

Development Budget: Allocation and sources and Uses

Project Name 1891 North Ave Burlington, 3 homes
10-Aug-21

	Budget	VHCB	BHT-Pending	Habitat	TOTAL
Acquisition					
Land	308,000		75,000	233,000	308,000
Property Appraisal	450			450	450
Legal - Title and Recording	1,000			1,000	1,000
Total Acquisition	309,450	-	75,000	234,450	309,450
Construction Hard Cost					
Rehabilitation/New Construction	368,000	300,000		68,000	368,000
Site work					-
Construction manager	50,000			50,000	50,000
Furnishings, Fixtures, & Equipment	25,000			25,000	25,000
Other	-				-
Total Construction	443,000	300,000	-	143,000	443,000
Soft Costs					
Architectural	5,000			5,000	5,000
Engineering	10,000			10,000	10,000
Legal/Accounting	3,000			3,000	3,000
Permits/Fees	9,000			9,000	9,000
Construction Period Insurance					-
Construction Interest	1,200			1,200	1,200
Taxes During Construction	3,000			3,000	3,000
Soft Cost Contingency					-
Loan Fees					-
Other	10,000			10,000	10,000
Total Soft Costs	41,200	-	-	41,200	41,200
Total Development Costs	793,650	300,000	75,000	418,650	793,650

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

APPLICANT ORGANIZATION	Green Mountain Habitat for Humanity
CONTACT NAME	Catherine Stevens
DAYTIME PHONE & E-MAIL	802-872-8726, cstevens@vermonthabitat.org
NAME OF PROJECT	Building 3 perpetually affordable homes for low-income families in Burlington
AMOUNT REQUESTED	\$75,000
ESTIMATED CONSTRUCTION START DATE	July, 2021
ESTIMATED COMPLETION DATE	August, 2022
TOTAL ESTIMATED PROJECT COST	\$793,650
TOTAL NUMBER OF AFFORDABLE HOUSING UNITS	3
TOTAL ESTIMATED PROJECT COST / TOTAL NUMBER OF AFFORDABLE HOUSING UNITS (PER UNIT COST)	\$264,550 with average mortgage per unit of \$164,550

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):

We purchased land at 1899, 1891 and 1893 North Avenue and are building a single family home and a duplex for three low-income working families in need of safe and perpetually affordable homes. We partner with the Vermont Housing & Conservation Board and their shared equity pass-through grants to the homeowners, and the original grant stays with the home to ensure the property remains affordable for another low-income family if it is sold.

We also partner with Efficiency Vermont to ensure that we are doing all that we can, within budgetary reason, to make the homes efficient. The HERS indices of the five homes we just completed in Burlington and South Burlington range from 44 to 47, an incredibly efficient rating, far better than the typical new-build home. This HERS rating results in ANNUAL heating costs of less than \$300. Energy efficiency is so important to low-income families, obviously, and combined with an affordable mortgage helps them to be more financially stable.

Burlington Housing Trust Fund support is more important than ever given the cost of land and the huge increase in cost of building materials. The land for the three homes in this project is the most expensive we've ever purchased.

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

100% of Habitat homeowners are at or below 80% of HUD Burlington MSA median household income.

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

Applicants are currently being reviewed so we don't know how many might be at or below 50% AMI. As stated above, we do know they will all be at or below 80%.

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:

N/A for this project.

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

The City's 2021 Action Plan for Housing & Community Development states that "Affordable housing continues to be the City's highest overall priority under this Consolidated Plan"; and "affordable housing development is an economic engine"; and "All the citizens of Burlington have the right to live and raise their families in homes that are safe and sound, at a cost that allows them to afford the other necessities of life. The free market for housing is not a fair market for low-income residents."

Green Mountain Habitat for Humanity supports these priorities with our mission to make home ownership of safe, perpetually affordable and energy-efficient homes a reality for low-income working families. The families we serve work in low-paying jobs at the hospital, in manufacturing, in local business call centers, in restaurants and other needed workforce positions which do not pay enough for families to either find a decent and affordable apartment or to achieve the dream of owning their own home. And the majority of our homeowners over the past few years have been New Americans who face additional challenges beyond their incomes.

As the City recognizes, the low vacancy rate in Burlington and the volume of demand "encourages some landlords to allow the quality of their housing units to deteriorate". Many of our Habitat homeowners have lived in apartments with unsafe electrical, poorly working plumbing and heating, leaks, mold, vermin and other unhealthy and intolerable conditions. Or, they haven't been able to find an apartment and are technically homeless, forced to live with family or friends.

The unique Habitat model of having volunteers help build the homes (trained and supervised by experienced builders) makes it possible for us to build homes which are energy efficient and perpetually affordable. These homes will remain affordable forever.

One of the biggest challenges to building affordable homes for home ownership in Burlington is the scarcity and cost of land. The land we purchased for this project cost \$308,000 or a per unit land cost of \$102,666 before any building begins. If not for the increase in VHCB pass-through grants, these homes would be beyond the Habitat affordable range for low-income working families. Support from the Burlington Housing Trust is critical for this project for the land and the large increase in the cost of building materials.

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

The City's priority of "increasing affordable, permanent housing in standard condition for low-income families, particularly to members of disadvantaged communities", matches Green Mountain Habitat for Humanity's mission with two additions—the decent and perpetually affordable homes are also highly

energy efficient (which meets the City's priority to conserve the City's energy resources) and the families who partner with us purchase the homes, rather than rent them. Home ownership is life-changing for Habitat families with the following benefits:

- Improved health outcomes including reduced stress, clean air, no toxic materials or asthma-promoting conditions, and cessation of overcrowding.
- Increased financial stability with a perpetually affordable home, low utility costs, ability to build equity and increased net wealth especially for low-income and minority families.
- Better test scores for children, a higher rate of graduation from high school and a higher rate of post-secondary education.

In addition, the City's priority to "provide affordable housing accessible to job opportunities" applies to our North Avenue project, especially with the bus stop in front of the property! Quite often, Habitat homeowners have only one car so the ability to have public transportation to their jobs is very helpful.

Our homebuilding project on North Avenue also supports the City's priorities of 'assisting homeless persons obtain affordable housing' and "assisting persons at risk of becoming homeless". One of our 2021 partner families, a family of two adults and two young children, were living in a single bedroom of a family member's home. Several other recent partner families were living with relatives or friends due to their inability to find an affordable apartment.

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

Green Mountain Habitat for Humanity purchases land and builds homes for low-income working families currently living in substandard housing. In order to apply for a Habitat built home, the families must have an income between 30% to 80% of the HUD median household income levels, which are adjusted according to the number of people who will be living in the house. In addition, applicants must demonstrate a housing need including:

- Living in unsafe environments or overcrowded conditions and/or
- Living with relatives, friends or in other temporary housing and/or
- Having housing expenses which are more than 30% of their household income.
- And, unable to qualify for a conventional mortgage on a market rate house.

As mentioned in the section above, we are seeing an increase in the number of families who work full-time or more, yet can't find an affordable apartment and are homeless and forced to live with family or friends. One of our partner families, who purchased their home in 2020, had to split up and live with different family members for over a year!

Because the homes we build will be perpetually affordable and are sold to the families at the cost to build them, with no profit, the monthly cost for mortgage, property taxes and homeowners insurance for a 3-bedroom home is approximately \$1000, much less than the rent for the average 2-bedroom apartment in Burlington. And, since the homes are Energy Star Certified and Efficiency Vermont Certified, the utility costs are very low. For a low-income family to not only build equity for their family, but also spend hundreds of dollars a month less on housing is truly transformational, giving them extra money to spend on other important necessities.

In addition, the family will have improved health outcomes and children will do better behaviorally and in school.

Please describe the experience of the development team:

Green Mountain Habitat for Humanity has built 90 homes and our Strategic Plan includes the goal to build more each year. This year, we completed 5 homes, despite the Pandemic building moratorium in 2020 and the huge increase in building material costs. In July we began to build 5 additional homes in Burlington and Milton.

While we depend on volunteers to help build the homes, these volunteers are trained and overseen by experienced construction supervisors. And our two construction project managers (one paid staff and one longtime volunteer) have each developed a core team of experienced volunteers who work at least one day a week! These two core teams made it possible for us to build last year once the mandates allowed.

We hire appropriate tradespeople, of course, for electrical work, plumbing, foundations and HVAC. Permitting and oversight responsibilities are handled by our Executive Director, David Mullin, who has 20 years of experience administering home building projects.

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

N/A

Please describe how the project addresses community need:

The City of Burlington has long identified the need for affordable housing and the challenges to solve the problem. The primary focus has been on rental units, which are obviously needed, but there has been acknowledgement that affordable home ownership is of benefit to the community. With the high cost of land and building materials and the need to make a profit, it is impossible for commercial builders to build affordable home ownership in all of Chittenden County. Often, “affordable homes” will be built and sold for over \$300,000, an impossible amount for many of county’s workforce to afford. That is exactly why Green Mountain Habitat for Humanity exists.

Low-income working families have great difficulty finding safe and affordable apartments and can’t begin to afford, or qualify for, a conventional mortgage for an open market house. Our unique and proven model of building homes and selling them at cost provides much needed workforce housing. Families who work in Burlington would like to live in the City with the ability to take public transportation to work, lessening their dependence on typically less than dependable cars. This means they can get to their jobs more easily, providing more reliable employees for local businesses.

Whether we are building on an empty lot, as we are with the project of this proposal, or tearing down a decrepit house which isn’t worth repairing, we are helping low-income families to take the step up out of poverty and to begin a more financially stable future. In addition, the homes we build help to revitalize neighborhoods because they are well built and designed.

Please describe how the project would impact the community:

This project impacts the community in the following ways:

- Adding perpetually affordable and energy efficient homes for low-income working families to purchase at cost.
- These new homes move the Habitat families out of apartments or out of family and friends' homes.
- Have safe and affordable homes means that Habitat partner families can fill needed jobs in the City and can use public transportation to do so if necessary.
- Homeownership promotes civic and social engagement; homeowners are more likely to vote, more likely to become involved in community groups and have a larger social network within their community.
- Children living in homes do better than children living in apartments both behaviorally, have better school test scores, are more likely to graduate and to move on to post-secondary education.

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.

____ Catherine Stevens, Advancement Director



August 11, 2021