

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

APPLICANT ORGANIZATION Cathedral Square
CONTACT NAME Miranda Lescaze
DAYTIME PHONE & E-MAIL 802.859.8815; Lescaze@cathedralsquare.org
NAME OF PROJECT Ruggles House Capital Needs
AMOUNT REQUESTED \$50,000
ESTIMATED CONSTRUCTION START DATE February 1, 2020
ESTIMATED COMPLETION DATE October 31, 2020
TOTAL ESTIMATED PROJECT COST \$225,000 + \$16,000 inkind = \$241,000 total
TOTAL NUMBER OF AFFORDABLE HOUSING UNITS 15
TOTAL ESTIMATED PROJECT COST / TOTAL NUMBER OF AFFORDABLE HOUSING UNITS (PER UNIT COST) \$16,067 per unit total cost. HTF Request is \$3333 per unit.

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):

Physical Description

Ruggles House is a 15-unit service-enriched affordable housing community for older adults located at 262 South Prospect Street. Ruggles House is a unique special needs housing community designed for seniors who want to remain socially active and independent with services available to support aging in place. This Victorian mansion, built in the 1800's, is set back from the street in a quiet residential neighborhood near the University of Vermont and UVM Medical Center. Support and Services at Home (SASH®) care coordination, wellness nursing, housekeeping and engaged, on-site property management are a few of the many amenities offered at Ruggles House.

Officially named The Lucy Ruggles House on the National Historic Register, the attractive brick Italianate building was constructed in the early 1800s as a single family residence. From 1932 to 2000 Ruggles House served as a home for retired teachers but in 2000, facing increasing costs and decreasing resident enrollment, the Ruggles Foundation slated the home for closure. Cathedral Square responded in 2001, and with Housing Vermont, purchased the Ruggles House to preserve its provision of affordable housing for older adults, and embarking on a large scale renovation. This 2001-2002 purchase and renovation was funded with Low Income Housing Tax Credits, Historic Rehabilitation Investment Tax Credits (RITC), City HOME funding, and a TD Bank (then Howard Bank) sponsored Affordable Housing Program (AHP) grant and subsidized loan, to name a few of the funding sources. The project included extensive historic renovations, as well as the addition of a new two-story rear addition to the remaining ell to update the kitchen area and install elevator access. The renovations updated many building systems and maintained the grace of the old mansion with its parquet floors, oak paneling and tiled fireplace. Since completion in 2002, Cathedral Square has provided affordable housing with SASH services at Ruggles house for low-income seniors.

Ruggles House offers 15 total apartments, 14 efficiency apartments with a full bathroom and a kitchenette, and one full one-bedroom apartment. The efficiency apartments are small and are equipped with a half-size refrigerator, a microwave, and sink. The first floor of the building includes a large community kitchen where residents prepare their own meals, and/or group meals. Residents may also order meals to be delivered from Cathedral Square Senior Living's kitchen. The size of the efficiency apartments range from 245 to 436 square feet. The one bedroom apartment is 635 square feet in size. The common areas include several living areas including a large lobby, an art room, two living rooms, a large dining room, and a large kitchen. These common rooms provide a uniquely warm and welcoming atmosphere and provide for socialization and wellness SASH programming.

Need

Ruggles House, at 15 units, has always operated on a thin margin. It is special needs housing, offering a combination of affordable housing with rental assistance and services – SASH wellness programs (included in rent), optional meals, and optional housekeeping services. In 2017, a payment in lieu of tax agreement expired, and, faced with a high tax bill, CSC was successful in a tax appeal to the City. In supporting this appeal, the Vermont Housing Finance Agency wrote to the City Attorney, “The service-enriched component is a critical function of this property. By design Ruggles House serves a vulnerable low income population that otherwise might be living in more expensive institutional care.” Because the property is small (from an operating perspective), it offers an intimate housing environment for vulnerable residents, but with high expenses and limited income, it operates on a thin margin.

Eighty percent of current Ruggles House residents are extremely low-income (below 30% AMI) and the remainder are very low-income (below 50% AMI). A high percentage of residents were homeless before they were housed at Ruggles House, and/or would be at risk of homelessness or institutionalization if they could not live at Ruggles House. Nine of the fifteen apartments have project based rental assistance; these residents pay only 30% of their income for rent. Two apartments are tax credit units for which current rents are \$800, and three

are unrestricted units for which rents range from \$925 to \$1080 (significantly below market rents). There is overwhelming demand in the Burlington community for the affordable service-enriched senior housing at Ruggles House. All units are occupied, and 149 people are currently on a waiting list for a Ruggles House apartment. This project will not involve rent increases.

Proposal

CSC is faced now with capital needs that exceed our reserves (and ability to take on debt service payments), but given that some building systems still have remaining useful life, the property does not warrant a full recapitalization/ re-syndication. Some of the critical repairs and upgrades needed include: reroofing, concrete patio repair, window repairs, basement repairs, garage door replacement, and significant painting. Cathedral Square respectfully requests \$50,000 from the Burlington Housing Trust Fund to make these needed repairs and capital improvements. We have obtained a verbal commitment of HOME funding from the City, and have pledged reserves, to leverage this funding request. This infusion of capital will put Ruggles House on solid footing for the near future.

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

All 15 households (100%) served by the project will be at or below 80% AMI. Ruggles House is restricted through a VHCB housing subsidy covenant which preserves its affordability in perpetuity. The VHCB covenant restricts 11 of the units to <80%AMI and the resident manager unit to <100%AMI. The same eleven units were restricted to households at or below 60% AMI through the Low Income Housing Tax Credit program, however this tax credit compliance period expired in October 2016. **Nine units are restricted to households at or below 30% AMI** through a rental assistance contract from the Burlington Housing Authority.

The target community and original VHCB, City HOME, LIHTC and BHA rental assistance funding contributed to a community that in reality has much deeper income targeting than its restrictions. Ruggles House serves many previously homeless residents, and 10 of its current residents have incomes <30%AMI, three have incomes <50%AMI, and we do not have income data for two residents whose apartments are unrestricted, but anecdotally know that their incomes are also well below 60%AMI.

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

Nine units are restricted to households <30% AMI. See above for details.

Thirteen of the current fifteen households living at Ruggles House have incomes at or below 50% AMI and we do not expect Ruggles' households incomes to change in the future.

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:

We have applied for, and the City has tentatively committed CHDO HOME setaside funds for this project. We are working with Todd Rawlings to complete the HOME requirements of 106 review and Environmental Review to proceed with HOME funds.

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

The first action in the Housing Action Plan is to Continue to Prioritize Affordable Housing Preservation. Ruggles House is a vital component of Burlington's existing affordable housing stock that works diligently to function independently and sustainably, however due to the much higher maintenance and capital improvement costs associated with a 250 year old historic structure, is in need of support to make needed repairs and replacements to continue to provide affordable housing and to maintain this historic structure.

A second priority action in the City's Housing Action Plan is to Strengthen Housing First through providing permanent housing combined with available supportive or wrap-around services. Cathedral Square's participation in the Homeless Alliance, and dedication to the Governor's Executive Order to dedicate 15% of our housing portfolio to previously homeless households, actively advances the Housing First approach. Four current Ruggles residents were previously homeless before being housed at Ruggles, and homeless persons gain priority on the wait lists for Cathedral Square properties.

A third directly addressed priority of the plan is to "Provide Appropriate Housing Options for an Aging Population." Ruggles House service-enriched housing for low-income individuals is a critical component of Burlington's housing options for older adults. Cathedral Square is deeply committed to accessibility, and has equipped Ruggles House with accessible bathrooms and apartments, corridor handrails, an elevator, and many other universal design features. Using housing as a platform for health care, Ruggles' SASH program improves health and increases quality of life through care coordination, medication management, and wellness programming. A recent RTI independent evaluation of SASH indicated that SASH participants in CSC housing settings had fewer hospital admissions and saved an estimated \$1,227 per person per year in Medicare expenditures.

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

This proposal aligns well with City's housing priorities.

Priorities:

Priority Need 1 - Maintain or Preserve Affordable housing – To maintain affordable housing units through rehabilitation or preserve units from being lost in the affordable housing inventory

Priority Need 10 – Protect the Vulnerable – to provide services for homeless residents, survivors of domestic violence, frail elderly, those in permanent supportive housing

Goals:

DH1.2 Protect the Vulnerable New Special Need Housing – Under this goal, new units will be constructed for seniors or properties dedicated to seniors renovated.

DH 2.1 Acquire/Rehab Rental or Owner Units – Under this goal, affordable units will be preserved through renovation, and/or refinancing of expiring tax credits to keep the units within the affordable housing inventory to keep LMI households housed.

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

Ruggles House will provide **financial security** for low-income seniors. Too many low-income seniors on fixed incomes are forced to make difficult choices between housing costs, medical costs, food and prescription drug costs. Ruggles House does and will continue to provide affordable, safe and secure housing; all utilities, laundry, and SASH services are included in rent.

Ruggles House refurbishment will **improve the housing quality and improve energy efficiency**. These repairs (roof, windows, concrete, flooring), will improve the condition of the building, remove trip hazards, and reduce air infiltration from leaky historic windows, improving energy efficiency. We cannot achieve these results with our existing reserves, and the property cannot afford more debt.

Ruggles House will provide senior residents with **better health**, as CSC's SASH program, a nationally recognized model of health and housing, will continue to be offered at no cost to all residents. Just 5% of the population is responsible for 50% of the nation's medical spending and many of these "super users" are seniors with chronic conditions. CSC's SASH participants have an average of six chronic conditions. Using affordable housing as a platform for health care, SASH reduces Medicare spending, improves health, and increases quality of life through care coordination, medication management, and wellness programming. A recent RTI independent

evaluation of SASH indicated that SASH participants in CSC housing settings had fewer hospital admissions and saved an estimated \$1,227 per person per year in Medicare expenditures.

Please describe the experience of the development team:

Cindy Reid, Miranda Lescaze, and Greg Montgomery make up the Cathedral Square development team. Cindy has over 30 years' experience in affordable housing development and finance between her six years as CSC's Development Director and 17 years prior at VHFA. Miranda has over 5 years' development experience at Cathedral Square including the development of Juniper House (under construction), Allard Square (2018), Elm Place (2017), and Richmond Terrace deep energy retrofit (2016). Greg joined CSC this year as CSC's Project Manager. He is a licensed architect with strong experience in construction management and building design.

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

Common areas are an extension of Ruggles House residents' small living quarters and are where SASH services are delivered. A large communal kitchen augments the incomplete kitchens in the apartments, and a large dining room encourages communal dining. Several living rooms are popular gathering spaces.

Please describe how the project addresses community need:

The need for affordable senior housing in the area is well documented: CSC's overall waitlist is over 1,000 persons; it takes between three and six years to secure a CSC apartment. Ruggles House's waitlist alone has 149 households waiting for an apartment there. The 65-74 year old age cohort is the largest growing demographic in Vermont, our nation's second oldest state. A recent project specific market study indicates a vacancy rate of a low 1.8% in the market area. Ruggles House plays an important role in keeping vulnerable seniors successfully housed with services.

Please describe how the project would impact the community:

Renovation of Ruggles House would provide for the appropriate care for this beautiful building that it deserves. The South Prospect Street neighborhood community will benefit from maintenance of the historic beauty of the building, and the building's residents will benefit from the preservation of their beautiful home, increased efficiency and reduced draftiness of windows, and increased comfort. The greater Burlington community will benefit from the preservation of 15 vital special-needs affordable housing units for some of its most vulnerable residents. The Ruggles House community helps to protect vulnerable Burlingtonians who might otherwise be homeless or in more expensive institutional care.

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


Applicant Signature

11/26/2019
Date

TO: Todd Rawlings

FROM: Miranda Lescaze

RE: Juniper House Burlington Housing Trust Funds Progress Report

DATE: November 26, 2019

Cathedral Square is deeply appreciative of the City of Burlington's commitment of three fiscal years of Housing Trust Funds to Cathedral Square's Juniper House development. After five long years of pre-development planning and fundraising, Juniper House construction began in September, 2019.

Juniper House is a mixed income senior housing community, with SASH support services, located in Cambrian Rise near Lake Champlain and with access to public transportation. A hybrid financing strategy combining a 4% Bond tax credit project and a 9% allocated tax credit project enabled construction of the entire 70-unit building at once. This strategy, though complicated, is the most cost-effective way to deliver 70 housing units while best utilizing scarce public resources.

The three grants of \$388,321 over three fiscal years from the City's Housing Trust Fund were critical to financing pre-development activities (including acquiring the land) towards the beginning of the project, leveraging additional funding sources, and to filling the gap in needed development capital to enable closing and construction. In addition to the Housing Trust Funds, Cathedral Square secured twenty-five project-based rental assistance vouchers from the Burlington Housing Authority. This commitment, together with capital from the National Housing Trust Fund, will enable Juniper House to serve extremely low income seniors resulting in a truly mixed-income community serving seniors from 30% to 120% of area median income as well as ten previously homeless households. The apartment mix will include 10 apartments for households 80-120% AMI, 35 tax credit apartments for households <60% AMI, and 25 apartments with project-based rental assistance ensuring those households will not pay more than 30% of their income in rent, 13 of which are targeted to households earning <50% AMI and 7 of which are targeted to households earning <30% AMI. Awards of \$700,000 in HOME funds from the City, over \$2.3 million in Housing for All Revenue Bond funds from the Vermont Housing and Conservation Board and over \$10 million in tax credit equity from People's United Bank's investment in tax credits allocated to this project by VHFA have also made this project possible.

Cathedral Square created two limited partnerships, Juniper North Bond Limited Partnership and Juniper South Allocated Limited Partnership, which each closed on project funding on September 10, 2019. A groundbreaking was held on September 26, and as of today, our construction manager Wright and Morrissey has made good progress in excavation and the foundation is nearly complete. Building construction is expected to be complete December 1, 2020.

Though applications will not open until the summer of 2020, Cathedral Square does keep an inquiry list of persons who would like to be notified of project progress, and information about the application process when it becomes available. This inquiry list for Juniper House already has 245 households listed, indicating the overwhelming need and demand for these apartments.

Thank you again to you and to the Housing Trust Fund committee for your critical contribution to this exciting development. We can't wait to celebrate the opening of the Juniper House building and its 70 apartments with you in approximately a year's time.

Ruggles House Capital Repairs

SOURCES		
HOME	\$ 165,000	<i>committed</i>
Replacement Reserves	\$ 10,000	<i>committed</i>
Housing Trust Fund	\$ 50,000	<i>requested</i>
Total:	\$ 225,000	

USES	Cost	In Kind	Total
Painting - siding, trim, garage	\$ 30,000		
Roof repair - asphalt shingles	\$ 50,000		
Front patio concrete repair	\$ 35,000		
Historic window repair and energy efficiency improvement	\$ 30,400		
Basement - repair concrete slab, repair brick foundation wall, remove sheetrock	\$ 24,000		
Rebuild and replace Bilco door to basement	\$ 7,000		
Replace garage doors and add person door	\$ 9,000		
Sealcoat back parking area	\$ 7,000		
Sand and refinish dining room hardwood floors	\$ 4,000		
Replace gutters and downspouts	\$ 1,000		
Repair porch trim	\$ 1,500		
Contingency	\$ 21,100		
Structural engineer	\$ 1,800		
Section 106 review	\$ 1,200		
Cost estimate	\$ 1,000		
Legal	\$ 1,000		
Pre-development: Manage cost estimate, prepare scope, coordiante 106 documents and review		\$ 6,000	
Project management		\$ 10,000	
Total:	\$ 225,000	\$ 16,000	\$ 241,000