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## COMMUNITY & ECONOMIC DEVELOPMENT OFFICE

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Date: December 5, 2022

To: Housing Trust Fund Administrative Committee

From: Harrison Martin-O'Brien, Housing Programs Specialist II, CEDO  
Todd Rawlings, Assistant Director, Grants & Finance, CEDO

Subject: FY23 Housing Trust Fund Funding Recommendations

### **Background:**

During the September 29, 2022 meeting of the Housing Trust Fund Administrative Committee (HTFAC), the committee discussed changing the rubric for scoring applications and accepted a recommendation from the Community & Economic Development Office (CEDO) to shift scoring responsibility for applications from the HTFAC to CEDO staff. Further discussion led to a proposal to modify the rubric based on Councilor Hightower's scoring suggestions. Staff incorporated those suggestions into a second version of the scoring rubric. All applications have been scored using both the original version of the rubric ("Rubric #1") and the version proposed by Councilor Hightower ("Rubric #2").

Of the previous five fiscal years, the HTFAC received between nine (9) and twelve (12) total applications per year. This year CEDO received seventeen (17) applications, showing increased demand for funding. A Request for Proposals (RFP) for FY23 funds was published in Seven Days on October 12, 2022 and distributed widely through email distribution and via social media. CEDO also sent a reminder about the application deadline via social media. The deadline for applications was November 11, 2022 at 4:00 p.m.

### **Overview:**

For FY 2023, the Housing Trust Fund has a total of \$846,785.50 available. This includes \$563,247 from the City budget, \$263,520 in program income, and an additional \$20,018.50 in carryover from the previous fiscal year. Of the \$826,767 available before FY2022 carryover, \$124,015.05 (15%) is budgeted for Administration. This leaves a total of \$722,770.45 available for Project and Capacity applications. CEDO received eight (8) applications for capacity grants, for a total of \$147,500. Nine (9) applications were received for project grants, for a total of \$822,450. The total combined request for FY23 is \$969,950. This leaves a shortfall of \$247,179.55.

### **Scoring:**

The following tables include a summary of the applications and their respective scores:

<u>Project Applications</u>	<u>Amount Requested</u>	<u>Score Rubric #1 (Max 71 Points)</u>	<u>Score Rubric #2 (Max 67 Points)</u>
Cathedral Square McAuley Square Scholars Security Upgrade	\$7,950.00	49	45
CHT Old North End Shared Equity	\$80,000.00	44	42
CHT Pine at CityPlace	\$300,000.00	60	56
CHT Post Apartments	\$225,000.00	60	56
COTS 278 Main Street Exterior Repairs	\$10,000.00	40	39
Ethan Allen Dining and Nutrition Support Project	\$19,500.00	48	44
Green Mountain Habitat Affordable Housing	\$100,000.00	46	44
HomeShare Vermont Incentive Program*	\$30,000.00	32	29
Lighthouse Commons Condominium Association 24 Blodgett Street Project	\$50,000.00	33	30
<b>Total</b>	<b>\$822,450.00</b>		

<u>Capacity Applications</u>	<u>Amount Requested</u>	<u>Score Rubric #1 (Max 50 Points)</u>	<u>Score Rubric #2 (Max 25 Points)</u>
ANEW Place Champlain Inn	\$10,000.00	33	13
Cathedral Square Capacity	\$28,000.00	41	18
CHT Capacity	\$60,000.00	43	25
COTS Housing Resource Center	\$10,000.00	34	15
COTS Waystation and Daystation	\$10,000.00	34	15
Ethan Allen Capacity for Training	\$9,500.00	31	13
HomeShare Vermont Capacity	\$10,000.00	30	13
Spectrum Youth Services	\$10,000.00	30	12
<b>Total</b>	<b>\$147,500.00</b>		

Overall scores were relatively high, with the highest scores going to projects that create new affordable units of housing. Current scoring priorities give the most weight to the creation of new permanently affordable housing and the preservation of existing permanently affordable housing. In the scores above there is an asterisk next to HomeShare Vermont's Incentive Program. Based on the current scoring rubric this project receives a relatively low score because the affordable housing created is not permanent. However, the incentive program will provide new units of affordable housing on the market for low-income Burlingtonians and will serve as a pilot to determine whether HomeShare units can be significantly increased with a modest financial incentive.

Recommendations:

Based on the unprecedented level of demand for Housing Trust Fund grants for FY 2023, CEDO staff are making the following award recommendations to the committee. For Capacity awards, staff recommends the committee fund each request in its entirety:

Capacity Applications

	<u>Requested</u>	<u>Recommended Award</u>
COTS Housing Resource Center	\$10,000.00	\$10,000
COTS Waystation and Daystation	\$10,000.00	\$10,000
ANEW Place Champlain Inn	\$10,000.00	\$10,000
HomeShare Vermont Capacity	\$10,000.00	\$10,000
Cathedral Square Capacity	\$28,000.00	\$28,000
CHT Capacity	\$60,000.00	\$60,000
Ethan Allen Capacity for Training	\$9,500.00	\$9,500
Spectrum Youth Services	\$10,000.00	\$10,000
<b>Total</b>	<b>\$147,500.00</b>	<b>\$147,500</b>
<b>Maximum to allocate to capacity (35%)</b>	<b>\$289,368.45</b>	
<b>Surplus/Shortfall</b>	<b>\$141,868.45</b>	

After fully funding all of the capacity requests, there still remains an additional \$141,868.45 to allocate. CEDO staff recommends reallocating this amount for project awards, increasing the total amount available for project awards to \$575,270.45.

Regarding Project Applications, CEDO staff recommend:

- 1) The majority of funding is allocated to the four highest scoring projects
- 2) CHT's Post Apartments project request is fully funded since this request is more time-sensitive because it is further along in development and is expected to close prior to the next HTF funding round
- 3) CHT's Pine Place is fully funded since while it is a critical affordable housing project and given its scale is in need of a large amount of Housing Trust Funds.
- 4) HomeShare Vermont Incentive Program is fully funded because, although it was a low scoring application due to lack of permanent affordability, staff believe this will have an important impact. Staff believe that if this pilot program is successful, then HomeShare may be able to increase the number of units available in the future. While the two highest scoring projects will provide new affordable units over the next two to four years, this project will provide much needed affordable units in the near term and at a low cost.
- 5) Cathedral Square McAuley Square Scholars Security Upgrade is fully funded.
- 6) If amenable to the applicant, Ethan Allen Dining and Nutrition Support Project is partially-funded for \$12,320.45 and given first priority for full funding the balance if additional funds are received by the HTF in FY2023.
- 7) If additional funds are received during this fiscal year, then these funds are allocated to the highest scoring applications per the below. Sources of additional Housing Trust Funds are Inclusionary Zoning Payments-In-Lieu, Condominium Conversion Ordinance payments, Replacement Housing Ordinance payments, and Short Term Rental fees. As additional

funds are received by the Trust Fund, staff recommend that the Housing Trust Fund Manager have the authority to allocated funds to the approved list of projects as funds become available.

Project Applications

<u>Project Applications</u>	<u>Amount Requested</u>	<u>Score (Rubric #1 /Rubric #2)</u>	<u>Recommended Award</u>	
CHT Post Apartments	\$225,000.00	60/56	\$225,000.00	
CHT Pine at CityPlace	\$300,000.00	60/56	\$300,000.00	
HomeShare Vermont Incentive Program	\$30,000.00	32/29	\$30,000.00	
Cathedral Square McAuley Square Scholars Security Upgrade	\$7,950.00	49/45	\$7,950.00	
Ethan Allen Dining and Nutrition Support Project	\$19,500.00	48/44	\$12,320.45	Partial
Green Mountain Habitat Affordable Housing	\$100,000.00	46/44	\$0.00	Funded if additional revenue received by the HTF in order of score.
CHT Old North End Shared Equity	\$80,000.00	44/42	\$0.00	
COTS 278 Main Street Exterior Repairs	\$10,000.00	40/39	\$0.00	
Lighthouse Commons Condominium Association 24 Blodgett Street Project	\$50,000.00	33/30	\$0.00	
<b>Total</b>	\$822,450.00		\$575,270.45	
<b>Available to allocate to projects</b>			\$575,270.45	
<b>Surplus/Shortfall</b>	<b>(\$247,179.55)</b>		<b>\$0.00</b>	

Scoring Analysis:

In order to understand the difference between each of the rubrics, the scores were converted to percentages so that they could be compared between rubrics. Percentages were calculated using the points received/total possible points.

The difference between Rubric #1 and Rubric #2 was greatest for the Capacity applications. On average, there was a difference of 7 percentage points between rubric #1 and #2. Despite this difference, the ranking of capacity scores was the same. Given that, and since the scoring burden is reduced using Rubric #2, staff recommend that future rounds of funding use Rubric #2 for scoring Capacity applications. The breakdown of percentages can be found below:

Project Ranking	Rubric #1 Scores	Score #2 %	Difference
1. CHT Capacity	86.00%	100.00%	-14.00%
2. Cathedral Square Capacity	82.00%	72.00%	10.00%
3. COTS Housing Resource Center	68.00%	60.00%	8.00%
4. COTS Waystation and Daystation	68.00%	60.00%	8.00%
5. ANEW Place Champlain Inn	66.00%	52.00%	14.00%
6. Ethan Allen Capacity for Training	62.00%	52.00%	10.00%
7. HomeShare Vermont Capacity	60.00%	52.00%	8.00%
8. Spectrum Youth Services	60.00%	48.00%	12.00%

In comparison, the difference between Rubrics #1 and #2 was much smaller for Project applications. On average the difference between the two rubrics was 1.39%. The ranking of project scores was also the same between the two rubrics. Given that, and since the scoring burden is reduced using Rubric #2, staff recommend that future rounds of funding use Rubric #2 for scoring Project applications. The breakdown of percentages can be found below:

Project Ranking	Rubric #1	Rubric #2	Difference
1. CHT Pine at CityPlace	84.51%	83.58%	0.92%
2. CHT Post Apartments	84.51%	83.58%	0.92%
3. Cathedral Square McAuley Square Scholars Security Upgrade	69.01%	67.16%	1.85%
4. Ethan Allen Dining and Nutrition Support Project	67.61%	65.67%	1.93%
5. Green Mountain Habitat Affordable Housing	64.79%	65.67%	-0.88%
6. CHT Old North End Shared Equity	61.97%	62.69%	-0.71%
7. COTS 278 Main Street Exterior Repairs	56.34%	58.21%	-1.87%
8. Lighthouse Commons Condominium Association 24 Blodgett Street Project	46.48%	44.78%	1.70%
9. HomeShare Vermont Incentive Program	45.07%	43.28%	1.79%

Motions:

1. Motion: Approve funding for all eight (8) Housing Trust Fund Capacity Applications listed above and totaling \$147,500.00.
2. Motion: Approve fully funding the following Project applications: CHT Post Apartments for \$225,000, CHT Pine at CityPlace for \$300,000, HomeShare Vermont Incentive Program for \$30,000, Cathedral Square McAuley Square Scholars Security Upgrade for \$7,950.00, and partially funding the Ethan Allen Dining and Nutrition Support Project for \$12,320.45.
3. Motion: Grant Housing Trust Fund Manager the authority to award funds to project applications as additional funds are made available, in the order highest to lowest score
4. Motion: Adopt scoring Rubric #2 to be used to score future Capacity and Project applications.