

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

APPLICANT ORGANIZATION Champlain Housing Trust
CONTACT NAME Robert Leuchs
DAYTIME PHONE & E-MAIL 802 861 7336 rleuchs@getahome.org
NAME OF PROJECT 83 LaFountain Street, Burlington
AMOUNT REQUESTED \$50,000.00
ESTIMATED CONSTRUCTION START DATE February 1, 2021
ESTIMATED COMPLETION DATE June 1, 2021
TOTAL ESTIMATED PROJECT COST \$112,000
TOTAL NUMBER OF AFFORDABLE HOUSING UNITS 1
TOTAL ESTIMATED PROJECT COST / TOTAL NUMBER OF AFFORDABLE HOUSING UNITS (PER UNIT COST) \$112,000

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).

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. 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 increase, keeping the homes affordable. CHT has 635 homes in its shared equity portfolio with 210 of them being located in Burlington.

83 LaFountain was brought into CHT's portfolio in 1997. At that time, CHT had provided funding to households who were income eligible that allowed them to drive the process. Once found eligible, the buyers found a house they would like to buy and CHT provided the funding to help them do so. This home had been a duplex before it had been purchased and the buyer had promised to rehab the property to return it to a single family home.

As part of the transaction, all CHT owners accept the responsibility for maintaining their homes. Most owners take on this responsibility and do a very good job of maintaining their homes. Unfortunately, about 3% of our owners do not.

When the owner of 83 LaFountain decided to move, CHT staff inspected the property and discovered that it could not be sold in the condition it was in. CHT, therefore purchased the property, with the intent of rehabbing it and reselling it once it is in marketable condition.

The home was still laid out as a duplex and it had several deferred maintenance projects. It needed siding and roof repairs, rear deck repairs, structural repairs in the roof and basement, a new furnace, new kitchen and bath fixtures, and new flooring. All told CHT estimates the rehab costs to be \$118,000

To pay for these repairs, CHT is applying to the BHTF for \$50,000 with the remaining \$62,000 coming from the equity in the home.

Post rehab, CHT will market the home at its value of \$320,000 with down payment assistance totaling \$130,000 and a net price to the buyer of \$190,000. This equates to a monthly cost of \$1,232 which is affordable to a household of 4 at 49% AMI.

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

The project will serve one household.

It is difficult to know the AMI of the buyer as we won't market the home until after the rehab is complete in 2021. But the home is priced at what a household of four at 49% AMI can afford. And if one more than one household is interested in a home once we do market it, then CHT uses a point system to determine who it will sell the home to. The household with the lowest AMI almost always wins this selection. Burlington single family homes are extremely popular and so it is very likely that the home will have more than one household interested. All of this to say, that while there is not a guarantee, CHT is very confident that the buyer will be below 80% of AMI.

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

Unless the buyer has a section 8 voucher, it is unlikely that a household under 50% of AMI would be able to afford the home post construction. It would have to a household of four with income at exactly 49% 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 30 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:

1. Affordable Housing Preservation – This project preserves a currently affordable housing unit, providing much needed upgrades and rehab, and providing a new homeownership opportunity.
5. Improve Home Energy Efficiency – This project will include replacement of windows and additional insulation.

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

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

SP-10: Geographic Priorities

Priority 2 Neighborhood Revitalization Strategy Area.

83 LaFountain Street is existing affordable housing in Census Tract 4 that we are proposing to preserve.

SP-25: Priority Needs

Priority 1 – AFH – Maintain or Preserve Affordable Housing;

This project will serve a low income household at 80% AMI.

Priority 3 – AFH – Housing Resources to LMI residents; Homeowner

This project will create a new permanently affordable homeownership opportunity

SP-40 Institutional Delivery System

CHT is listed as one of only two institutional delivery partners in the plan and is the owner of 83 LaFountain Street.

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

Due to the fact that homeownership costs far exceed moderate incomes in Burlington, households at or below 80% of AMI have few homeownership opportunities. And certainly not any opportunities to buy a newly renovated 3 – 4 bedroom single family home near downtown. By being a part of CHT's shared equity program, the home will remain affordable and provide additional opportunities to several generations of underserved households.

Please describe the experience of the development team:

The development team of Robert Leuchs, Jaclyn Marcotte, and Nancy Goodrich have renovated and sold over 200 homes in the past 12 years – including 7 similar projects in partnership with the City using NSP funds.

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 preserves a permanently affordable homeownership opportunity.

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 an affordable homeownership opportunity.

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.

Robert Leuchs

Print Name

Robert Leuchs

Applicant Signature

11/24/2020

Date

Costs

Acquisition	\$	107,000
Rehab Costs	\$	118,000
Soft Costs	\$	15,000
Development Fee	\$	10,000
Total	\$	<u>250,000</u>

Revenues

Net Price	\$	190,000
New VHCB	\$	10,000
BHTF Funds	\$	50,000
Total	\$	<u>250,000</u>

Affordability

Sales Price	\$	320,000
VHCB Investment	\$	22,500
CHT Investment	\$	107,500
Net Price	\$	<u>190,000</u>

Mortgage	\$	853	3.50%
Taxes	\$	283	\$3,400.00
insurance	\$	50	
cht fee	\$	45	
	\$	<u>1,232</u>	

Income needed to afford \$ 44,782

AMI of HH of 3	54.09%
AMI of HH of 4	48.84%
AMI of HH of 5	45.14%

CHT Overall 8/31/2020 2021 Budget	Version dated :							8/31/2020	
	8/31/2020	8/31/2020	8/31/2020	8/31/2020	8/27/2020	8/31/2020	8/31/2020		
	01 Admin	02 COOP	03 HOC	04 PM	05 Owned Properties	06 Com	07 Dev		CHT Total
Grant Revenue	1,439,855	0	631,780	73,333	0	246,500	120,000		2,511,468
Gain on Resale of Property									
Sale of Property	0	0	4,400,000	0	0	0	0		4,400,000
Cost of Property Sold	0	0	3,405,800	0	0	0	0		3,405,800
Additional Appreciation Subsidy	0	0	869,200	0	0	0	0		869,200
Total Gain on Resale of Property	0	0	125,000	0	0	0	0		125,000
Rental Income and Related Items									
Tenant Rent	0	0	0	0	6,613,007				6,613,007
Vacancy	0	0	0	0	(350,364)	0	0		(350,364)
Commercial Rent	0	0	0	0	965,587	0	0		965,587
Other Rental Income	0	0	0	0	424,216	0	0		424,216
Total Rental Income and Related Items	0	0	0	0	7,652,446	0	0		7,652,446
Revenue from Properties									
Fees for Maintenance	0	0	0	1,859,651	(341,211)	0	0		1,518,440
Admin Fees				468,306					468,306
Social Service Fees				488,822					488,822
Property and Asset Management Fees	0	0	0	3,663,599	(419,038)	0	0		3,244,561
Incentive Fees	0	0	0	693,000	0	0	0		693,000
Total Revenue from Properties	0	0	0	7,173,378	(760,249)	0	0	0	6,413,129
Coop Fees	0	66,752	0	0	0	0	0		66,752
Home Ownership Fees	0	0	521,332	0	0	0	0		521,332
Interest Income	0	8,700	12,000	0	2,508	120	246,144		269,472
Development Fees	0	0	116,100	0	0	0	892,900		1,009,000
Technical Assistance Fees	99,087	39,750	0	0	0	0	0		138,837
Miscellaneous Fees	0	0	3,100	0	0	109,500	0		112,600
Donations	0	0	0	0	0	430,000	0		430,000
Sponsorship			1,500						1,500
Total Revenue	1,538,942	115,201	1,410,812	7,246,711	6,894,705	786,120	1,259,044	0	19,251,536

CHT Overall 8/31/2020 2021 Budget	Version dated :							8/31/2020	
	8/31/2020	8/31/2020	8/31/2020	8/31/2020	8/27/2020	8/31/2020	8/31/2020		
	01	02	03	04	05 Owned Properties	06 Com	07 Dev		CHT Total
Personnel and Consultants									
Salaries and Wages	1,348,196	56,141	609,313	3,514,318	0	217,709	185,739		5,931,416
Taxes and Benefits	561,054	23,359	253,513	1,466,384	0	90,586	77,281		2,472,179
Training Costs	58,612	4,500	25,500	30,745	0	4,700	3,000		127,057
Temp /Americor Services and Recruiting	10,480	0	13,100	5,000	0	0	0		28,580
Total Personnel and Consultants	<u>1,978,342</u>	<u>84,000</u>	<u>901,426</u>	<u>5,016,448</u>	<u>0</u>	<u>312,995</u>	<u>266,021</u>	<u>0</u>	<u>8,559,232</u>
Occupancy	67,667	8,508	102,132	287,128	0	25,536	17,028		507,999
Office Expenses									
Supplies and Non-Capital Equipment	40,898	0	2,000	6,640	0	180	0		49,718
Local Mileage and parking	3,000	300	10,650	57,396	0	2,700	1,500		75,546
Postage and Courier Service	31,200	0	300	0	0	900	0		32,400
Telephone	32,700	0	0	4,200	0	0	0		36,900
Printing and Copying	1,200	500	200	0	0	300	0		2,200
Dues & Subscriptions (and Lobbying)	19,770	150	4,235	1,980	0	8,850	4,500		39,485
Equipment Repair and Maintenance	0	0	0	0	0	0	0		0
Bank Fees/Finance Charges	13,000	0	6,090	240	0	2,600	0		21,930
Total Office Expenses	<u>141,768</u>	<u>950</u>	<u>23,475</u>	<u>70,456</u>	<u>0</u>	<u>15,530</u>	<u>6,000</u>		<u>258,179</u>
Technology Expenses									
Equipment Leases	61,584	0	0	0	0	0	0		61,584
Computer Equipment and Supplies	100,262	0	10,800	375	0	8,348	0		119,785
Technology Consulting	150,372	0	0	0	0	0	0		150,372
Internet access	16,164	0	600	2,508	0	324	324		19,920
Shared Expenses	(257,119)	3,149	34,182	197,153		12,213	10,420		(0)
Cell Phones	<u>9,888</u>	<u>480</u>	<u>4,992</u>	<u>38,216</u>		<u>1,440</u>	<u>960</u>		<u>55,976</u>
Total Technology Expenses	81,151	3,629	50,574	238,252	0	22,325	11,704	0	407,637
Allocated Administrative Costs	(1,970,785)	24,140	262,004	1,511,157	0	93,615	79,868		(0)
Property Management Expenses									
Truck Maintenance	0	0	0	12,000	0	0	0		12,000
Other	0	0	0	81,240	0	0	0		81,240
Total Property Management Expenses	<u>0</u>	<u>0</u>	<u>0</u>	<u>93,240</u>	<u>0</u>	<u>0</u>	<u>0</u>		<u>93,240</u>
Total Rental Property Expenses	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>6,506,149</u>	<u>0</u>	<u>0</u>	<u>0</u>	6,506,149

CHT Overall							Version dated :		8/31/2020
8/31/2020	8/31/2020	8/31/2020	8/31/2020	8/31/2020	8/27/2020	8/31/2020	8/31/2020		
2021 Budget	01	02	03	04	05	06	07		
	Admin	COOP	HOC	PM	Owned Properties	Com	Dev		CHT Total
Outreach									
Advertising/Public Relations	0	600	8,100	1,200	0	9,400	0		19,300
Donor Cultivation	0	0	0	0	0	43,000	0		43,000
Membership Expenses	0	0	0	0	0	34,700	0		34,700
Special Events	0	0	0	0	0	0	0		0
Organizing	0	0	0	0	0	12,500	0		12,500
Communications	0	0	0	0	0	13,000	0		13,000
Total Outreach	0	600	8,100	1,200	0	112,600	0		122,500
Screening/Home Ownership/Counseling Expenses									
Workshops	3,300	0	24,420	0	0	0	0		27,720
Tenant Screening	0	0	13,950	0	0	0	0		13,950
Lending	0	0	300	0	0	0	0		300
Total Screening/Home Ownership/Counseling Expenses	3,300	0	38,670	0	0	0	0		41,970
Professional Services	83,800	4,400	66,875	122,100	0	9,500	18,500		305,175
Board and Staff Expenses	38,195	1,020	1,250	4,700	0	0	0		45,165
Other Sources (Uses) of Funds									
Insurance	50,400	0	0	11,700	0	0	0		62,100
Project Expenses	0	0	19,200	0	0	0	30,000		49,200
Interest Expense	3,600	8,700	0	1,320	0	0	325,704		339,324
Other	1,193,435	1,400	6,000	2,400	0	1,200	2,400		1,206,835
Total Other Sources (Uses) of Funds	1,247,435	10,100	25,200	15,420	0	1,200	358,104		1,657,459
Total Expenses	1,670,874	137,348	1,479,707	7,360,101	6,506,149	593,301	757,225	0	18,504,704
Operating Income	(131,932)	(22,146)	(68,895)	(113,390)	388,556	192,819	501,819	0	746,832
** The operating income (\$371,825) remaining in Owned properties only St Joes (\$8,473) can used for CHT operations									380,083
** Less : Owned Property Operating Income **									
Net Available Operating Income									366,749