500 South Union Street
Burlington , Vermont 05401
February 11, 2020

Vermont Housing Finance Agency
Maura Collins, Executive director
164 St. Paul Street
Burlington, VT 05401

Dear Maura,

I am writing to you because I am quite concerned that there are so many individuals waiting for places in senior housing facilities, independent, assisted and memory care.

Having worked both as a nurse and clergy person for some years in these facilities, I recognize the advantages for many persons to have these potions in older years. Senior housing rather than mixed housing offers a more supportive living situation, especially for those in assisted living and memory care. Supportive services often include physical, mental, and spiritual help which do not exist to the same extent in mixed housing.

I have also had seniors tell me that they "feel safer" living with their own cohort. Since many seniors are living on the "margins" with regard to economic status, may need financial assistance with their housing either by adjusted rents or housing that has been built with special funding from the state and federal government.

Since Vermont's demographics show that we are an aging population. It seems like good sense to work with those persons willing to build this special housing for those who do not have the economic means to live in privately built senior housing.

Sincerely,

The Ven. Catherine Cooke

The Venerable Catherine Cooke

catherinecooke@burlingtontelecom.net

CHAMPLAIN HOUSING TRUST

To: VHFA Tax Credit Committee
From: Brenda M. Torpy, CEO
Re: Qualified Action Plan 2021 comments
Date: April 13, 2020

Thank you for the opportunity to comment.
Vermont's Low Income Housing Tax Credit allocation is a critical resource given the state's well documented housing wage gap and low vacancy rate. In light of the great need and fierce competition for tax credits, the criteria governing their award are of paramount importance to achieving Vermont's overall affordable housing priorities and to our ability to serve our region. We appreciate the care with which you consider and adapt the scoring criteria in light of changing priorities and experience and it is in this spirit that we offer the following comments.

Affordability
Currently the QAP does not recognize or reward projects that create units that are accessible to more households, and households facing the biggest challenge in the market, by setting rents below the regulatory maximum and creating deeper affordability. Champlain Housing Trust typically sets rents $100 a month lower than the regulatory maximum. This makes an enormous difference to a low wage worker like Bob who works at Trader Joe's and who, along with his wife, rents from CHT without subsidy. They stayed at Harbor Place after being homeless and could not have made the leap to permanent housing if we charged the top of the regulatory rent. We serve many retail workers, grocery store clerks and cashiers- workers like Tom that we all rely on and who deserve a decent home. Many more of our renters work 2 jobs, some in the gig economy with variable income, no benefits and little security. Our affordable rent helps to protect them from falling into homelessness. Given Vermont's broad housing goals, including several initiatives and directives to address homelessness, Low Income Housing Tax credits should have a competitive scoring criteria that awards points based on the depth of affordability, thus assuring that the apartments created with this scarce resource are more broadly available and affordable to those that need them the most.

Smart Growth
The QAP establishes Smart Growth as a goal consistent with the State's Consolidated Plan and awards 5 points for projects that are in new smart growth centers, but omits New Town Centers and Growth Centers from the list of such centers eligible for the points. This appears to be simply an oversight as all of such designations have been created by the state to incentivize development in keeping with Vermont's traditional settlement patterns and all of them achieve this aim. Hopefully this can be promptly addressed as a technical correction.

Energy Efficiency
We recommend that scoring incentivize the highest possible return on investment in energy conservation rather than strive for net-zero buildings. It is our experience that it is best to wait for technologies to be tried and tested before using them in affordable housing and that energy conservation requirements need to be based entirely on a cost-benefit analysis.

Homeless Set-Aside
The 4 points awarded for this targeting is so high as to function like a threshold criteria and should be reduced so that it is simply a competitive factor. For CHT and other non-profits, serving homeless households throughout our portfolio is a high mission priority and most of us easily meet or exceed the state's 15% mandate. To meet that we do not need to set aside 25% of each new development for this purpose nor is it always a good idea. Some locations provide better access to the services and supports that we provide or access to help assure the success of our homeless households. A reduction in points could still reward those projects that really designed to meet this purpose.

Finally, I wish to suggest a new category for points that would award 2 or more points to projects by not-for-profit organizations. This would recognize the added-value provided to the state's Tax Credit portfolio above and beyond the requirements of the program for each development. Non-profits like CHT strive to bring as many benefits and services to their residents as possible, and fund these from sources beyond property revenue. Not only does this support the state's broad housing goals that we share with VHFA and other housing agencies, but they enhance the performance of the properties and protect the assets by engaging in the success and well- being of our residents. In times of crisis, like this pandemic CHT and our peers become part of the state response and provide leadership in our communities to support the well-being of our residents and to maintain our properties to the highest possible standard. All of this may be hard to quantify, but it is undeniable and should be given the most serious consideration by the committee as a recognized and rewarded enhancement to the Tax credit program's purpose and goals.

To: Seth Leonard, and the Tax Credit Committee

From: Brenda M. Torpy, CHT

Re: Supplemental to my 2021 QAP Testimony

Date: April 14, 2020

The following story further underlines how CHT supports people to move out of homelessness as a result of our lower rents. We understand that addressing homelessness is an important goal of the tax credit program and indeed all of our state housing and social service agencies. Our affordable rents along with our work with the Chittenden County Alliance to end Homelessness, our innovative programs at the Harbor Place, Beacon and Bel-Aire properties all supplement the apartments we set aside for the homeless in our new projects. Overall we exceed the state mandate of 15% homeless as a matter of mission and practice.

The example and data below are offered in support of our case that a broader approach to addressing homelessness through the Tax Credit program could be achieved by reducing the points awarded for the 25% homeless set-aside in projects and awarding points to non-profit applicants in recognition of their overall commitment and contributions to this mission.

Two years ago CHT social work staff began working with a man who was maintaining full time employment, visits with his daughter, medical appointments, probation and parole meetings, and mental health counseling while living out of the back seat of his car. His road to permanent housing was not an easy one. It was full of cutting ties with old friends who were no longer positive influences, custody hearings, changes in employment, and a consistent feeling of defeat. When he came to CHT for help with looking for housing, he was shocked to find out that there was a landlord in the area offering rent that he could comfortably afford instead of waiting for his name to rise to the top of the years-long waitlist at the local public housing authority.

Six months later, he was signing a lease with Champlain Housing Trust for a one-bedroom apartment located in the heart of downtown Burlington. It was blocks

away from his daughter's school and a ten-minute commute to his job. It gave him an opportunity to connect with his daughter more and be more involved in her community, his work schedule became more consistent, and his appointments more organized. At the time he moved in, he was paying $850/month for rent at a location where other landlords would charge upwards of $1,200 for the same space. In the two years since he's moved in, his rent has only increased $50. It continues to be an affordable option for him.

Without Champlain Housing Trust offering this reduced rent, this man would've spent another 6 months living out of the backseat of his car before he was able to obtain even a Housing Choice Voucher, let alone an apartment where he could use the subsidy. Champlain Housing Trust allowed him an opportunity for permanent, safe, and adequate housing before anyone else did which brought him stability and success at a time where he could've lost all hope.

CHT rents compared to Tax Credit maximum 60% Rent

	1 Bed	2 Bed	3 Bed	4 Bed *
CHT	$830	$1,050	$1,225	$1,330
Max	$1,032	$1,239	$1,431	$1,596

*CHT rents include heat and hot water

Thank you again for the opportunity to comment and to provide a fuller picture of how the Tax Credit program can deliver affordability at a level that bridges the gap for people who otherwise face homelessness, and why this factor should be recognized in the scoring.

HOUSINGVERMONT
Building possibilities.

To: VHFA
From: Nancy Owens & Kathy Beyer, Housing Vermont
Date: April 14, 2020
RE: QAP changes for 2020

Thank you for the opportunity to provide comments on the 2021-2022 Qualified Allocation Plan.

Housing Vermont was created by VHFA to assure that the 9% LIHTC would be utilized across the state, creating perpetually affordable housing for the low- and moderate-income community. As evidenced by the Housing Vermont portfolio, our LIHTC housing serves the most economically disadvantaged households. As of June 2019, 79% of the tenants in the HV portfolio had incomes below 50% of median income.

However, the current QAP has no scoring criteria related to the depth of affordability in a project. This has been an oversight of the QAP and needs to be corrected.

Depth of affordability

The 9% LIHTC is our largest resource for building affordable rental housing in the state. There is a policy balance between the number of units to be built, and the affordability level of those units. It is our experience that when rents are projected to be at or near the regulatory maximum (60% rents), these rents are too high for most tax credit eligible tenants. For example, in Washington County, at the maximum 60% rent level, a one-person household needs to earn $33,000. In the HV portfolio for non-senior, non PBV housing, the average household income is $23,590.

Therefore to reach a deeper level of affordability for all income ranges, including "market rents", a property that projects rents below the regulatory maximum, and includes a portion of the rents at the 50% rent level, will be more successful in delivering affordability to a wider income group of Vermonters.

The need to provide deeper affordability has been a long-standing policy of VHCB; a standard condition in a VHCB award is to require one-third of the units to be affordable to 50% of median, and for the owners to make their best efforts to also make units affordable to 30% of median.

These are the people we are trying to house. The minimum wage worker, the single mom with a part-time job, the bus driver, the grocery store clerk. It is in line with over all state policy that

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our largest resource for affordable housing would include criteria to create units with rents that can serve the many wealth-challenged households in our state, and not just those households who are earning in the range of $30,000 to $40,000/year,

In order to acknowledge the importance of the depth of affordability, a scoring criteria needs to be added which would award checkmarks to projects which serve households below 50% of median.

This is an evaluation criteria utilized in many states. For example, in New Hampshire projects where 20% of the units are affordable to 50% are awarded 5 points, and an additional 5 points for projects which target affordability for 30% of median. In Maine, it is a threshold requirement for all projects to have 40% of the tax credit units affordable to 50% of median. Similar scoring criteria are used in Connecticut and Virginia.

Targeting for homeless or at risk

In the 2016 report *Giving Due Credit: Balancing State Priorities in State LIHTC Allocation Policies* notes that "point-based incentives and weighting should be structured so that no single provision is effectively mandatory." The current QAP scoring for targeting 25% of the tax credit units to the homeless or at risk of homeless has effectively become a mandatory scoring criteria. HV believes it is time to revisit this scoring approach, based on data and experience from the field.

With implementation of the Executive Order 3-73, great strides have been made among all of our nonprofit housing partners in targeting 15% of our portfolio to the homeless or at risk. Many of our partners have exceeded the 15% target and are working intensively with social service providers so that the outcome for the at-risk resident is successful. We believe it is appropriate to maintain the threshold requirement that all developers report on the portfolio targeting and adhere to maintaining 15% of the units in their owned properties targeted to homeless households.

Since 2018, the scoring criteria has awarded 4 points to projects which sign up for the 25% homeless target. All eleven projects that were awarded 9% credits in 2018 and 2019 signed up for this targeting. The same was true for 2020.

While this policy has brought more units on line that are available for the homeless, it has not brought more supportive services both in terms of manpower or dollars, for this high-need homeless population. When the housing policy makers started down this path of awarding points to projects that targeted 25% of their tax credit units to the homeless, it was done with

the assurance that the necessary supportive services would accompany this effort. That has not happened.

As a result, properties with targeted units are seeing higher turnover rates in the targeted units, and in some cases, tenants who cannot be successful in their rental apartment, due to lack of services.

Our recommendation is to keep the homeless targeting as a policy priority, but to lower the scoring to two "check marks" to bring it in line with other pressing policy goals. In that way, those properties and owners with the resources and relationships to provide strong supportive services will choose to meet this priority and compete successfully to secure these additional points. However not choosing to reach for this priority will not automatically result in an inability to compete for an allocation.

<u>New town centers and growth centers:</u>

As noted in the staff memo, the QAP is designed to work in concert with the State's Consolidated Plan. The QAP notes that the Con Plan highlights three guiding principles, which include: "Promoting development in State Designated Downtowns, Village Centers, Neighborhood Development Areas and other areas that are consistent with the State's Historic Settlement Pattern and 'Smart Growth'". In the Goals Summary of the Con Plan, the language specifically states: *Promote projects in Designated Downtowns and Village Centers, Growth Centers, Neighborhood Development Areas and New Town Centers.* It is clear that the Con Plan includes Growth Centers and New Town Centers in the same category as Designated Downtowns, Village Centers or NDAs.

Although the current QAP is intended to be consistent with the Con Plan, it does not explicitly include the terms Growth Centers and New Town Centers. These designated centers should be included in the evaluation criteria and receive 5 checkmarks.

Alternatively, the designation process for Village Centers is much less robust; a town could have a designated village center but not have zoning. It is our understanding that the goal for establishing Village Centers was to provide a vehicle for downtown tax credits for smaller settlements and to make it accessible to even the smallest villages. Therefore, the designated Village Centers do not appear to have the same intensive designation process as the other smart growth designated centers. Staff should consider whether it is appropriate to include Village Centers in this evaluation criteria, or to provide a lower amount of checkmarks.

Energy efficiency

The QAP allocates one point for buildings that meet Passive House standards, or Net Zero. HV is committed to energy efficiency and renewables, as demonstrated by the performance of the buildings we have placed in service. We engage energy modeling and assess payback analysis to make informed decisions about energy efficiency. Our buildings are exceeding Efficiency Vermont's High Performance Track.

We think that building zero-energy *ready* buildings is the highest and best use of available resources and ensures that as mechanical and renewable technologies continue to evolve these buildings will have the envelope and infrastructure in place to operate as net zero buildings.

In this time of rising construction prices and constrained affordable housing resources, any policy effort related to energy efficiency should include a payback analysis. Such an approach has been lacking in the past. The newly proposed Residential Building Energy Standards (RBES) will place Vermont near the top of all states in terms of our energy efficiency code. The recently released Analysis of Affordable Housing Development Costs note that our highly energy efficient projects have a higher per unit cost of $41,000. Encouraging affordable housing developers to go beyond the new RBES should be done with caution, and with vigorous understanding of the costs and efficiency gains of doing so.

TWIN PINES HOUSING

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To: VHFA

From: Andrew B. Winter, Executive Director

Date: April 13, 2020

RE: QAP Changes for 2021-2022

Thank you for the opportunity to comment on the 2021-2022 Qualified Allocation Plan. Twin Pines Housing is the primary provider of affordable housing to low and moderate-income families in the Upper Valley region of Vermont and New Hampshire. We currently own 500 rental units and steward 51 shared-equity homeownership properties, providing homes for more than 1,000 people. The average household income of our residents is approximately $22,500, and roughly 26% of our residents were homeless or at risk of homelessness when they applied for housing with Twin Pines Housing.

There is a shortage of housing at all price levels in the Upper Valley that disproportionately affects low-income households. We are dependent on 9% LIHTC to increase the supply of housing for low-income Vermonters in the area. The current QAP does not include scoring criteria related to the depth of affordability in a project. To ensure that Vermonters at all economic levels have housing, we are in support of requiring a minimum of 30% of units in a project be at the 50% rent level. We also favor scoring criteria that would award points to projects based on the number of units that are affordable to households that are below 50% of AMI, and those that target affordability for 30% of median.

We appreciate the work that VHFA does to ensure that all Vermonters have an affordable home.

Sincerely,

Andrew B. Winter
Executive Director

Cathedral Square

Advancing Healthy Homes, Caring Communities & Positive Aging since 1977

To: VHFA Development Staff

From: Cindy Reid and Miranda Lescaze, Cathedral Square

Re: Comments on 2021-2022 QAP

Date: April 15, 2020

Thank you for the opportunity to provide comments on the 2021-2022 QAP.

Cathedral Square (CSC) has developed innovative, energy efficient, and permanently affordable housing for older adults using the Housing Tax Credit Program since the Program's inception. The pairing of these affordable homes with SASH® has provided a profound impact on the lives of many older adults, saved public money, and resulted in positive health outcomes.

CSC has 902 apartments in its portfolio. Of the households served, 92% have household incomes <50% of AMI and 68% have household incomes <30% of AMI. Approximately 75% of our residents have rental assistance (project based or tenant vouchers.) CSC is serving the lowest income, vulnerable older adults. In doing so, CSC is providing stable housing, preventing homelessness, and helping older adults thrive. As of July 1 2019, 15.1% of CSC's portfolio is serving previously homeless persons. CSC is committed to helping house the homeless and at risk population, and keeping them housed successfully with SASH and housing retention services.

We know from experience that the majority of our residents cannot afford tax credit rents. Since the beginning of the tax credit program, CSC has set our tax credit units below the 60% tax credit maximum rents, because the 60% tax credit rents are simply unaffordable for low income seniors on fixed incomes. Currently, our 1-BR Tax Credit rent is $875 (this includes all utilities, SASH, and laundry). CSC's tax credit rent is 85% of the maximum LIHTC 1-BR 60% rent of $1,032 in the Burlington MSA. We know that $1,031 is unaffordable without assistance (owner discount or rental assistance).

We propose that it is time for the QAP to address depth of affordability.

Recommendation 1 – Depth of Affordability

We propose that LIHTC applications that set 25% of the project's LIHTC units at 50% LIHTC rents, be awarded two check marks. The LIHTC program is the largest single source of public subsidy funding affordable housing projects – we think funding projects with maximum tax credit rents should be discouraged, given that 51% of Vermonters are currently cost burdened,

60% LIHTC rents are largely unaffordable without subsidy, and rental subsidy is scarce. Incentivizing projects to have 50% rents would deepen affordability of the housing being created.

Recommendation 2 – Supportive Housing

For the past few years, all applicants have met the 25% homeless/at risk of homelessness criteria. Since it is de facto becoming a criteria that everyone is meeting, we suggest lowering the check marks for this category from four to two.

Recommendation 3 – Senior Housing Cap

We recommend increasing the 25% credit ceiling cap. This would potentially allow more than one senior project to be funded per year, but it would still allow more general occupancy projects to be funded each year. Consider:

> The 2020-2024 Housing Needs Assessment projects the greatest household growth to occur among seniors 65-74, with the second largest growth projected to occur among households between 55-64.
>
> A recent report published by UMass Boston, cited that **seniors in Vermont face one of the highest rates of financial insecurity in the nation**. The report found that Vermont ranks first in the nation for the highest rate of economic insecurity for older couples, and third for singles. Source: https://scholarworks.umb.edu/cgi/viewcontent.cgi?article=1039&context=demographyofaging
>
> Services designed for older adults, and delivered in congregate housing settings — are cost effective, produce positive health outcomes, and save money.
>
> - Positive health outcomes include (but are not limited to) an increase in controlled hypertension, an increase in primary care utilization and immunization rates, and a decrease in emergency room utilization;
> - SASH participants realized an average savings of $1,100 per rural Medicare recipient; $1,400 per urban Medicare recipient; and $400 per rural Medicaid recipient/ and/or in SASH based housing communities (July 2019 Evaluation Data).

Recommendation 4 – Designations

We recommend that the QAP align with the Consolidated Plan, and add "Growth Centers" and "New Town Centers" to what is currently in the QAP Evaluation Criteria, "Designated Downtowns, Village Centers and Neighborhood Development Areas" for project location, and receive five checkmarks. This change would make the two guiding documents consistent with each other, and direct development to historic settlement patterns and smart growth locations.

Underwriting

Last, we observed discrepancies in the last tax credit round as to project underwriting between

projects. Given the competitive nature of this scarce resource, consistent underwriting to make sure projects are using the same income and expense trending rates, are not taking cash out, have sustainable operating budgets, and have development fees within the allowable amounts, is critical so that decisions made today create feasible projects that won't need additional subsidy in the near future.

Thank you again for the opportunity to provide comments.

Lamoille Housing partnership

Date: August 31, 2020

To: VHFA Tax Credit Committee

From: Jim Lovinsky, Executive Director

Re: Qualified Action Plan 2021-2022 comments

First of all, let me thank you for managing a very difficult process and for the opportunity to comment on the proposed changes. As a local non-profit affordable housing developer working in the small towns of Lamoille County I know how critical the LIHTC program is for our program and for my sister organizations across the state that we work together with to provide safe, decent and affordable housing for all Vermonters. These days, with shrinking resources, higher acquisition and development costs, and more local need than ever I believe it is of the upmost importance that the plan for allotting tax credits to projects around the state align as closely as possible with our overall housing mission. The impact of Covid-19 over the coming years will bring even more pressure on both sides of the equation for us to contend with: higher acquisition cost due to a real estate boom, even higher construction costs due to shortages of materials and higher labor costs, and even more Vermonters needing housing as the economic impacts hit home and the most disadvantaged are effected the hardest. I have watched changes in the QAP and how they affected our projects in the past but have not commented thus far. The new proposed QAP has brought up some issues that I feel are relevant to our work and so I am offering my comments for your consideration.

Location

We are finding that as we scour the towns and villages of Lamoille County and Hardwick for suitable affordable housing locations that it is getting ever more difficult to find locations in Designated Downtowns. Point in case is our most recent project, Village Center Apartments in Morrisville. This is a small, vacant, in-fill lot located in the village center and only works because the town is willing to work with us to provide parking. Not all rural towns have the infrastructure to support multi-family development, lacking municipal water and sewer, placing more import on the towns that do to provide adequate housing development opportunities. I think there is a negative effect to this as it places an unequal burden on some communities, for example, Morrisville is becoming the affordable housing community for Stowe. Many locations are on the fringes and may loose "checkmarks" because they are not within boundaries. In addition, while many people thrive in a downtown location, many would rather not be restricted to a village center and want to be able to take advantage of other job and recreation opportunities that are more available on the edges of these areas, but still maintaining strong traditional growth patterns. I think there is too much weight placed on this scoring criteria and it could be reduced to 3, 2, and 1 checkmark respectively.

PO Box 637 | Morrisville, VT 05661 | 802-888-5714 | info@lamoillehousing.org

Lamoille Housing partnership

Permanent Supportive Housing

Executive order 3-73 put a focus on having the non-profits increase housing the homeless and those at risk of becoming homeless. Since then we have increased and in most cases exceeded the percentage of units aligned with the goal of the executive order of 15%. Our property mangers report nearly 40% of our units are housing people who fit this definition. Without the ability to receive placed based rental assistance and reliable long-term social services commitments it will difficult to continue to meet the 25% threshold required of this scoring criteria. Both PBRA and services are not in our control which puts applicants in the position of agreeing to a criteria without knowing if it can be done or not. This criteria no longer as relevant and I would recommend lowering the number of checkmarks to 2 at most.

Non-profit Affordable Housing

Following on the previous criteria I would recommend adding new scoring criteria worth 2 checkmarks awarded to non-profit affordable housing developers. Because the non-profits operating model is so different and set up specifically to address low and moderate income housing by keeping rents below the allowable rates, it should be separated out from for profit developers.

Affordability

As non-profit developers we work with a range of funders, as you well know. For the sake of consistency and to support the mission of our work I would like to suggest that we award checkmarks to projects that meet the target of housing 30% of the development at 50% AMI.

It has also become necessary to address the difficulty in securing Place Based Rental Assistance, especially early on in the development process. While we would all like to serve those under 30% AMI it cannot realistically be done with out PBRA and in the current environment we cannot be assured of securing the same.

Basis Boost

We would also recommend the basis boost for projects that have 30% of units at 50% AMI.

Permanent Debt

Because of the households we server and the scarcity of PBRA it is extremely difficult for our projects to take on permanent debt. The numbers presented seem arbitrary. Is there data available to support the numbers suggested? I believe this is more of an underwriting issue than a scoring issue.

Building Design Standards

All of the projects that LHP has developed with our partners at Evernorth have strived to meet the highest energy standards that the project can afford. This is a critical difference from simply awarding point for meeting a specific standard. There are big differences between new and rehab projects, and

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whether or not we are using new technologies that have been proven for long-term efficiency, durability, and sustainability.

Future Board Meetings

With so many meetings now being held remotely I am wondering how we will be able to present our projects to board members, comment on staff recommendations, or bring forward last-minute updates and changes that might affect the project's scoring?