

Joe Colangelo

From: Ryan, Lisa <Lisa.Ryan@state.vt.us>
Sent: Monday, July 22, 2013 4:31 PM
To: 'Joe Colangelo'
Cc: Bohlen, Carl; 'Alex Weinhagen'; 'Amy Demetrowitz'; 'Rocky Martin'
Subject: RE: CDBG question Hinesburg Affordable Housing

Hi Joe,

Many towns who apply to our funds do so with the understanding that they will partner with a non-profit or private entity to actually carry out the project. Typically for affordable housing projects, this partnership results in funds being loaned. Because the municipality is the legal grantee, the municipality is ultimately responsible for the fiscal oversight of the project and ensuring that the standards provisions of our program be met. This means that the town will be open to liability, should the project fail to meet the goals or administer the funds appropriately.

With that said, there are many checks and balances in place to ensure the successful execution of projects. Not only do we provide technical assistance to help applicants and sub-recipients with the application process, but we have a compliance staff that monitors projects along the way. Being a reimbursement program means that funds can only be drawn if certain bench marks are met, other resources are being expended and the project is on target and on track. The projects are generally structured to be completed within a 2 year period, although we do grant reasonable requests for extensions. To my knowledge, we have not had a situation that has required our program to re-capture funds from a project after they had already been allocated.

As for the more long term implications....typically affordable housing loans are set up to be long term, 30 year, deferred at 0% interest. It is my understanding that these loans are typically rolled into other financing packages prior to needing to be repaid. You may want to discuss this arrangement with Amy Demetrowitz to gain a better understanding of the tax credit project financing.

I hope this helps to answer your question.

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http://acd.vermont.gov/strong_communities

From: Joe Colangelo [mailto:jcolangelo@hinesburg.org]
Sent: Monday, July 22, 2013 11:58 AM
To: Ryan, Lisa
Cc: Bohlen, Carl; 'Alex Weinhagen'; 'Amy Demetrowitz'; 'Rocky Martin'
Subject: CDBG question Hinesburg Affordable Housing

Dear Lisa –

In preparation for our Public Hearing in Hinesburg regarding a CDBG application for an affordable housing project, could you please inform me of the Town's legal obligation to repay the monies. For example, what if CHT cannot repay? I will need this information at the public hearing because it will come up during the dialogue.