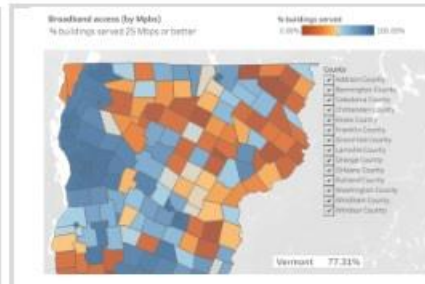


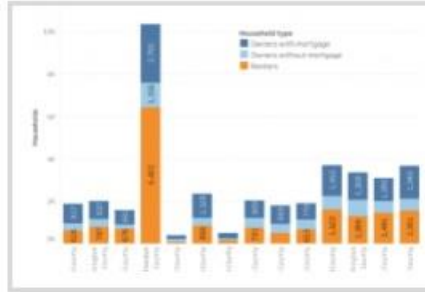
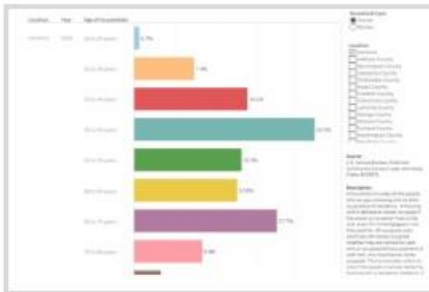
Unemployment



Ability to shelter-in-place: Broadband access



At risk: Households by age



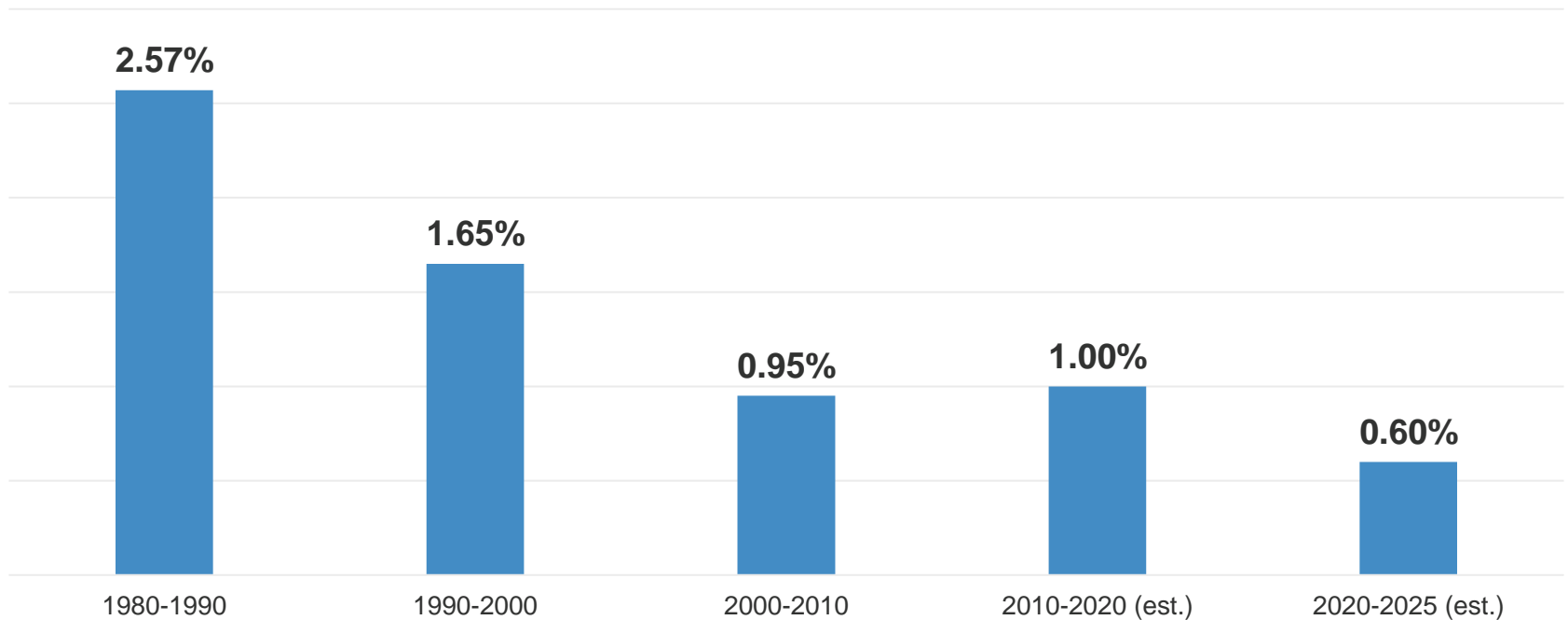
Part I: Vermont Housing Needs Assessment, 2020-2024

Highlights

1. Home building declines



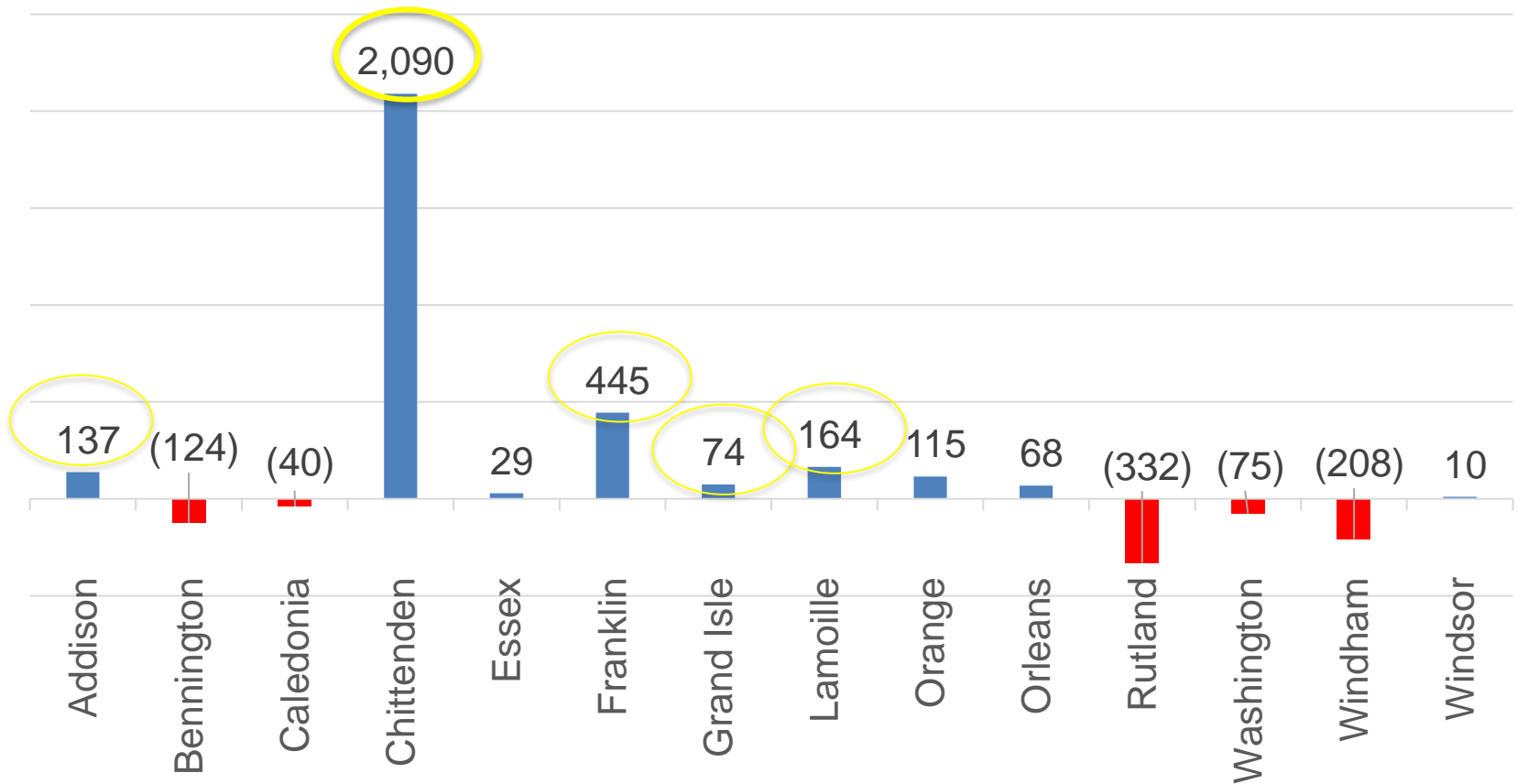
Average annual growth of Chittenden County's year-round housing stock



2. Household growth projected in northwest counties



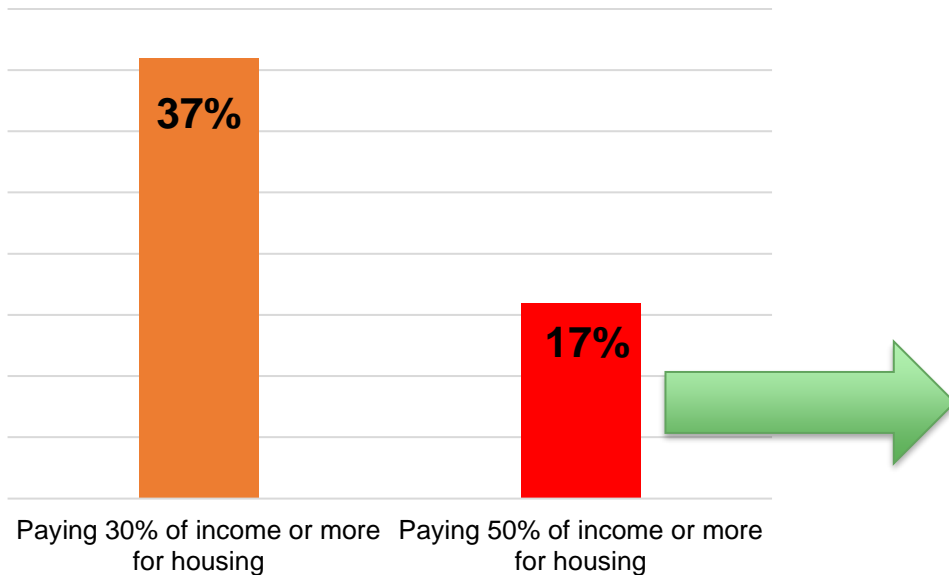
Projected net increase or decrease in households living in Vermont between 2020 and 2025



3. Low-income households have urgent, unmet housing needs



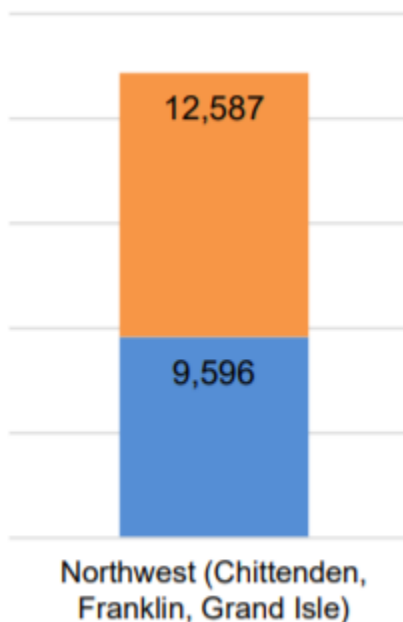
Cost burdened Chittenden County households



6,423 renter households
+
3,941 owner households
=
10,364 severely cost burdened households county-wide

4. Indicators of housing quality challenges

Households at high risk of lead paint exposure



■ Owner Households ■ Renter Households

Source: U.S. Census Bureau: American Community Survey 5-year estimates, 2013-2017 Public Use Microdata Sample (PUMS)

- Although Chittenden County has the newest housing in the state on average, housing quality challenges persist.
- About 22,000 homes in the 3-county area are at high risk of lead paint exposure based on their year built and the income of the residents.
- Two mobile home parks in Chittenden County that fall into the 100-year floodplain. In addition, there are at least four parks that have major capital improvement needs.

5. Demand for service-enriched housing persists



- Statewide, 18,000 low-income households headed by someone with a disability who is at least 62 years old. 12,000 of these households are headed by someone aged 80 or older.
- Together with their younger counterparts, this need far outnumbers the supportive services available to help people live safely and independently in their homes.
- Prior to the pandemic, VT had a higher rate of people experiencing homelessness compared to other states. Chittenden County has the highest concentration in the state of chronic homelessness.
- Used \$30 million in CARES Act relief funds to help 18 communities across the state, including providing temporary housing in motels and renovating congregate shelters to provide safe social distancing.



Part II:

Helping to meet the county's need for rental housing

A few thoughts to carry away...

1. **Local land use policy** is a more powerful tool for limiting housing than it is creating it. Be careful in the way you wield policy when it comes to housing.
2. The single most impactful thing a community can do is **add financial resources (or reduce costs)** for housing:
 - Support projects leverage unique state/federal sources
 - Establish a local “Housing Trust Fund” or a local/regional Housing Bond.
 - Reduce the costs associated with permitting and local processing.
 - Include housing in community development projects.
3. Incremental additions of housing in primarily market rate buildings can unlock resources for all types of housing.

We need to build more, but it is costing us more and more and more and more: 2019 Cost Study Findings

- ✓ Vermont's development costs are increasing on a faster trajectory than neighboring states.
- ✓ Project scale, land use regulations, and access to infrastructure were all pointed to as key contributing factors.
- ✓ There are many stops/touches for a development to become a reality in Vermont.
- ✓ We need to leverage every resource we have at our disposal as a state.

<p>Higher Impact, Easier Implementation</p> <ul style="list-style-type: none"> • Establish upfront cost guidelines and a formal cost review process as part of the pre-application phase • Promote "next generation" solutions to factors that contribute to higher costs • More explicitly track costs and benefits of the State's top-tier policy priorities • Formalize collaboration and communication during the application/award process • Approve design alternatives in high-cost scenarios 	<p>Higher Impact, Harder Implementation</p> <ul style="list-style-type: none"> • Create process for streamlined local approval of affordable housing developments • Create a State-level board and/or appeals process to adjudicate/resolve local land use and entitlement challenges • Identify opportunities to increase utilization of 4% Low Income Housing Tax Credits • Establish a reserve insurance program
<p>Less Impact, Easier Implementation</p> <ul style="list-style-type: none"> • Provide multi-year pre-approval for contractors/subs competing for affordable housing projects • Study lifecycle and resyndication/recapitalization costs • Create alternate fee structures 	<p>Less Impact, Harder Implementation</p> <ul style="list-style-type: none"> • Include cost-effectiveness as a criteria in the QAP and other funding prioritization processes • Consider impact on housing costs when adopting other State regulations • Pursue more cost-effective interpretations of historic tax-credit rules • Combine loan closing documents

Affordable Housing has a math problem



60% Area Median Income (AMI) caps rent for a Tax Credit unit at \$1,032 for a one-bedroom unit.



Monthly rent revenue for a 30 units would be \$30,960.



30 Units of Housing would cost \$9,360,000 to construct (\$312,000 per unit)



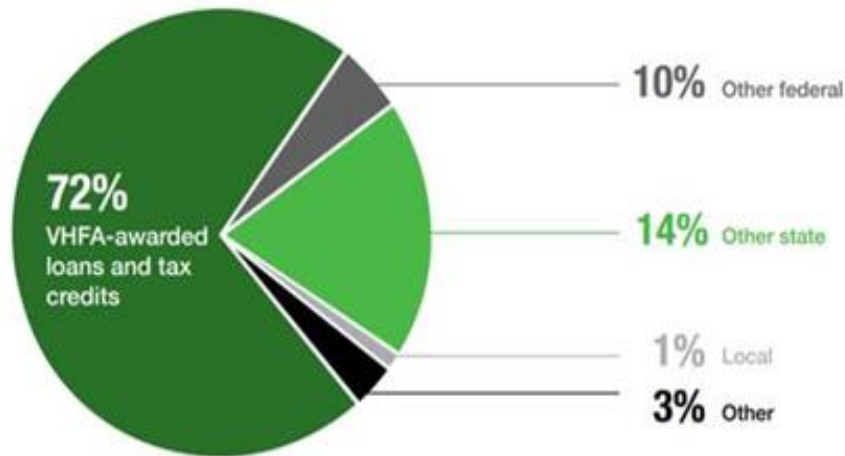
Optimal financing may allow for up to 85% of development costs to be borrowed.



\$35,726 in monthly payments if you simply borrowed at current optimal bank terms.

New Development Project Funding by Source

Of the new rental housing that VHFA funded in FY19, the federal and state tax credits and loans awarded by the Agency supported an average of 72% of total project costs.



State investment was higher than usual in FY19 due to funding available through the Housing For All revenue bond that VHFA issued in January 2018.

Vermont's Scarce Resources

- **9% Low-Income Housing Tax Credit Funding Available: \$33 million**
- **Community Development Block Grant Funding: \$3.5 million**
- **HOME/Housing Trust Fund/State: \$12 million**
- **For the traditional affordable housing development, debt only comprises around 9% of funding stacks**
- **This all means Vermont max out between 140-200 units of housing each year depending on the balance of new construction and rehabilitations**

What are Private Activity Bonds and why should you care?

Each year the state sets aside a portion of our federal Private Activity “Bond Cap” for affordable housing.

Using Bond Cap provides tax-exempt financing for projects, and unlocks 4% Federal Housing Tax Credits which are an unlimited resource (provides tax credit equity for 30% of development cost).

We allow \$44 million to expire each year, which could generate \$18.2 million in additional equity for housing development.

At least 20% of units must be affordable to 50% AMI, or 40% at 60% AMI.

Dover Place, South Burlington

- ✓ **>1% of development budget from Town RLF, but meaningful dollars**
- ✓ **2.28% of budget from traditional soft sources**
- ✓ **63% of budget utilizing debt**
- ✓ **Number of Project-Based Vouchers (rental assistance)**

- **43 units of Housing**
- **Co-working space and business generator**





Flat Street, Brattleboro

- ✓ 3-5% of development budget from Town RLF
 - ✓ 7% of budget from traditional soft sources
 - ✓ 34% of budget utilizing debt
 - ✓ Town supported Historic, CDBG, and Downtown Tax Credit application processes
-
- 19 units of Housing
 - Co-working space and business generator



Community Center Condos, Winooski

- ✓ Cost of land will be "cheap" (from City)
- ✓ 32% of budget coming from New Market Tax Credits
- ✓ Town supported New Market and State Tax Credits
- 24 homeownership units
- All will be affordable through Champlain Housing Trust programming



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