

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

APPLICANT ORGANIZATION Champlain Housing Trust
CONTACT NAME Miranda Lescaze
DAYTIME PHONE & E-MAIL <a href="mailto:Mlescaze@champlainhousingtrust.org">Mlescaze@champlainhousingtrust.org</a> ; 802-861-7376
NAME OF PROJECT Post Apartments
AMOUNT REQUESTED \$225,000
ESTIMATED CONSTRUCTION START DATE June 2023
ESTIMATED COMPLETION DATE August 2024
TOTAL ESTIMATED PROJECT COST \$15,829,333
TOTAL NUMBER OF AFFORDABLE HOUSING UNITS 38
TOTAL ESTIMATED PROJECT COST / TOTAL NUMBER OF AFFORDABLE HOUSING UNITS (PER UNIT COST) \$416,561

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):

Champlain Housing Trust (CHT) and Evernorth (EN) propose a redevelopment of the Howard Plant VFW Post 782 site in downtown Burlington. The project will create 38 critically needed new affordable housing units in the state's largest job center close to services and amenities, will clean up a state designated Brownfield, and will help to solidify the future of the state's oldest nonprofit veterans organization.

The VFW Post 782, commemorating its 100th year, approached CHT to help achieve a sustainable future for the Post and to contribute to the critical need for affordable housing for veterans and other northwestern Vermonters. The mission of the Post is to help combat veterans reintegrate back into society and collaborate with community partners to address unmet needs communitywide. The 100th anniversary marks a time of transition; the nonprofit seeks to capitalize on its land asset to unburden itself from a facility hampered by deferred maintenance and is interested in making way for a new building that could offer four floors of affordable housing and where the Post could advance its community-based work. The Post recognizes the linkage with permanent housing that could also house veterans in need.

Our concept is a five-story building located in the designated downtown form based code district. The first floor will include a condo for the VFW Post's future home – a place of gathering, and veteran services programming; a leased office space where the City's Community Justice Center will tentatively relocate; and the lobby for the housing above. The upper four floors will include a total of 38 apartments in 8 studio, 26 one-bedroom, and 4 two-bedroom apartments. It will be a mixed-income building with 3 apartments targeted to households with incomes at or below 30% AMI, 7 at or below 50% AMI, 20 at or below 60% AMI and 8 at or below 80% AMI. Ten apartments will be assisted by project-based subsidy through BHA, eight of which will be set aside for households exiting homelessness supported with services by CHT's Resident Services Department. We plan to have a special preference for homeless veterans for 5 of these units.

The building is designed to meet Universal Design standards, Efficiency Vermont's High Performance Building standards, and Burlington Electric Department's standards for electric heating and cooling. Two units will be fully ADA compliant and one will include audiovisual accessibility. The site is three blocks from the nearest grocery store and located along a bike lane and public transit line. Though the site does not have room to accommodate green space, it is within two blocks' walk of City Hall Park, three blocks' walk to Smalley Park, and a 0.5-mile walk to both the Burlington bike path and Waterfront Park. The building design will include an outdoor deck on the fifth floor adjacent to the community room to offer flexible gathering and outdoor space for residents.

This project will help to address a critical need for affordable apartments in Chittenden County, the market area (defined as within ~11 minute-drive time of the project site), and Burlington specifically. The wait for households on CHT's waiting list for an affordable apartment in Chittenden County is now 13 months. As a Priority Housing Project within Burlington's state designated downtown, the project is exempt from Act 250.

ARPA funds from VHCB and the City of Burlington, together with a congressionally directed spending award from Senator Sanders' office, will leverage 4% LIHTC equity and other City resources. The City is very supportive of the project and has indicated it has identified a total of \$2.1M in development resources for the project through a combination of its local and federal housing sources, and plans to relocate its growing Community Justice Center to the building. Post Apartments is a unique opportunity to create critically needed new affordable apartments in downtown Burlington, maintain a focus on the needs of veterans housing and services, and create homes for two important nonprofit community entities.

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

All 38 apartments will be restricted to households with incomes at or below 80% AMI or lower.

The project will have 8 apartments at or below 80% AMI, 20 at or below 60% AMI, 7 at or below 50% AMI and 3 at or below 30% AMI.

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

Ten of the 38 apartments will be restricted to households with incomes at or below 50% AMI or lower: seven will be restricted to at or below 50% AMI and three will be restricted to at or below 30% AMI. All of these apartments will be assisted by project-based subsidy through BHA.

Eight apartments will be designated for households exiting homelessness, five of these with a special preference for homeless veterans.

**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:**

The City is interested in the remediation and redevelopment of this important downtown site and has indicated it will provide \$1,000,000 in ARPA funding targeted to the creation of new affordable housing units, as well as HOME and HOME-ARP funding for the development. It has also committed \$228,000 in CDBG funds. In addition, the City has tentatively committed the relocation of the Community Justice Center to one of the two commercial spaces on the ground floor of the building, as a long-term lessee. Lastly, the City is supportive of the VFW Howard Post and has provided business development support as the Post has considered how to position itself for a sustainable future.

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

This project supports the following Housing Action Plan priorities:

*Goal I: Expand and Strategically Apply Municipal Resources to Support New Low- and Moderate-Income Housing Construction and Better Assist Those Ineligible for Subsidy but Unable to Compete in Burlington's Housing Market.*

This project will produce 38 new construction housing units to serve low- and moderate-income households.

*Goal IV: New Approaches to Homelessness in Our Community*

*"Building on the City's strong record of creating and preserving low-income housing, the City supports efforts to end homelessness in our community. The City supports the good work of our partner agencies in Burlington to achieve the goal of ending childhood and family homelessness by 2020.... The City would seek to support its outstanding non-profits including Spectrum, the Howard Center, COTS, Lund, BHA, CHT, Pathways, philanthropic entities, and others to increase the available housing stock and provide services for homeless individuals and families where possible."*

This project will expand CHT's portfolio of apartments for households experiencing homelessness, and will specifically prioritize homeless veterans.

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

The proposed project supports many goals in the Consolidated Plan including the following priorities in the 2020 Action Plan:

**SP-10 Geographic Priorities**

Strategy area – Downtown area

- "In the housing arena, there is need for rehabilitation of structures and the creation of new, in-fill housing to meet the needs of the low income residents."
- "Public improvements, infrastructure projects and brownfield remediation are necessary to improve the quality of life and improve access to facilities and goods and services in the area."

**SP-25 Priority Needs**

2. Increase Affordable Housing Opportunities

DH1.2 Protect the Vulnerable New Special Need housing

DH 1.3 Create New Affordable Housing

SL 1.4 Remediation of Brownfields

- 4. AFH – Increase Employment/Economic Opportunities
  - EO 1.1 Support Microenterprises
- 7. Improve Public Facilities or Infrastructure
  - SL 1.4 Remediation of Brownfields
- 10. Protect the Vulnerable

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

This project will support low- and moderate-income households, households experiencing homelessness, and veteran households. The addition of 38 new perpetually affordable housing units serving these households in a downtown location will have a significant impact on housing availability and affordability for these underserved and vulnerable populations.

**Please describe the experience of the development team:**

In its 38 years, the Champlain Housing Trust has developed, owns and manages over 2,600 apartments in northwestern Vermont, with the majority in Chittenden County and Burlington. CHT is an experienced developer, led by management team members Michael Monte, CEO, Amy Demetrowitz, COO, and Miranda Lescaze, Director of Real Estate Development. In addition to deep experience developing affordable housing, CHT has developed several community facilities including the Old North End Community Center. CHT will partner with Evernorth on this project. Ben Sturtz is an Evernorth senior developer. Evernorth has strong development and tax credit syndication experience throughout New England.

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

This project serves a dual purpose of creating desperately needed new affordable homes and revitalizing the VFW Post facility which will help to secure the sustainability of this community nonprofit. A third outcome is the creation of new nonprofit commercial space for lease to the Community Justice Center, and the synergies of co-locating these community entities.

The Housing Limited Partnership will sell the ground floor condo providing development capital, and the Community Justice Center will be a commercial debt and income component of the operations. These nonprofit community entities will share a site, parking, and building CAM expenses with the housing, but the design has emphasized independent entries, mechanical systems and utility metering.

**Please describe how the project addresses community need:**

This project will address the critical need for new affordable housing units through the creation of 30 new permanently affordable homes in downtown Burlington for low- and moderate-income households.

**Please describe how the project would impact the community:**

This project will have a significant impact on the downtown community. Thirty-eight low- and moderate-income households will have new housing opportunity in a downtown Burlington location close to jobs, services, and amenities. A Brownfields site will be cleaned up and redeveloped, contributing to the economic development of the City. The nonprofit VFW Post will be poised for a sustainable future with new space to effectively deliver programming. The City's Community Justice Center will have a more appropriate and sufficiently sized office space in which to conduct its increasing work.

Signature Page

Please check each box that applies:

- X      **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.
  
- X      **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.

Miranda Lescaze

Print Name

*Miranda Lescaze*

Applicant Signature

11/8/22

Date

Total Residential Units:	38	Increase in Income from Rental Units:	1.50%
Housing Credit Restricted Units:	30	Increase in Income from Other Sources:	1.50%
Percent Restricted:	78.95%	Increase in Income from Commercial:	1.50%
Total Development Cost:	18,205,769	Expense increase:	3.00%
Residential Development Cost per Unit:	416,561	Vacancy Rate:	5.00%
Total Development Cost Per SF:	374	Partner's Tax Rate:	21%
Credit Election:	40/60	Long Depreciation Schedule:	27.5 years
Max Credit Potential:	585,477	Mid Depreciation Schedule:	15 years
Credit Amount Allocated:	521,663	Short Depreciation Schedule:	5 years
		Sponsor's Estimated Yield:	85.01%
LIHTC - 9%	9.00%		
LIHTC - 4%	4.00%	July 2022	

**SOURCES**

		% of Total Development Cost	Interest Rate	Amortization	Term
Amortizing Permanent Debt	2,237,394	12.29%	6.42%	30	30
City HTF	225,000	1.24%	0.00%	0	0
City HOME / HOME-ARP	650,000	3.57%	0.00%	0	0
City ARPA	1,000,000	5.49%	0.00%	0	deferred
VHCB ARPA	6,930,240	38.07%	0.00%	0	deferred
NHTF	400,000	2.20%	0.00%	0	deferred
Condo Sale	505,000	2.77%	0.00%	0	n/a
Energy Incentives	96,000	0.53%	0.00%	0	deferred
Brownfields	500,000	2.75%	0.00%	0	deferred
City CDBG	228,000	1.25%			
HUD EDI	1,000,000	5.49%			
VHFA - Federal Tax Credit Equity	4,434,136	24.36%			
VHFA - VT State Tax Credit Equity	0	0.00%			
<b>TOTAL SOURCES</b>	<b>18,205,769</b>	<b>100.00%</b>			

**USES**

Acquisition	865,000	4.75%		
Construction Hard Costs	14,522,076	79.77%	426	
Soft Costs	2,818,693	15.48%		
<b>TOTAL USES</b>	<b>18,205,769</b>	<b>100%</b>	<b>5,057</b>	

Gap 0

VHFA Construction Loan	\$	8,798,545.07	Interest Rate 6.50%	Term 24 months
------------------------	----	--------------	---------------------	----------------

General Partner's Capital Contribution	443	0.01%
Limited Partner's Capital Contribution	4,434,136	99.99%
<b>Total Equity</b>	<b>4,434,579</b>	<b>100.00%</b>

**APPLICABLE FRACTION CALCULATION**

Housing Credit Restricted Units	30
Total Residential Units	38
Unit Fraction	78.95%
Housing Credit Square Footage	20,532
Total Residential Unit Square Footage	26,619
Square Footage Fraction	77.13%
<b>Applicable Fraction</b>	<b>77.13%</b>

#### 176 S Winooski - Post Apartments 48700 SF total								
Allocation - by Sq Ft								
	100%	87%			13%		Amortizing	
	0.84	Total Budget	Residential	Per Unit	Per s.f.	Commercial	Per s.f.	Permanent Debt
<b>ACQUISITION</b>								2,237,394
Land		494,700	428,540	11,277	8.80	66,160	10.16	
Purchase of Building		355,300	307,783	8,100	6.32	47,517	7.30	
Demolition (without replacement)		0	0	0	0.00	0	0.00	
Appraisal		5,000	4,331	114	0.09	669	0.10	
Legal - Title and Recording		10,000	8,663	228	0.18	1,337	0.21	
Subtotal - Acquisition		865,000	749,317	19,719	15.39	115,683	17.76	
<b>CONSTRUCTION HARD COSTS</b>								
Construction - Residential		9,849,262	9,849,262	259,191	202.24	0	0.00	333,169
Construction - Commercial		1,520,569	0	0	0.00	1,520,569	233.47	1,103,069
Site work		1,290,837	1,118,204	29,426	22.96	172,633	26.51	55,181
Demolition - construction		136,250	118,028	3,106	2.42	18,222	2.80	
Commercial Fit Up		0	0	0	0.00	0	0.00	0
0		500,000	433,131	11,398	8.89	66,869	10.27	
		0	0	0	0.00	0	0.00	
Contractor General Requirements		0	0	0	0.00	0	0.00	
12% Construction Contingency		1,182,989	1,024,779	26,968	21.04	158,210	24.29	294,355
Construction Bond Fee		0	0	0	0.00	0	0.00	
Hazardous Materials Abatement		0	0	0	0.00	0	0.00	
Cond: Off-Site Improvements		0	0	0	0.00	0	0.00	
Furnishings, Fixtures, & Equipment		42,169	36,529	961	0.75	5,640	0.87	8,434
500,000		0	0	0	0.00	0	0.00	
Subtotal - Hard Costs		14,522,076	12,579,935	331,051	298.19	1,942,141	298.19	
<b>SOFT COSTS</b>								
Architectural & Engineering		476,700	412,947	10,867	8.48	63,753	9.79	63,753
Owner Consultants		40,000	34,651	912	0.71	5,349	0.82	5,349
Legal/Accounting		80,000	69,301	1,824	1.42	10,699	1.64	10,699
Relocation		0	0	0	0.00	0	0.00	
Environmental Assessment		46,530	40,307	1,061	0.83	6,223	0.96	6,223
Energy Assessment		0	0	0	0.00	0	0.00	
Permits/Fees		270,000	233,891	6,155	4.80	36,109	5.54	36,109
Market Study		6,500	5,631	148	0.12	869	0.13	869
Construction Period Insurance		25,000	21,657	570	0.44	3,343	0.51	3,343
Construction Loan Interest		387,644	335,802	8,837	6.90	51,842	7.96	51,842
Construction Loan Origination Fee		23,000	19,924	524	0.41	3,076	0.47	3,076
Taxes During Construction		15,000	12,994	342	0.27	2,006	0.31	2,006
Clerk of the Works		0	0	0	0.00	0	0.00	
Marketing		3,000	3,000	79	0.06	0	0.00	
Tax Credit Fees		25,857	25,857	680	0.53	0	0.00	
Soft Cost Contingency		12,000	10,395	274	0.21	1,605	0.25	1,605
Permanent Loan Origination Fee		39,228	39,228	1,032	0.81	0	0.00	
Lender's Counsel's Fee		19,000	19,000	500	0.39	0	0.00	
NMTC soft costs		0	0	0	0.00	0	0.00	
Other (Pre-development financing)		0	0	0	0.00	0	0.00	
Subtotal - Soft Costs		1,469,459	1,284,584	33,805	26.38	184,875	28.39	
<b>SYNDICATION COSTS</b>								
Organizational (Partnership)		0	0	0	0.00	0	0.00	
Bridge Loan Fees and Expenses		0	0	0	0.00	0	0.00	
Syndication Consultant		0	0	0	0.00	0	0.00	
Tax Opinion		0	0	0	0.00	0	0.00	
Subtotal - Syndication Costs		0	0	0	0.00	0	0.00	
<b>DEVELOPER'S FEES</b>								
Developer's Fees		1,000,000	866,263	22,796	17.79	133,737	20.53	155,893
Other Partnership Fees		0	0	0	0.00	0	0.00	
Consultant Fees		0	0	0	0.00	0	0.00	
Subtotal - Developer's Fees		1,000,000	866,263	22,796	17.79	133,737	20.53	
0								
Working Capital		30,000	30,000	789	0.62	0	0.00	
Rent-up (Deficit Escrow) Reserve		30,000	30,000	789	0.62	0	0.00	
Operating Reserves		256,234	256,234	6,743	5.26	0	0.00	105,418
Replacement Reserves		33,000	33,000	868	0.68	0	0.00	
Subtotal - Reserves		349,234	349,234	9,190	7.17	0	0.00	
Subtotal - Soft Costs		2,818,693	2,500,081	65,792	51.34	318,612	48.92	
<b>TOTAL DEVELOPMENT COSTS</b>		18,205,769	15,829,333	416,561	375	2,376,436	373.84	2,240,393 (3,000)
<b>COST BASIS FOR DEVEL FEE</b>		16,856,535						
<b>DEVELOPER FEE</b>		1,000,000						
<b>DEVELOPER FEE %</b>		5.93%						