

**From:** Miller, Lawrence [Lawrence.Miller@vermont.gov]  
**Sent:** Wednesday, July 04, 2012 7:54 AM  
**To:** MacLean, Alex; Lofy, Bill; Richards, Alyson; London, Sarah  
**Subject:** FW: Noise Impact and Financing

Wanted to keep you in the loop as to how we are responding to specific queries regarding the noise impact of the proposed new planes relative to affordable housing as well as private financing. Based on a review by Julie Kelliher, DEHCD counsel.

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From: Hollar, Jennifer  
Sent: Tuesday, July 03, 2012 12:56 PM  
To: Jessica@realestatevt.com  
Cc: Miller, Lawrence  
Subject: Noise Impact and Financing

Jessica,

It was nice talking with you last week.

As we discussed, our agency does not believe increased noise levels will generally make prospective home buyers ineligible for federal loans. HUD regulations do not contain an outright prohibition on funding projects in areas with noise levels above 65 dbs. With respect to clear zones, which appear to be limited areas immediately beyond the ends of a runway, however, there is a prohibition on funding new construction and substantial rehabilitation projects. More detail on this is below.

Also, VHFA reports that it does not believe, with the information it has to date, that its lending programs will be significantly affected. There may need to be a process with HUD that projects have to go through to demonstrate how noise levels would be mitigated, but given current minimum construction standards, it was likely not a significant difference to achieve

I've looked further into your question of whether Fannie Mae has any guidance or requirements that would impact the ability of homebuyers to obtain private financing. Fannie Mae's guidance is not specific to noise. It is included with other environmental hazards. The guidance references environmental influences and advises lenders to have appraisers analyze the impact that an environmental factor has on the value of a subject and its market. Appraisers need to support their stance with comparable properties with the same environmental influence. In other words, the fact that a property is in a flight path would not, by itself, preclude Fannie Mae from buying loans in those noise zones. It would assume the appraised value reflects the affect on value and lend accordingly.

I hope this helpful.

Jen Hollar

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HUD's Noise regulations are found at 24 CFR Part 51, Subpart B ("Noise Abatement and Control") and the requirements vary depending on the type of activity being funded (New Construction; Purchase and Resale of Existing Buildings; Modernization; and Major or Substantial Rehab).

The Executive Summary of the Environmental Impact Statement states the noise levels will be 65 db to 85 db. The only "general prohibition" with regard to HUD funding is for new construction in areas with sound levels of 75 db and above. And that is not a total prohibition. It simply requires an Environmental Impact Statement ("EIS") be conducted prior to approval of funding, and even the EIS requirement may be waived and the noise levels may be allowed to be mitigated. For purchases or resale of existing buildings and noise levels 65 db and above, noise is a "marketability factor" but won't by itself result in the denial of HUD support. For modernization, noise attenuation features are encouraged. For major or substantial rehabilitation, for sound between 65 db and 75 db, and above 75 db, noise attenuation features should be encouraged.

HUD's Clear Zone regulations, found at 24 CFR 51, Subpart D, provide that assistance for construction or major rehabilitation of any real property located in a clear zone site is prohibited for projects that will be frequently used or occupied by people. This appears to be an outright prohibition, but one that is limited to the area immediately beyond the ends of a runway.

I also checked in with VHFA to get their perspective. After speaking with HUD, VHFA says that HUD may need to develop a review process for projects that have to demonstrate how noise levels would be mitigated, but given current minimum construction standards, it was likely not a significant difference to achieve, and that their lending programs won't be significantly affected.