those entities with NAICS codes that start with the following two digits:

- 11 (Agriculture)
- 61 (Educational Services)
- 71 (Arts, Entertainment, & Recreation)
- 72 (Accommodation & Food Services)

Once it is determined that an applicant from an *impacted industry* is eligible based on NAICS, reviewers will determine the following:

- Applicant organization was in existence prior to the pandemic
- Applicant organization has been affected by required closures and other efforts to contain the pandemic.
- The proposed response directly addresses the harm experienced by the entity.

*Treasury has reiterated in the Final Rule that responses to negative economic impacts should be reasonably proportional to the impact that they are intended to address. Uses that bear no relation or are grossly disproportionate to the type or extent of harm experienced would not be eligible uses. Reasonably proportional refers to the scale of the response compared to the scale of the harm.*

Total award amount will be up to 20 percent of the total project cost, not to exceed \$1MM. For example, if a hotel with an eligible NAICS code (e.g. 72) applies for a \$500,000 award for a planned expansion project that was delayed due to the pandemic (with a total project cost of \$2,500,000), the DED would award \$500,000 (20% of \$2,500,000).

### **C. Childcare Projects:**

#### *Eligibility:*

Facilities that serve low to moderate income families will be eligible for childcare projects. There are two pathways to establish eligibility:

1. Income: Income will be measured through surveys that facilities provide to families which ask about income level. In this case, families will need to show they are at or below 65% of AMI.
2. Participation in one of the following programs by families can also qualify the household as low to moderate income and therefore be considered a low to moderate income slot:
  - Childcare Financial Assistance Program (VT) (Child Care and Development Fund (“CCDF”))
  - WIC (VT)
  - Reach Up Grants (VT) (TANF)
  - free and reduced school breakfast and lunch (VT)
  - 3SquaresVT (VT) (SNAP)
  - Sec. 8 voucher(s) (HUD/VT)
  - low-income home energy assistance program, (aka: LIHEAP) (VT)
  - Dr. Dynasaur (Medicaid) (Children’s Health Insurance Program (“CHIP”))
  - Supplemental Security Income (SSI)
  - Medicaid
  - Head Start and/or Early Head Start
  - Pell Grant Eligibility

#### *Award Calculation:*

- CRRP Award Calculation for Childcare Facilities:
  - **Award Amount** = 20% of total project cost\* (up to \$1MM)

This is contingent upon proportional number of slots at facility being reserved for low/moderate income and applicants will be informed of this up-front. After receiving all application materials, DED will calculate the award based on the project cost and the number of low/moderate income slots. For example, if the total project cost is \$1,000,000 and the amount requested is also \$1,000,000, the amount award would then be determined by the percentage of slots reserved for low/moderate income families. In the example below, the applicant facility has a total of 40 slots with 6 (or 15%) of slots that are reserved for low/moderate income families. Therefore, the CRRP award would be 15% of \$1,000,000 (\$150,000). This example is also represented in the table below:

<b>EXAMPLE</b>		
Total Project Cost	\$1,000,000	
Amount Requested	\$1,000,000	
Total Number of Daycare Slots	40	
Slots Reserved for Low/Moderate Income	6	15% of slots reserved for low/moderate income
Potenital Award Amount	\$150,000	
CRRP Award Cap (up to 20% of Total Project Cost)	\$150,000	Total Project Cost X 15%
<b>Total Award Amount (up to)</b>	<b>\$150,000</b>	

*Compliance:*

- In the grant agreement, Recipient will commit to maintaining a stated number of places available for low to moderate income families (as defined above) through December 31, 2026 (and beyond, in accordance with the Uniform Guidance). The number of places will be 'reasonably proportional' to the amount of the grant award relative to the total project cost. Recipient will provide evidence that it is in compliance with this requirement annually.
- DED will ask applicants to provide evidence that the families utilizing the specified number of slots participate in one of these programs or meet the income requirement.
- DED will inform applicants and awardees that during the performance period of the award and beyond 12/31/26, the project will be subject to the Uniform Guidance Disposition Rules (see 2 CFR 200.311, 200.313, 200.314, and 200.315).

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## 5. Granting Process

### Announcement

- Funding Announcement
- CRRGP Website

### Technical Assistance & Outreach

- Outreach will be conducted by eligibility category: Industry-specific webinars will be scheduled to review the eligibility requirements of the program. Program managers will be available to discuss the projects with possible applicants to offer guidance so that by the time an applicant submits an application they would have a sense of eligibility for their particular project. This will include outreach, including webinars, to the following priority populations:
  - BIPOC organizations and organizations serving primarily BIPOC populations.

- Non-MSA communities.
- Additional outreach focus will be tailored to childcare facilities, organizations pursuing affordable housing development, and impacted industries.
- Phone assistance by team.

Application Intake (date depends on completion of online portal)

- We will process application as they come in, but for the first 30 days only applications from non MSA areas or BIPOC applicants will be processed.
- Application period opens.
- Application review begins on rolling basis.

Review Begins

- Application review continues and approvals commence. Approval Process includes review by Interagency Team. The municipal applications will be reviewed and approved by VEPC prior to Interagency Review.

Grants Awarded

- Grant Agreements issued upon receipt of Certificate of Insurance (COI) and all other necessary documents as required by SLFRF, Uniform Guidance, and Bulletins 3.5 and Bulletin 5.
- Requisition of funds by recipient is presented to DED for reimbursement.

Monitoring

- Monitoring commences to ensure that grant requirements are being satisfied for the duration of the grant period and beyond as outlined in the SLFRF Guidelines and Uniform Guidance. The Uniform Guidance requires ongoing monitoring specifically as to the disposition rules for real property, equipment, and supplies. (See 2 CFR 200.311, 200.313, 200.314, and 200.315) as applicable.

**\*Note on Municipal Applications:**

Municipal applications will be reviewed first by DED/VEPC and coordinate with ANR, then VEPC Council and finally sent to the interagency review team.

## **6. Application**

The application process for CRRGP will include one application with differing paths by type of applicant. It will screen applicants and their proposed uses. Additional requirements include evidence of good standing with the Vermont Secretary of State, copies of legal and tax documentation, census tract number, and North American Industry Classification code. Letters of support from towns, regional development and planning commissions will be required.

The application will request project specific information, including project description, budget (sources

& uses of funds), and timeline. Depending on the type of applicant, the project description requested will vary:

Affordable Housing Project Description Request:

- Description of housing units created from this funding (number of units reserved for low to moderate families).

Impacted Industries Project Description Request:

- Evidence they were in existence prior to pandemic.
- How the project helps mitigate COVID-19 impact.

Childcare Project Description Request:

- Description of the number of daycare slots created from this funding (number reserved for Low to moderate families).

Small Businesses in QCTs:

- Verification that business is located in QCT.
- Confirmation that project is undertaking one of the following project types: rehabilitation of commercial property, storefront improvements, façade improvements, or expansion costs.

Municipality Project Description Request:

- Description of water or wastewater project.
- Evidence it is eligible under CWRLF and SWRLF.
- Evidence that the project supports the development of new housing or enable economic development projects.
- The Vermont Economic Progress Council will review projects to determine that the infrastructure improvements proposed to serve the project and the proposed development in the project would not have occurred as proposed in the application or would have occurred in a significantly different and less desirable manner than as proposed in the application, but for the proposed utilization of the grant application funds.

**-See Attached Draft Application-**

**Relevant Definitions Regarding low- and moderate-income designations:**

*In general, moderate income households are defined by US Treasury as:*

- Household income at or below 300% of the Federal Poverty Guideline for the size of its household based on the most recently published poverty guideline by HHS OR income at or below 65% of the Area Median Income for its town and size of household based on the most recently published data by HUD.

*Low-income households are defined by US Treasury as:*

- Household income at or below 185% of the Federal Poverty Guidelines for the size of its household using the same data provided by HHS OR income at or below 40% of the AMI for its town and size of household based on the same data provided by HUD.



- Households located in 2020, 2021, or 2022 QCTs:
  - Bennington County: 9712.00, 9709.00
  - Chittenden County: 4.00, 5.00, 6.00, 9.00, 10.00, 24.00, 39.00
  - Essex County: 9502.00
  - Franklin County: 107.00
  - Lamoille County: 9532.00
  - Orleans County: 9515.00
  - Rutland County: 9631.00
  - Washington County: 9551.00; 9552.00
  - Windham County: 9670.00, 9685.00
  - Windsor County: 9653.00, 9666.00