

**City of Burlington Housing Trust Fund (HTF)
Project Award Application**

APPLICANT ORGANIZATION Champlain Housing Trust
CONTACT NAME Jaclyn Marcotte
DAYTIME PHONE & E-MAIL 802-861-7338; jmarcotte@getahome.org
NAME OF PROJECT Old North End Shared Equity Homes
AMOUNT REQUESTED \$80,000
ESTIMATED CONSTRUCTION START DATE November 2022
ESTIMATED COMPLETION DATE May 2023
TOTAL ESTIMATED PROJECT COST \$654,000
TOTAL NUMBER OF AFFORDABLE HOUSING UNITS 2
TOTAL ESTIMATED PROJECT COST / TOTAL NUMBER OF AFFORDABLE HOUSING UNITS (PER UNIT COST) \$327,000 average

Is the applicant a corporation, partnership or individual who is delinquent, at the time of application, in the payment of property taxes or impact fees to the City of Burlington, who have been convicted of arson, who have been convicted of discrimination in the sale or lease of housing under article IV of this chapter or under the fair housing laws of the State of Vermont, or who have pending violations of current city electrical, plumbing, building or housing codes or zoning ordinances?

- Yes
 No

Will the proposed housing project be perpetually affordable?

- Yes
 No

Will the proposed housing project be affordable for 10-40 years?

- Yes
 No

Project Narrative

Funding priority goes to projects which respond to requirements of the Housing Trust Fund and the City of Burlington's affordable housing priorities. The Housing Trust Fund Administrative Committee (HTFAC) uses the attached criteria to score projects. Scores are tallied and ranked high to low. The HTFAC funds projects at its discretion.

Please provide the information below in the space provided. It is important to complete all fields. If you need additional space, attach separate pages to your application and title them as indicated below.

Project Description (Please briefly describe your project. Attach a project budget including all sources and uses):

Shared Equity Housing

Champlain Housing Trust has operated its flagship affordable housing program for 36 years. The Shared Equity Program (SEP) was in fact started with a grant from the City of Burlington. The program works by creating homeownership opportunities that will be permanently affordable. CHT provides down payment assistance to buyers of the homes who are below 100% of Area Median Income. The down payment assistance is equal to 20-40% of the purchase price. The buyer of the home does not have to make any payments on the down payment assistance and so this results in a much lower monthly cost than would be incurred on the open market. It opens the door for households to own a home that they wouldn't ordinarily be able to afford. When the owners sell, they pay back the down payment assistance they received and get 25% of the increase in the value of the home during the time they owned it. CHT then finds another buyer of the home and offers them an even higher down payment assistance consisting of the original amount the seller repaid plus the 75% of increased value that the seller shared. So if the original owner received a \$50,000 CHT investment and the home went up by \$60,000 during the time they owned it, the seller would get the \$15,000 upon sale (plus whatever they had paid down on their mortgage) and the next buyer would get \$95,000 in down payment assistance (the original \$50,000 plus the 75% of the \$60,000).

Original CHT Investment	50,000
Appreciation in the home at Resale	60,000
Owner's Shared of Appreciation (25%)	15,000
Remaining Appreciation*	45,000
Plus Original investment	50,000
Total CHT Investment at Resale	95,000

*CHT typically takes an administrative fee out of this amount, but for the sake of this example we excluded that.

For the buyer, they get the pride of homeownership plus accumulate more equity than they would renting, making it easier for them to transition into market homeownership. From 2016 to 2020, about 150 Champlain Housing Trust owners sold their home, and the average proceeds from the sale was \$38,300. The program works as a stepping stone into market homeownership with two-thirds of shared equity owners buying on the open market when they sell their homes. For the community, as prices of homes increase so too does the down payment assistance, keeping the homes affordable. CHT has 670+ homes in its shared equity portfolio with 248 of them located in Burlington.

Our application is for the rehab of two homes in the Old North End. The first is **47/49 Archibald Street**. This duplex has been owned by CHT since 1996. Each floor consists of an apartment and CHT has rented these homes at very low rents. The property had been a part of a housing partnership made up of several other small Old North End properties. Recently, the partnership was dissolved and the other properties were included in a new partnership that raised significant new capital to renovate those other homes. Four properties were kept out of the new partnership because they were good candidates for homeownership including two single family homes on North St. and two duplexes including 47/49 Archibald St. The Archibald property was originally a single family home and converting it to a shared-equity home will provide an opportunity for a low-income household and a long-term affordable asset for the neighborhood.

The planned upgrades to the home include siding and roof repairs, rear deck replacement, structural repairs in the basement, moving walls to return the structure to a 3-bedroom single family home, a new furnace, new kitchen and bath fixtures, and new flooring. CHT estimates the rehab costs to be \$220,000. Including acquisition costs, soft costs and a development fee, the total development cost will be \$285,000. CHT is applying to the BHTF for \$35,000 and to the Vermont Housing and Conservation Board for \$80,000. Post rehab, CHT will market the home at its value of \$450,000 with down payment assistance totaling \$280,000 and a net price to the buyer of \$170,000. This equates to a monthly cost of \$1,674 which is affordable to a household of four at 57% AMI.

The second home that we would renovate is **27 Volz Street**. This home came into CHT's Shared Equity Portfolio in 1995. The most recent owners purchased it in 2005 and had a lot of pride in their home. They did what they were able to do themselves to maintain the property. Unfortunately, due to many circumstances outside their control, their financial capacity was limited to crucial items within the home, like the furnace and kitchen appliances. When the owners were no longer physically able to stay in the home and had to sell, and CHT decided to purchase the home and renovate it before selling it to the next buyer. The home needs new windows throughout, considerable siding repair and painting, roof replacement on the back portion, and slate roof repairs. The outgoing owners did provide a cash contribution to CHT for these repairs, but it was not enough to complete the work. Since acquiring the property, CHT has determined that the back addition of the property has significant rot, a lack of insulation, and the ceiling/roof system is undersized for the snow load that it could carry. For the long term stability of this home and its next owners, we need to remove the addition and rebuild it as it houses the kitchen and laundry area. We have spoken with two different contractors and have a proposal for the work. Unfortunately, with this additional work, we need additional funding to maintain affordability. CHT estimates the rehab costs to be \$202,000. Including acquisition costs, soft costs and a development fee, the total development cost will be \$369,000 – we expect it to appraise for \$425,000. CHT is applying to the BHTF for \$45,000 and to the Vermont Housing and Conservation Board for \$67,500 and has committed to contribute \$27,500 from our own small stewardship fund. Post rehab, CHT will market the home at a value of \$425,000 with down payment assistance totaling \$196,000 and a net price to the buyer of \$229,000 – the top of the range for an affordable price. This equates to a monthly cost of \$2,081 which is affordable to a household of four at 71% AMI.

Please describe how many households at or below 80% of AMI will be served by the project:

The project will serve two households.

It is difficult to know the AMI of the buyers for these homes, as we will not market the home until after the rehab is complete, but the homes are priced to be affordable to households under 80% AMI. If more than one household is interested in a home, CHT uses a point system to determine the buyer. The household with the lowest AMI has a strong advantage in a selection. Burlington single family homes are extremely popular and so it is very likely that the homes will have more than one household interested. While there is not a guarantee, it is likely that the buyers will be below 80% of AMI.

CHT has made an agreement with the former tenant at 47/49 Archibald Street to offer them the first option to purchase the home. They are a household of 11 with an AMI of 54%.

Please describe how many households at or below 50% of AMI will be served by the project:

About 15% of shared equity buyers are under 50% of AMI, many of whom use the Section 8 to Homeownership program in order to purchase. If we have larger households apply, they are more likely to be under 50% AMI.

Please describe how the City has already demonstrated its interest and support through the investment of CDBG funds, the provision of technical assistance, and/or acquisition of site control for the proposed housing project:

While the City has not invested in this property specifically, the City has been a longtime supporter of the shared equity program and has invested in many SEP homes in situations similar to this project. There are at least 40 SEP homes with an investment by the City.

Please describe how the application supports one or more of the priorities listed in the City's Housing Action Plan:

This project preserves a currently affordable home at 27 Volz Street and creates a new permanently affordable large single family home-ownership opportunity for another low-to moderate income buyer. Both homes will be perpetually affordable and renovated to be sustainable for those households who may otherwise struggle to maintain older homes in the Old North End.

Please describe how the application supports one or more of the priorities listed in the City's Consolidated Plan:

Our application supports the following purposes listed in the City's Consolidated Plan:

Decent Housing:

- Retaining affordable housing stock with Volz Street;
- Increasing permanently affordable homeownership opportunity for low to moderate households with Archibald Street.

A Suitable Living Environment:

- By renovating these two homes that are in some dis-repair, we are reducing the isolation of income groups within areas through spatial de-concentration of housing opportunities for lower income persons and the revitalization of deteriorating neighborhoods. We are creating new updated homes scattered across Burlington's Old North End.

The project also supports the following City priorities as outlined in the City's Consolidated Plan:

SP-10: Geographic Priorities

Priority 2 Neighborhood Revitalization Strategy Area.

Both homes are in Census Tract 3.

SP-25: Priority Needs

Priority 1 – AFH – Maintain or Preserve Affordable Housing;

This project will serve low income households below 80% AMI.

Priority 2 and 3 – AFH – Increase Affordable Housing Opportunities and Housing Resources to LMI residents; Homeowner

This project will maintain one and create one additional permanently affordable homeownership opportunity

SP-40 Institutional Delivery System

CHT is listed as one of only two institutional delivery partners in the plan and currently owns both properties.

Please describe how the proposed project supports an underserved and vulnerable population:

The median home purchase price in Burlington is \$479,000 and households at or below 80% of AMI have few homeownership opportunities. These homes will be newly renovated 3 and 4 bedroom single family homes near downtown with monthly expenses comparable to rental. By being a part of CHT’s shared equity program, the homes will remain affordable and provide additional opportunities to several generations of low-income households.

Please describe the experience of the development team:

The Project Lead, Jaclyn Marcotte, has helped CHT renovate and sell dozens of homes for the past 12 years. CHT hires general contractors to help us create the final scope of work and manage the day to day construction of the homes. We are currently working with Colin Bloch on Volz Street. Colin has been in construction for 20 plus years and even was employed at CHT for a time about 15 years ago. He understands the importance of the program as well as has the knowledge to lead a team of contractors to renovate the home. We are in the process of finding a General Contractor for Archibald Street.

Please describe other ancillary uses (community space, mixed use, etc.), if any, in the proposed project:

The project does not provide any ancillary uses.

Please describe how the project addresses community need:

The project creates and preserves permanently affordable homeownership opportunities in the Old North End. The homes will serve two families who purchase when the homes are complete, but will remain community assets in perpetuity through subsequent resales. The renovated homes will maintain or increase values of the surrounding homes. The Volz St. property will maintain the stability of this enclave of owner-occupied homes and the Archibald conversion will add another homeowner on this street that has predominately rental homes.

Please describe how the project would impact the community:

The project will provide economic development and construction investment, increase the neighborhood property values, and preserve and create affordable homeownership opportunities.

Signature Page

Please check each box that applies:

- Good Standing:** I certify that I am in “good standing” with respect to, or in full compliance with a plan to pay any and all taxes due to the City of Burlington.

- Certification:** Under penalties of perjury, I declare that the information I have provided, to the best of my knowledge and belief, is true, correct, and complete.

Print Name

Applicant Signature

Date

Old North End Shared Equity homes 2022

47/49 Archibald Street

Costs

Acquisition	\$	30,000
Rehab Costs	\$	220,000
Soft Costs: legal, insurance, holding costs	\$	20,000
Construction Mgt Fee	\$	15,000
Total	\$	285,000

Revenues

Net Price = Buyer's Price	\$	170,000
New VHCB	\$	80,000
BHTF Funds	\$	35,000
Total	\$	285,000

Affordability

Sales Price / Appraised Value	\$	450,000
VHCB Investment	\$	80,000
CHT Equity	\$	200,000
Net Price	\$	170,000

Mortgage	\$	1,189
Taxes	\$	390
insurance	\$	50
CHT fee	\$	45
	\$	1,674

Income needed to afford \$ 60,861

AMI of HH of 3	63%
AMI of HH of 4	57%
AMI of HH of 5	53%

27 Volz Street

Acquisition	135,070	\$ 165,070
Rehab Costs	202,000	\$ 422,000
Soft Costs: legal, insurance, holding costs	21,930	\$ 41,930
Construction Mgt Fee	10,000	\$ 25,000
Total Costs	369,000	\$ 654,000

Revenues

Net Price = Buyer's Price	\$ 229,000	\$ 399,000
New VHCB	\$ 67,500	\$ 147,500
BHTF Funds	\$ 45,000	\$ 80,000
CHT Stewardship Fund	\$ 27,500	\$ 27,500
Total	\$ 369,000	\$ 654,000

Affordability

Sales Price / Appraised Value	\$ 425,000
VHCB total Investment	\$ 80,000
CHT Equity	\$ 116,000
Net Price	\$ 229,000

7.50% Mortgage	\$ 1,601	7.50%
Taxes	\$ 385	
insurance	\$ 50	
CHT fee	\$ 45	
	\$ 2,081	

Income needed to afford \$ 75,680

AMI of HH of 3	78%
AMI of HH of 4	71%
AMI of HH of 5	65%