

**Housing Trust Fund**  
*Project Grant Application*

APPLICANT ORGANIZATION North Avenue Co-op, Inc. (NAC)
CONTACT NAME Jeremiah Ward
DAYTIME PHONE & E-MAIL 518-569-7863; jward@cdi.coop
NAME OF PROJECT North Avenue Co-op Water & Sewer System Construction
AMOUNT REQUESTED \$255,000
ESTIMATED CONSTRUCTION START DATE Spring 2024
ESTIMATED COMPLETION DATE Fall 2027
TOTAL ESTIMATED PROJECT COST \$5.1MM
TOTAL NUMBER OF AFFORDABLE HOUSING UNITS 116
TOTAL ESTIMATED PROJECT COST / TOTAL NUMBER OF AFFORDABLE HOUSING UNITS (PER UNIT COST) \$43,966 (Total Grant Request/Total Number of Affordable Housing Units is \$2,198)

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):

Since the CDI Development Fund (CDIDF) purchased Farrington's Mobile Home Park in 2015, it and the residents' cooperative directly operating the community, NAC, have been planning to replace its aging and deteriorating water and wastewater infrastructure and roads. The project now has final designs in place that have been approved by Burlington DPW and permitted by Vermont Agency of Natural Resources. The plans include the construction of storm water infrastructure to comply with the State's new "3-Acre" rule.

The infrastructure replacement project is expected to cost \$5.1MM, which is \$1.5MM greater than the price paid to acquire the MHP back in 2015. To date, CDIDF and NAC have secured \$1.7MM to fund the project. Another \$1.8MM is currently allocated for the project in FY 2024 Congressionally Directed Spending. We've requested \$500,000 from VHCB and plan on filling the remaining gap using a combination of a loan and new grant programs (CDBG-PRICE and ANR's 3-Acre Construction Assistance) since the project is not eligible for CWSRF or USDA-RD, sources that usually contribute to projects of this magnitude.

The project is expected to take 2-3 years, but the timeline is dependent on when all funding is secured. Fortunately, the project can be split into two stages. The plan for stage one, which can begin in 2024, is to use the project's ARPA Healthy Homes award to install new water and sewer service lines at each manufactured housing lot. This should streamline the work involved and thus contain costs in stage two-installing water, sewer, and storm water mains and replacing roads-given that larger contractors that have the capacity to work with multiple funding sources prefer to work in roadways rather than having to carry out work on resident homesites.

CDIDF/NAC owns a water distribution system and sewer collection system connected to the City of Burlington's systems. Both are in poor shape and beyond their useful lifespan. Fortunately, water testing shows that the drinking water is safe and free of any contaminants. However, the systems, especially the water system, do experience breaks that can be costly to repair. The systems are 50-60 years old. The purpose of this project is this grant request is to raise capital necessary to fully replace these substandard systems.

The project involves complete replacement of NAC's water distribution system and sewer collection system. New 8" water and 6" sewer mains serving the community will be installed under roadways. This will allow the property to have adequate flows for fire protection, and multiple hydrants are included in the plan. New water and sewer services to each home will be installed as well. Each household's water service will be metered, and the City of Burlington will issue each household a water and sewer bill post-construction. The project also involves storm water collection infrastructure, with drainpipes also installed under roadways. Storm water will drain to one of three infiltration basins to be installed on the property. Lastly, the community's roadways, which are currently in fair-to-poor condition, will be rebuilt and properly graded and crowned to aid with storm water management.

All permits for the project have been obtained including: A Wastewater System and Potable Water Supply Permit (WW-4-5857), A "3-Acre" Stormwater Permit (8494-9050) and a General Water Main Construction Permit. An Act 250 Jurisdictional Opinion was obtained in 2018 and determined that an Act 250 Permit is not required.

Uses	Amount
General Conditions	\$587,480
Water	\$967,505
Wastewater	\$660,875
Stormwater	\$418,950
Roads/Parking	\$825,760
Landscape	\$193,050
Electrical	\$25,000
Other	\$108,000
Contingency, Insurance, P&P Bond	\$861,456
Soft Costs	\$485,750
<b>Total Uses</b>	<b>\$5,133,826</b>

Sources	Amount	
ARPA Health Homes Grant	\$1,302,000	Grant approved
CDS – EPA	\$1,800,000	Awaiting approval
BHTF	\$255,000	
ARPA 3-Acre Stormwater	\$207,655	To apply once program launches
CDBG – PRICE	\$500,000	To apply once program launches
Equity	\$160,000	
VHCB Trust Fund	\$500,000	Awaiting approval
Loan	\$409,171	To apply
<b>Total Sources</b>	<b>\$5,133,826</b>	

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

94% of its 116 households make under 80% AMI.

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

64% of its 116 households make 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:**

The City of Burlington has supported this project since its inception in 2015. The City has reserved \$300,000 of Burlington Housing Trust Fund capital for the project since this time. \$45,000 of this funding has been used to pay for the final design of the project, leaving \$255,000 of BHTF to contribute towards construction.

Burlington DPW as also reviewed and approved the project design plans and were co-applicants for the project’s waste water permit and water main construction permit. Burlington DPW also entered into an MOU with North Avenue Co-op and CDI Development Fund to detail ownership, operations and maintenance of the water and sewer post-construction.

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

Affordable housing is the City’s Housing Action Plan highest overall priority. This project involves planning for the long-term stability of lot rent levels. NAC’s lot rents are currently \$426, and approximately 40% of these lot rents pay for the debt services on the NAC’s \$3.6MM purchase price. Given that this project has a \$5.1MM price tag and given that the highest manufactured housing park lot rents in the state are around

\$520, most of this project must be grant funded to keep lot rents affordable. A BHTF award of \$255,000 by itself is tantamount to saving NAC resident \$18 per lot per month in rent, which has a substantial impact on the project's affordability to low- and moderate-income residents.

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

The 2018 City of Burlington Consolidated Plan names NAC/Farrington's Mobile Home Park under the Affordable Housing Priority. It is mentioned that "ongoing support" has been provided to residents to improve their homes (pgs. 179, 190). Thanks to funding from BHTF, NAC was able to remove 6 abandoned homes in the community. The vacant lots were filled with homeowner-occupied single-family homes further preserving precious affordable housing stock (Priority 1, pg. SP 114) and increasing the number of units (Priority 2, pg. SP 114) within Burlington. With the affordability covenant in place, the homes in NAC are sold to homeowners who fall into the low- to moderate-income levels (Priority 3, pg. SP 115).

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

NAC is an essential source of affordable housing in a city where median home prices and apartment rents have increased dramatically over recent years. For housing to be affordable for a minimum wage worker in Vermont, housing costs would have to be limited to \$685 per month (2023 Out of Reach, NLIHC). This is still attainable within NAC, where lot rents are \$426 per lot per month, which is actually \$90 less than market mobile home park rent in Chittenden County thanks to residents taking ownership of their property in 2015 and putting an end to profit-driven rent increases.

Meanwhile, affordable housing for a minimum wage worker is nearly entirely out of reach in the surrounding city where median home values have shot up to \$508,505 (ZHVI 9/2023) and market rent for a 2-bedroom is now \$2,670 (ZORI 9/2023). Trends like this help explain why Vermont has the second highest per-capita rate of homelessness in the country.

Given that NAC is a particularly low-income community and given that it is a key source of affordable housing for the region, it is important to balance the need to carry out this project with the need to keep lot rents affordable. Without any subsidy – i.e., if NAC had to raise the capital needed with market-rate lending terms – this project would simply not be able to proceed, given both the lack of additional value to pledge as collateral on top of its purchase loan and the multi-hundred-dollar rent increase that would be required.

NAC is the only place in the city where a working-class family can still buy a brand new 2-bedroom home for \$100,000. The project's total cost of \$5.1MM or around \$44,000 per home counts as a relatively modest investment to preserve this crucial affordable housing.

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

The project has an experienced development team including Trudell Consulting Engineers and CDI's Water Infrastructure Support Program. Combined, the team has many decades' worth of experience working in this specialized field of manufactured housing infrastructure. This project will also benefit from this team's firsthand experience in leading another MHC, Milton Mobile Home Cooperative, to complete its \$4MM infrastructure replacement project after years of planning and development.

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

NAC has a small community garden and an open field for playing and gathering at the southeast end of the property.

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

Insufficient collateral and constraints around keeping lot rents affordable as discussed above, require this \$5.1MM infrastructure project is mostly grant funded. We believe that the best approach given these constraints is to apply for a number of grant funding sources to avoid asking too much of any given funder.

CDIDF/NAC has an Affordability Covenant in place with the City of Burlington since the community was awarded BHTF in 2016. 23 lots in the community are reserved for households earning less than 50% of AMI, and 47 lots in the community are reserved for households earning less than 80% of AMI. This Affordability Covenant ensures that more low- and moderate-income households apply to be residents when lots become available. Thus, NAC will continue to provide affordable housing in a scarce housing environment for decades to come.

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

NAC currently spends 25% of its revenue paying high water and sewer bills and repairing breaks in the distribution system. Post-construction, we estimate that water and sewer maintenance bills will drop by at least 45%, and this savings is allocated towards increased capital reserve contributions, which will more than double from the current rate of \$7,500 per year to \$24,000 per year. Water and sewer bills will also likely be reduced as well, but these will no longer be paid by NAC but rather each individual household. The project budget does not yet include withdrawals for capital needs over 20-year timeframe, but it does a project total of nearly \$1MM in cash on hand (combined reserves and operating) that can be allocated towards needs identified in the post-construction capital needs assessment.

Signature

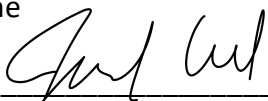
Please check each box that applies:

- 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.

Jeremiah Ward

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Print Name



11/14/2023

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Applicant Signature

Date