

**Burlington Housing Trust Fund
FY2017 Project Grant Application**

Agency/Organization: Champlain Housing Trust Stewardship Fund

Project: Address essential repairs and health, fire and safety code violations for
5 single-family shared equity Burlington homes.

Funding Request: \$30,000

Burlington Housing Trust Fund Application
CHAMPLAIN HOUSING TRUST
Stewardship Fund – for permanently affordable Burlington homes

1. Amount of funding being sought and number of units proposed for housing projects.

\$30,000 5 shared equity homes (single family or condominium) located in Burlington

2. Project/program narrative, including a detailed time-line.

Champlain Housing Trust has a strong commitment to stewardship of our portfolio of permanently affordable homes as outlined in our Stewardship Plan (see attached) and by adoption of Stewardship Standards developed by the national community land trust network (<http://www.affordableownership.org/stewardship-standards/>). We also completed an extensive state-wide portfolio analysis of shared equity homes and found that reinvestment is sometimes needed to save at-risk properties (see attached report). Our shared equity program has 104 single family, 3 duplexes (5 units), and 127 condominiums in Burlington, one of the most desirable locations to live in Chittenden County. However, we are seeing that due to the age this housing stock, the limited income and assets of both buyers and sellers, and deferred maintenance of some of the homes, that CHT needs to be prepared to help replace major systems to maintain the integrity and marketability of these structures for the long haul. Most homeowners are engaged in the maintenance of their home, but some are very challenged to afford upkeep and necessary repairs.

We have been fortunate to receive trust funds for the last several years, and we have made investments exceeding \$180,000 to steward homes in Burlington. With our 2016 BHTF award, we helped a homeowner on Pitkin Street with structural repairs in the basement; a property on Lori Lane that needed almost \$100,000 in repairs; a Woods Street home that had mold in the attic; a homeowner living on Drew Street that needed a new furnace and roof replacement; and a condo owner with mold causing health issues for her. Most of the work has been done and we expect to draw down all the funds by the end of the year. On average, we are having to step in and help about 5 of our Burlington homeowners a year.

Some measures that we have put in place to be a more active steward, include a quarterly e-Newsletter to let homeowners know about resources available to them such as maintenance tips, energy efficiency, financial literacy, and low-interest rate loans for repairs. We also provide a Home Systems Guide: “How to Operate Your Home” and a detailed CHT Homeowner Handbook to all buyers at purchase. We have a dedicated stewardship specialist on staff who counsels existing homeowners on topics such as budgeting, refinancing, delinquency, and workout options.

We have secured some additional funds to help with stewardship (such as a very competitive grant through NeighborWorks/Wells Fargo this year and last), however these funds can only be used in rural communities. Our loan fund helps many homeowners with low-interest and deferred home repair loans, but also has to limit lending in Burlington due to the source of capital (Community Development Block Grant). We were a sub grantee of VHCB’s HUD Healthy Homes grant for three years, which was a great resource for homeowners needing assistance with rehab, but the grant period ended in October 2015.

We can refer homeowners with lead-based paint and children under the age of six in their home to Burlington’s Lead program, but this is a fairly limited group. We also refer homeowners to Weatherization and Vermont Gas when appropriate.

A one-to-one match for this grant will be provided by CHT’s staff time to provide counseling and plan/ manage rehab projects. We also pursue all other possible contributions to these projects, primarily from the homeowner, but also from applicable programs.

If awarded funds through the Burlington Housing Trust Fund, we would add these to our dedicated Stewardship Fund to address essential repairs and rehab needs in our Burlington properties. Some of the issues that we see regularly include roof repairs or replacement, electrical work due to deficiencies, plumbing leaks, window replacement for egress reasons, foundation work, and weatherization, including air sealing or insulation.

Timeline:

January 2017 - December 2017	Prepare scope of work, obtain cost estimates, address essential repairs and rehab needs, complete rehab and close-out
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3. Description of the need to be served by the project/program.

Champlain Housing Trust has 577 homes in its portfolio of permanently affordable, resale-restricted homes, which makes it the largest in the country. We have been a Community Land Trust since 1984 and have over 30+ years of experience providing a range of housing options and services. Our program began in the Old North End of Burlington where we still have a high concentration of single family homes. The average age of our housing stock is 44 years and many homes are much older. One of our most important roles is to serve as steward of these homes to make sure they remain safe, decent and affordable. Many homes are older and require constant maintenance and care. There are many repairs that are so costly that it is difficult for lower-income households to have the resources saved for the necessary work. We have learned through experience that many owners are reluctant to take on loans or any sort of debt to make these repairs. It is very helpful to provide an in-house resource to help owners maintain the physical structure they call home.

4. Organizational budget
See capacity application

5. Project budget, including a line item breakdown of sources and uses (only if project funding is sought); indicate which sources are already committed and which are pending.

Sources	Amount	Status
Burlington Housing Trust Fund	\$ 30,000	This request
Total	\$ 30,000	
Uses	Amount	

Consultant to develop scopes, estimates, solicit bids	\$ 3,000	\$100 hour for a total of 30 hours (5 hours per home)
Funds to address essential repairs including urgent health and fire & safety including code violations	\$ 22,500	HTF request (\$4,500 grant for 5 homes)
Staff time and overhead to manage grant	\$ 4,500	\$75 hour for a total of 60 hours (12 hours per home)
Total	\$ 30,000	

6. Plan for long term affordability (only if project funding is sought).

All CHT homes are secured as permanently affordable through a Ground Lease Agreement for single family homes or Housing Subsidy Covenant for condominiums. Helping to address essential repairs and rehab needs will improve this housing stock for current and future owners, and the long-term quality, comfort, and marketability. It also has a positive impact on the community by contributing to the vitality and stability of neighborhoods. Our program is reaching maturity and after 30+ years of being committed to permanent affordability, we have come to realize that stewardship is a big part of what we do. We know that an infusion of additional funds is crucial to protect this significant public investment in affordable homeownership.

**Champlain Housing Trust's
Shared Equity Stewardship Plan
September 2013**

CHT's Shared Equity Program takes our stewardship responsibility very seriously. We focus on three major areas of stewardship:

- 1) Backstopping the security of tenure with delinquency and foreclosure prevention
- 2) Preserving affordability of the homes over time
- 3) Assisting with ongoing maintenance of the homes

Our process includes up front **disclosures** about the details of owning a shared equity home, **approval** required for refinancing or subletting, **monitoring** of payments and compliance with terms of the lease, **services** like workshops and loans, **engagement** through newsletters, surveys, and events, and **linkages** with partners to best support our homeowners.

CHT's Strategic Plan for 2014-2016 has the following listed as a principal activity of CHT:

***"Homeownership Promotion and Preservation.** CHT develops and preserves affordable homeownership opportunities through our stewardship of shared equity, owner occupied housing. CHT also promotes, expands, and preserves homeownership through financial and home education and counseling, lending programs, default intervention and foreclosure prevention."*

The stated goals of the HomeOwnership program are:

1. Provide and support affordable and sustainable homeownership, and in particular permanently affordable homeownership, to those excluded from the market by offering education and counseling, residential loans, shared equity purchase subsidies and stewardship, and related services
2. Develop, sustain, and grow CHT's portfolio of permanently affordable homes
3. Coordinate HomeOwnership Center (HOC) programs to provide comprehensive and top-quality customer service

The strategies for the Shared Equity Program include:

- ▶ Steward existing CHT shared equity homes. We will facilitate the resale of existing properties in the portfolio to income-eligible buyers while promoting success of sellers and buyers and addressing health, safety, and energy efficiency of the homes. Staff will also assist shared equity homeowners to refinance their homes to help take advantage of lower interest rates and to reduce monthly costs
- ▶ Prevent foreclosure and provide support to existing shared equity homeowners. CHT will prevent the loss of homes from our portfolio and continue to reduce the portfolio's receivables through outreach, delinquency counseling, support, and intervention. We will preserve and promote the health of the shared equity portfolio by offering low-interest loans, stewardship grants, and home maintenance workshops and information.

The outcomes for the Shared Equity Program are:

- Maintain capitalization of the stewardship fund (in the \$300,000 range)

- Invest \$150,000 in 20 CHT homes through stewardship grants, loans for repairs or efficiency upgrades from stewardship funds and other grant or loan sources

CHT has always intervened to address health and safety and major deferred maintenance issues with homes at resale and when the owner contacted us for assistance. Current services to homeowners include:

- Education and Counseling
 - Our pre-purchase homebuyer education is a pro-active measure to help buyers choose the right home, financing, and be prepared for issues that might arise.
 - CHT owners are encouraged to come in for counseling and referral to other resources after purchase if they need help with budgeting or delinquency.
 - We offer regular special workshops about credit, money management, home maintenance and repair, property taxes, refinancing, etc. as an ongoing service to owners.
 - We give CHT buyers a home maintenance book as reference about the major systems in their home and common problems as well as a CHT homeowner's manual which outlines their rights and responsibilities as the owner of shared equity home and describes how processes like refinancing and selling work.
- Research, Resources, and Outreach
 - We completed a windshield survey of our entire single family home portfolio in 2011 to determine the homes that need work, and are targeting assistance to those homeowners.
 - We offer low-interest loans, or in some cases grants, to address repair items.
 - We are conducting significant outreach to homeowners to offer assistance, and bringing resources to them through Healthy Homes and Burlington Housing Trust Fund grants.
 - Often CHT will contribute from our stewardship fund as part of a three-way agreement between seller, buyer and CHT at resale to resolve significant repair items.
- Accountability and Intervention
 - At resale, we document what repairs all parties are responsible for in an "issues letter" which makes sure there is clarity and that buyers are held responsible for items assigned to them.
 - We send regular late letters to homeowners who are behind on payments to CHT, their lender, or their association. If they fail to pay debts to CHT, we take them to small claims court.
 - We plan on buying back and rehabbing three homes per year from our portfolio as a significant stewardship activity. We have access to a line of credit with Merchants Bank that makes this process efficient and affordable.
 - In extraordinary circumstances, we will buy a home outright as a last resort to prevent the home (and the public subsidy) from being lost from our portfolio.

CHT Overall	Version dated :										7/29/2016		
	7/27/2016		7/28/2016		7/28/2016		7/29/2016		7/27/2016			7/27/2016	
	01	02	03	04	05	06	07	Com	Dev	CHT Total			
Admin	COOP	HOC	PM	Owned Properties									
Grant Revenue	165,000	12,000	476,400	0	0	265,500	50,000					966,900	
Gain on Resale of Property	0	0	4,400,000	0	0	0	0					4,400,000	
Sale of Property	0	0	3,405,800	0	0	0	0					3,405,800	
Cost of Property Sold	0	0	869,200	0	0	0	0					869,200	
Additional Appreciation Subsidy	0	0	125,000	0	0	0	0					125,000	
Total Gain on Resale of Property	0	0		0	0								
Rental Income and Related Items	0	0	0	0	3,164,714	0	0					3,164,714	
Tenant Rent	0	0	0	0	(180,780)	0	0					(180,780)	
Vacancy	0	0	0	0	656,415	0	0					656,415	
Commercial Rent	0	0	0	0	252,432	0	0					252,432	
Other Rental Income	0	0	0	0	3,892,781	0	0					3,892,781	
Total Rental Income and Related Items	0	0	0	0									
Revenue from Properties	0	0	0	1,271,449	(168,017)	0	0					1,103,432	
Fees for Maintenance	0	0	0	106,807	0	0	0					106,807	
Admin Fees	0	0	0	241,920	0	0	0					241,920	
Social Service Fees	0	0	0	2,627,301	(262,284)	0	0					2,365,017	
Property and Asset Management Fees	0	0	0	466,356	0	0	0					466,356	
Incentive Fees	0	0	0	4,713,833	(430,301)	0	0					4,283,532	
Total Revenue from Properties	0	0	0										
Coop Fees	0	61,307	0	0	0	0	0					61,307	
Home Ownership Fees	0	0	359,174	0	0	0	0					359,174	
Interest Income	0	15,600	15,000	0	48	0	0					30,648	
Development Fees	0	0	206,800	0	0	0	786,500					993,300	
Technical Assistance Fees	10,234	30,702	0	0	0	0	0					40,936	
Miscellaneous Fees	3,200	0	3,100	0	0	94,100	0					100,400	
Donations	0	0	0	0	0	185,000	0					185,000	
Sponsorship	0	0	1,500	0	0	0	0					1,500	
Total Revenue	178,434	119,610	1,186,974	4,713,833	3,462,528	544,600	836,500	0	0	0	0	11,042,479	

CHT Overall	Version dated:										CHT Total
	7/29/2016		7/27/2016		7/27/2016		7/27/2016		7/27/2016		
	01	02	03	04	05	06	07	06	07	07	
7/27/2016	7/27/2016	7/28/2016	7/28/2016	7/28/2016	7/29/2016	7/27/2016	7/27/2016	7/27/2016	7/27/2016	7/27/2016	7/29/2016
	Admin	COOP	HOC	PM	Owned Properties	Com	Dev				
Personnel and Consultants											
Salaries and Wages	1,029,981	45,081	511,402	2,259,438	0	169,928	128,434				4,144,264
Taxes and Benefits	417,405	18,265	207,272	915,948	0	68,852	52,038				1,679,781
Training Costs	73,410	800	11,260	26,763	0	1,750	3,000				116,983
Temp/Amcor Services and Recruiting	18,340	0	13,060	4,000	0	0	0				35,340
Total Personnel and Consultants	<u>1,539,135</u>	<u>64,146</u>	<u>742,934</u>	<u>3,206,149</u>	<u>0</u>	<u>240,530</u>	<u>183,472</u>				<u>5,976,367</u>
Occupancy											
	56,629	7,347	83,727	209,499	0	22,034	14,689				393,925
Office Expenses											
Supplies and Non-Capital Equipment	32,430	0	0	7,500	0	300	0				40,230
Local Mileage and parking	5,800	420	7,520	48,780	0	2,400	1,500				66,420
Postage and Courier Service	30,485	0	150	0	0	1,200	0				31,835
Telephone	13,440	0	0	4,200	0	0	0				17,640
Printing and Copying	3,600	0	200	0	0	600	0				4,400
Dues & Subscriptions (and Lobbying)	17,180	0	4,520	1,030	0	10,750	4,500				37,980
Equipment Repair and Maintenance	1,020	0	0	3,720	0	0	0				4,740
Bank Fees/Finance Charges	3,000	0	390	240	0	1,350	0				4,980
Shared Expenses	<u>(161,320)</u>	<u>2,335</u>	<u>26,491</u>	<u>117,039</u>	<u>0</u>	<u>8,802</u>	<u>6,653</u>				<u>(0)</u>
Total Office Expenses	<u>(54,365)</u>	<u>2,755</u>	<u>39,271</u>	<u>182,509</u>	<u>0</u>	<u>25,402</u>	<u>12,653</u>				<u>208,225</u>
Technology Expenses											
Equipment Leases	69,104	0	0	0	0	0	0				69,104
Computer Equipment and Supplies	74,614	0	3,800	1,116	0	10,300	0				89,830
Technology Consulting	74,347	0	0	0	0	0	0				74,347
Internet access	18,084	0	1,620	3,672	0	0	0				23,376
Cell Phones	8,580	240	5,256	31,068	0	1,440	720				47,304
Total Technology Expenses	<u>244,729</u>	<u>240</u>	<u>10,676</u>	<u>35,856</u>	<u>0</u>	<u>11,740</u>	<u>720</u>				<u>303,961</u>
Allocated Administrative Costs											
	<u>(1,627,213)</u>	<u>23,555</u>	<u>267,208</u>	<u>1,180,556</u>	<u>0</u>	<u>88,787</u>	<u>67,107</u>				<u>0</u>
Property Management Expenses											
Truck Maintenance	0	0	0	12,000	0	0	0				12,000
Other	0	0	0	32,500	0	0	0				32,500
Total Property Management Expenses	<u>0</u>	<u>0</u>	<u>0</u>	<u>44,500</u>	<u>0</u>	<u>0</u>	<u>0</u>				<u>44,500</u>
Rental Property Expenses (fund 05)											
Property Management Fees	0	0	0	306,300	0	0	0				306,300
Condo Fees	0	0	0	96,224	0	0	0				96,224
Utilities, Grounds, Repairs	0	0	0	1,033,405	0	0	0				1,033,405
Advertising	0	0	0	0	0	0	0				0
Resident Services and Fees	0	0	0	28,442	0	0	0				28,442
Taxes and Insurance	0	0	0	527,658	0	0	0				527,658
Debt Service (P+i)	0	0	0	990,846	0	0	0				990,846
Contribution to Replacement Reserve	0	0	0	339,059	0	0	0				339,059
Other	0	0	0	94,075	0	0	0				94,075
Total Rental Property Expenses	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,416,009</u>	<u>0</u>	<u>0</u>	<u>0</u>				<u>3,416,009</u>

Statewide Shared Equity Homeownership Portfolio

Foreclosure Risk Analysis Report

November 2015

Research, analysis, and report by CHT staff Kim Moran, Robert Leuchs, and Emily Higgins

The Community Land Trust field is reaching maturity. After 30 years of being committed to permanent affordability, we are starting to see what stewardship really means. Over the same period, it has become recognized and accepted that community development organizations have to reinvest in affordable rental housing every fifteen years or so to maintain the physical structures. We are realizing that a similar infusion of additional funds may be needed to protect the public investment in affordable home ownership as well. This report is based on the work conducted statewide through the Cornerstone Homeownership Innovation Program between 2012 and 2015, and is in part a follow-up to the January 2014 report that John Davis did for VHCB entitled, “Strengthening the Stewardship of VHCB-assisted, Resale-restricted, Owner-occupied Homes”.

The average cost per unit to develop and manage rental housing is \$200,000. It is very expensive to build and maintain. For shared equity homeownership in Vermont, VHCB’s up-front investment is only between \$40-50,000. For some early properties, the public investment was much lower. For one quarter of the cost of rental, homeownership programs have been able to build a portfolio of over 1,000 permanently affordable homes which will benefit Vermonters for generations. This public investment of \$19.3 million has had an incredible impact:

- Boosted over 1,500 households into homeownership who otherwise wouldn’t have been able to purchase.
- Helped these households build wealth even though they purchased with very few assets and a median income around 60-70% of AMI. CHT’s homeowners had an annual rate of return of 13%. The S&P 500 only had a 2.5% rate of return over the same period.
- Provided stable secure housing (average tenure 5-10 years). Homeowners knew what their payments were going to be, and were able to get the tax benefits of ownership.
- Excellent retention rate: 91% of homes invested in still have resale controls today – which is a better record than any other state.
- Approximately \$1 million of subsidy was lost with the 84 homes that were released over the past 30 years, which is only 5% of the total investment. With the housing stock, customers, and locations we’re serving, this is quite a reasonable number.
- The foreclosure rate for shared equity homes has been 10 times lower than the national rate of foreclosure for households at all income levels.

In the early conception of the shared equity homeownership program, there was an expectation that a one-time public investment would be all that was needed. This has been true in nearly every case, and that initial funding has grown exponentially due to the shared appreciation model. For example, in CHT’s portfolio, the median annual growth rate of the long term community investment has been 7.4%, despite the housing market crash in 2008.

However, we are seeing that due to the age of Vermont’s housing stock, the limited income and assets of both buyers and sellers, and the significant deferred maintenance of some of the homes in our portfolio, CLTs need to be prepared to help replace major systems to maintain the integrity of these structures for the long term. Many homeowners are engaged in the maintenance of their homes, but some simply do not have the resources available to keep up with necessary repairs.

Over the past fourteen months (June 2014-October 2015), CHT and the five other CLTs with the largest shared equity holdings in Vermont worked together to complete a risk analysis of their portfolios. These groups steward 987 homes, which does not include approximately 90 Habitat homes and scattered homes held by smaller groups.

Champlain Housing Trust	564 homes
Downstreet Housing and Community Development	162 homes
Windham & Windsor Housing Trust	135 homes
Addison County Community Trust	64 homes
NeighborWorks of Western Vermont	35 homes
Twin Pines Housing Trust	27 (in Vermont)

We used a sophisticated foreclosure rating tool that CHT developed in coordination with our technical assistance consultant through the Cornerstone Homeownership Innovation Program (CHIP), Julie Brunner. The excel tool rates a property from 1 to 3 on seven different factors:

- 1) First Mortgage Delinquency
- 2) Negative Equity
- 3) Deferred Maintenance
- 4) Delinquency of Taxes, Condo Association fees, Insurance
- 5) Delinquency of CLT fees
- 6) Marketing issues
- 7) Risk of Abandonment

The foreclosure rating is a weighted average; each factor is assigned a different weight based on its relative importance. First mortgage delinquency was weighted 3 times (most important), negative equity 2 times, and everything else was given a weight of 1. Any property that scored above a 1 on the overall foreclosure rating tool was considered at-risk. For those homes, each CLT filled out a “required investment analysis” form with property data and cost estimates for saving the home from foreclosure. The final step was an investment summary sheet with a roll-up of high risk properties and required investment totals for each organization.

We found a total of 24 properties currently at risk of foreclosure out of nearly 1,000 shared equity properties in the state (2.4% of the portfolio). There were an additional 45 properties (4.5%) that were at moderate risk due to delinquency, deferred maintenance and other factors. Totaling the Investment

Summary Spreadsheets for each organization, we estimate that more than \$900,000 is needed to save homes from being lost to foreclosure and a reinvestment of \$675,000 is needed to steward the homes at moderate risk. These numbers are estimates based on each group's experience with rehab and soft costs, and assume that our goal would be to prevent the loss of **any** home. We do not have detailed information about the interior condition of many of these properties, so an estimate for that is not included. The majority of the resale-restricted homes in Vermont are over 60 years old. Working to address the long-term repair and replacement needs of these properties will be an on-going responsibility.

In our analysis we identified three tiers of concern: A) homeowners who were in trouble financially but the home itself is a solid investment B) homes that are at risk due to age, size, deferred maintenance and/or location and C) properties that suffer from both homeowner delinquency and marketability challenges. For example, Downstreet has a mobile home owner whose home is in very bad shape (basically substandard) but there is no mortgage and the homeowner does not want to upgrade to a newer home and incur additional monthly cost. Downstreet owns the land but has determined that it will probably wait until the homeowner leaves to replace the home. Another example: ACCT has a homeowner who has personal issues that have led to severe deferred maintenance of the home but it is in a desirable location so ACCT is willing to work with the owner to come up with some solutions – otherwise it would probably let this property go. Another situation: CHT had a homeowner with a very large federal income tax lien and since the home was old, very large, and with significant deferred maintenance in a rural location, we let it go out of the portfolio. Obviously, the specific circumstances make a huge difference in what options for assistance and retention are available to the CLT.

The Community Land Trusts in Vermont have intervened in various ways to help save permanently affordable homes from being lost due to foreclosure. Some options for achieving this are:

- 1) Work with the homeowner and lender on a mortgage modification to make the home more affordable so that the homeowner can get back on track making timely payments and stay in the home
- 2) Facilitate the sale of a property to a new income-qualified buyer prior to the seller being foreclosed upon.
- 3) Purchase the property outright from the seller, often coupled with coordinating necessary rehab, and then re-selling the property to an income-qualified household. This may require getting third party financing to cover the expense such as the Vermont Community Loan Fund or a line of credit from a lender.
- 4) Allow the property to go through foreclosure and then purchased it at the auction or directly from the lender if they take title. This has been done for two reasons: a) uncooperative and incommunicative seller or b) the presence of a substantial inferior lien that was eliminated through the foreclosure process.
- 5) In addition, to more proactively steward the homes in our portfolio, CHT has secured rehab financing from several sources to help owners make health and safety repairs to their homes over the past few years. Examples of projects completed include roof replacement, mold remediation, vermiculite removal, electrical, plumbing and heating system upgrades, and foundation repairs. Some of the sources utilized have been VHCB HOMELAND funds, VHCB Healthy Homes funds, VCDP revolving loan funds, Burlington Housing Trust Fund, Burlington HOME funds, and CHT stewardship funds.

CHT has long had an internal stewardship fund, and recently VHCB has helped Downstreet, WWHT, and ACCT start capitalizing their own funds. CHT has been fairly successful at funding stewardship and saving homes from being lost for several reasons:

- a) Our housing market is robust and has regular and reliable appreciation which gives us equity to work with.
- b) We have a large portfolio with regular turnover of homes (about 25 resales per year) which usually bring in fees and allows us to address deferred maintenance at resale.
- c) We have staff capacity: our shared equity program has 3.5 FTEs dedicated to it, and we have access to additional in-house expertise in construction management, grant writing, etc.
- d) VHCB has allowed us to take a “portfolio approach” to fees, meaning that when homes with significant appreciation sell, we are able to take a larger fee to replenish our stewardship fund. This has been particularly helpful when we have a number of homes resell with little to no appreciation. We can make up for this lost revenue with other sales and use stewardship funds for homes that need it the most.

Even with all of these advantages, we have lost 5 homes over the past 5 years. The other CLTs do not benefit from many of the above circumstances.

VHCB sets aside approximately \$65,000 annually for properties that need added subsidy to facilitate a resale, but these funds are not targeted to foreclosure prevention or rehab needs per se. Given the evident needs, this resource is clearly too small. The VHCB Healthy Homes grant funds have been very helpful in repairing some shared equity homes, but this grant expired in October 2015. NWAVT’s Heat Squad could potentially help owners statewide and should be explored further as a resource for energy improvements. Some cities and towns have local resources such as a trust fund or loan programs funded through VCDP. However, organizations have found that many homeowners are not able to take on additional debt through rehab loans, even at low interest rates. Some may be able to refinance their first mortgage, but only if they have good credit, access to financing, and enough equity to take cash out.

A few years ago, CHT did a pilot program with a grant from the Burlington Housing Trust Fund to help homeowners who received *very bad* or *poor* ratings during our windshield survey of the homes. The program offered “free” property inspections and grant funds to help address health and safety issues in the home. Many homeowners took advantage of the free property inspection (our cost \$285) and it gave CHT an opportunity to learn about the interior condition of the home. We expanded the program to a second year to include homes in *fair* condition as well. We are documenting this data in the property file and using it proactively at resale to help factor in rehab expenses to the option price when necessary.

Various efforts to assist homeowners with maintenance have included:

- How-to workshops on home repair topics
- Distribution of “How to Operate Your Home” manuals. CHT shipped 672 of these manuals to Vermont’s CLTs in 2013 through the CHIP grant
- Statewide training (Shared Equity Boot Camp) and information-sharing (Operations Manual), and technical assistance between CLTs
- Homeowner newsletters, outreach, events to promote homeowner engagement

Recommendations:

It seems clear that we need to plan for ongoing investment in the physical structures of the homes we steward. Here are a few ideas of how this could be accomplished:

- 1) Strategic portfolio management- if a home requires more than \$50,000 of new investment to save it, we should let it go. This would mean that we could save 17 of the 24 homes currently at risk, but would only need \$400,000 instead of \$900,000 to do so, a savings of \$500,000.
- 2) Allow CLTs to sell a home on open market under certain conditions and retain the public investment to purchase a suitable replacement home. Create criteria for releasing homes as a tool for making consistent decisions statewide.
- 3) Encourage the adoption and active use of HomeKeeper software to expand monitoring and enforcement tools for CLTs.
- 4) Give groups the option to use VHCB Homeland funds for stewardship/repairs instead of bringing in new properties.
- 5) VHCB help capitalize and operate financial tools the CLTs could access upon request: A) a line of credit for "emergency acquisition" of homes at risk of being lost. B) a stewardship fund to which VHCB would contribute \$200,000 annually over three years.
- 6) Require homeowners to contribute to a replacement reserve fund which is managed by the CLT, as allowed by local regulations.
- 7) Consider doing selected annual inspections to prevent extensive deferred maintenance. May require a change to legal documents.
- 8) Shared back-office function across the state could increase capacity and efficiency.
- 9) Increase VHCB subsidy maximum amount to 25% of market value or \$50,000 per unit. This will avoid the Loan to Value issues that have been arising with new homes being brought into the portfolio under the leasehold model, and make homes more affordable and marketable over time.
- 10) Increase the Area Median Income limit for eligible buyers from 100% to 120% to allow sales to higher-income households with more savings and reserves.

Attachments:

CHT Social Impact Report from HomeKeeper

Summary of Portfolio Risk Analysis results (investment summary sheets for the 24 homes at greatest risk across the state)

Templates of Foreclosure Rating Tool and Required Investment Analysis Worksheets

