

engineering, facility plan, and final design approval.

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## 9. Affordability Criteria

### 9.1. Affordability Criteria

This IUP identifies the Affordability Criteria applicable to projects funded off this FFY 23 Intended Use Plan. The Department will engage in an ongoing process to evaluate and revise, as necessary, these affordability criteria to ensure disadvantaged communities are equitably served by SRF fund investments.

The Department is required to establish affordability criteria that help in identifying municipalities that would experience a significant hardship in raising the necessary project revenues. These Affordability Criteria have been adopted in conformance with section 603(i)(2) of the Federal Clean Water Act, which requires the criteria be based on income and unemployment data, population trends, and other data determined relevant by the State, including whether the project or activity is to be carried out in an economically distressed area as described in Section 301 of the Public Works and Economic Development Act of 1965.

In addition to the foregoing criteria, all non-profit or cooperatively-owned manufactured home communities (MHCs) will automatically be considered to meet the state’s affordability criteria, as first established in the 2021 Intended Use Plan.

There are five key criteria applied to determine project affordability: median household income (MHI), user costs, unemployment rates, population trends or other demonstrated financial hardships. To be considered a municipality that would experience a significant hardship in raising the necessary project revenues (hereafter referred to as “hardship communities”), an applicant must qualify under at least two of the key criteria.

- MHI: The project is located in a municipality with a MHI at or less than the statewide average MHI.
- User costs: The project that will result in an annual household user cost for sewer and stormwater that exceeds two percent of the MHI.
- Unemployment: The project is located in a municipality with an unemployment rate that is unknown, or at or higher than the statewide median unemployment rate.
- Population trends: The project is located in a municipality with a 10-year population trend that shows a population loss of greater than one percent.
- Other demonstrated hardship: This criterion recognizes there may be unforeseen hardships that do not meet the requirements of the other key criteria. The applicant would have the responsibility of demonstration to the program, in writing, is a financial hardship. The program would have the discretion of accepting this request.

Income measurements are determined using Median Household Income. This information will be obtained from the American Community Survey’s most recent 5-year rolling average

MHI using the most current data available on the date the corresponding IUP year was finalized, or based on an approved income survey or other method as approved by the Secretary. The procedures for conducting and approving income surveys and the requisite record keeping will be in accordance with the Vermont State Revolving Fund's established Guidance Document #11: Median Household Income Determination or as determined by an equivalent method including HUD's survey method. Annual user cost will be calculated by the annual system debt service, operations and maintenance costs, and short-lived asset set asides, divided by the total Equivalent Residential Units (ERU).

Unemployment data will be based on the most recent statewide unemployment figures as provided by the Vermont Department of Labor and will be compared to the municipality's current unemployment figure.

Population decline will be determined by analyzing the most recent two US Census population numbers.

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## 10. Non-Point Source Funding

Vermont's CWSRF provides funding for eligible non-point sources. Non-point source projects may be funded through loans using standard rates and terms. Generally speaking, non-point source-funded projects are intended to remediate or to promote the remediation of a documented impact to designated uses of Vermont's surface waters, following an approach of documented effectiveness. For projects to be eligible for support under this eligibility, they must be shown to implement the Vermont Nonpoint Source Management Program Plan. Certain nonpoint source project types are described in the CWSRF Eligibilities Handbook referenced below in this section of the IUP, though that document does not provide an exhaustive listing. Many lake or watershed restoration project types may be eligible for support under this category presuming they are documented to be effective in addressing the water quality concern and have a project life equal to or greater than the loan value.

Applicants specifically interested in aquatic invasive species (AIS) control should be aware that CWSRF limits the eligibility of AIS projects only to capital expenses associated with the project. As noted by the Nonpoint Source Management Program Plan, nonpoint source projects proposed for CWSRF support must be identified either by a tactical basin plan or in Vermont's Watershed Projects Database. Loan applicants interested in pursuing non-point source projects should consult with a one of DEC's Watershed Planners as noted below, to evaluate the specific eligibility of the project under consideration, and ensure the project is documented in the Watershed Projects Database.

The two evolving mechanisms to increase this type of utilization of the fund are through the Water Infrastructure Sponsorship Program (WISPr) and the Interim Financing for Natural Resources Projects Program.