

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

Agency/Organization: Cathedral Square Corporation

Project: Support a portion of the option fee (credited towards land acquisition costs), architectural/engineering services, a market study, permitting costs, and legal expenses to develop phase one (35 units) of service-enriched affordable senior housing at Cambrian Rise.

Funding Request: \$180,000

Proposal to Burlington Housing Trust Fund

Sponsor: Cathedral Square Corporation
Project: \$180,000 Project Funding Request for CSC Senior Housing at Cambrian Rise
Date: September 30, 2016

Sponsor Information

Cathedral Square Corporation (CSC) is a 501(c)(3) non-profit organization established in 1977 to develop and operate affordable housing for the elderly and for persons with disabilities. CSC's mission is *Healthy Homes, Caring Communities and Positive Aging*. CSC owns, develops and manages housing mainly in Chittenden County, and works statewide providing technical assistance and coordinating our services program, Support And Services at Home (SASH). SASH is a care coordination program that supports seniors in living independently while saving on Medicare expenditures. CSC owns and/or manages 962 units of affordable housing and SASH serves over 5,000 persons in 140 affordable housing communities around the State.

Background

CSC is working with Champlain Housing Trust (CHT), Housing Vermont (HVT) and Eric Farrell on the affordable housing component of the new Cambrian Rise development at 311-375 North Avenue. The parcel is approximately 33 acres +/- . This project has been in the making for years, has undergone a collaborative planning process, and is guided by a Development Agreement dated January 7, 2016 between the City, Vermont Land Trust, CHT, and BC Community Housing LLC (Eric Farrell principal). The Agreement outlines a collaborative development approach to include 12 acres for open space/parkland, the creation of up to 160 affordable housing units for seniors and families (to meet the Inclusionary Zoning Ordinance), and mixed residential and non-residential uses on the remaining acreage of the parcel. CHT has been the lead organization for the affordable housing component of the development. In March 2016 CHT (on behalf of both CHT and CSC) entered into an Option Agreement with BC Community Housing LLC, for the affordable housing component of the project.

CSC, CHT and HVT have worked together on site design of the 2.67 +/- acre parcel on which the affordable housing will be developed. We are planning two buildings, a CHT/HVT general occupancy building serving families to be built in one phase and totaling 76 housing units. CSC will develop a second building totaling 70 units to serve seniors 55+, to be built in two phases (35 units each). Eric Farrell will subdivide the 2.67 +/- acre parcel into two lots, one for CHT/HVT and one for CSC.

The site where Cambrian Rise is proposed is one of Burlington's most beautiful sites, overlooking and abutting Lake Champlain, located in a residential area and on the bus line, and as such it has been sought after for decades by for-profit and nonprofit developers alike. The development vision for this land is the creation of a new neighborhood combining residential and non-residential uses (which support and engage residents of the new neighborhood), both rental and homeownership affordable and market rate housing, combined with open space / park land, with pedestrian (including accessibility by wheelchair users) and bicycle access to the bike path and waterfront.

Significant progress has been made in overall project design and public process, as well as site and building design of the CSC two phased building and the CHT/HVT building. We have had numerous coordination meetings regarding design, resources, and how we will develop our sites together in a phased manner. An appraisal has been completed, and the HUD Environmental Review Release will be issued next month. Key funders (the City of Burlington, VHCB and VHFA) have reviewed the project and the overall strategy for public funding necessary to accomplish these affordable units. This project is a key contributor to the *3500 Homes* campaign, an outreach effort highlighting the critical need for new affordable housing for seniors and families in Chittenden County.

The Request

CSC is seeking \$180,000 from the FY 2017 Burlington Housing Trust Fund. These funds will support a portion of our option fee (credited towards land acquisition cost) \$100,000; \$50,000 of architectural/engineering services; \$3,500 for a market study; \$24,000 of permitting costs; and \$2,500 of legal expenses; to develop phase one of our service-enriched affordable senior housing building (35 units). *(These amounts are estimates and we respectfully request that, provided we utilize the BHTF funding for these eligible expenses, there be flexibility around the amount of each line item as we submit disbursements requests.)*

This \$180,000 request represents a portion of our pre-development activity. Due to limited funding availability, and the strain a multi-phase project in one area puts on statewide resources, CSC must take on considerable financing risk and carrying cost for a project it will not be able to begin constructing for two years. We estimate total predevelopment expenses from January 2016 to May 2018 to be approximately \$1,050,000, including \$700,000 for land acquisition. VHCB has committed \$10,000 in feasibility and we have submitted an application for a \$400,000 VHCB Land Bank Loan (2%, three-year term); VHCB has verbally indicated that CSC is first in line for this loan program. In addition, Eric Farrell will make a loan to CSC to cover the land cost (3% loan which will be retired when phase two begins.) Since CSC will not begin construction until as late as May 2018, access to grant funds and low cost capital from now until then is critical for our success. Of the \$1,050,000 estimated pre-development costs, the \$400,000 land bank loan, the \$300,000 Farrell loan, the \$180,000 BHTF award, and the \$10,000 VHCB Feasibility award bring the amount CSC needs to come up with to \$160,000. We will use organizational reserves and/or borrow from our Line of Credit. We will also seek additional grant funding.

CSC is currently working on a 38-unit new construction project in South Burlington which will begin construction in June 2017 and complete in April 2018. It is a turnkey project, which means CSC will need to cover the majority of development costs until our we close on our funding sources at completion. The combination of the City Center project and the CSC senior housing at Cambrian Rise significantly stretch our organization's ability to carry pre-development expenses, making this BHTF application a welcome as well as critical resource.

This request is for the first phase of a two-phase project. HVT/CHT are constructing their building first, therefore CSC will need to delay beginning our first phase until 2018 (in order to obtain the resources needed the projects need to be phased.) CSC does not have the capacity to carry significant pre-development and land costs for multiple years. This award will help us

carry the project until its start, as well as leverage the VHCBC land bank funding allowing us to acquire the land according to the schedule in the Option Agreement with BC Community Housing LLC.

Lastly, the BHTF funding commitment will help CSC's competitiveness as we apply for the many other funding sources needed. HVT/CHT and CSC have collaborated on resource planning for these projects, i.e. working with funders regarding resource assumptions (application schedules and amounts being requested), in order to approach the need for new production of affordable housing cooperatively and effectively.

Phase one of CSC's building at Cambrian Rise will include 35 units: 9 units @ 50% AMI; 18 units @ 60% AMI; 4 units @ 65%; 4 units less than or equal to 100% of AMI. This will create 31 Inclusionary (IZ) Units in phase one. The remaining IZ units CSC will create will be in phase two. The affordable housing units will remain permanently affordable through a Housing Subsidy Covenant.

Project Narrative & Timeline

This project will address the needs of our seniors for affordable, accessible, energy efficient housing with supportive services, thereby meeting several key City goals and priorities. The development is in a (pending approval) Neighborhood Activity Center (a new neighborhood in a mixed-use district, allowing for a range of housing types and associated neighborhood-oriented, small scale retail and services.) The housing will contribute to the City's affordable housing stock by contributing Inclusionary Zoning units which will remain perpetually affordable. The City's Draft Housing Action Plan acknowledges the challenges posed by our aging population (10% of Burlington's population is over age 65, with that percentage expected to grow in the decades to come; by 2017 one in three Vermonters will be 55 years of age or older... The City should take proactive steps to make sure that seniors are better able to access and enjoy life in the downtown and across the City by improving housing options and types available to better allow seniors to downsize and remain in their respective neighborhoods (page 10). According to the Chittenden County Housing Needs Assessment prepared in 2015 by Bowen National Research, between 2015 and 2020 the fastest growing age cohort is between the ages of 65-74, adding 1,085 households during that time. The Bowen report indicates the "housing gap" for seniors in Chittenden County <50% of AMI is 432 units. The report indicates a vacancy rate of 1.3% county-wide. "According to the 2010 Census, 821 individuals, ages 65+ in the City, identified an independent living difficulty. In addition 1,179 senior households, or 29.56% of the population over 65, are paying over 30 % of their income for housing and are cost burdened" (page 4). With the City's vacancy rate hovering at 1%, the need for new housing is critical. CSC's wait list is approximately 760 persons, and the wait is often two to three years for a vacant apartment.

The proposed timeline is as follows:

Jan – December 2016	Negotiation of terms; architectural/engineering design for local and state permits; appraisal; environmental review; engage in public process/meetings; meetings with funders re: project pipeline and need for resources for CSC and CHT/HVT projects in Chittenden County; City zoning change; local permit submittal and approval.
Jan – September 2017	State permit applications submittal (including Act 250); finalize site design; floorplans, etc. Additional funding applications submitted to VHCB, LIHTC, NHTF, HOME, private foundations
August 2017	Land Acquisition (at the time of CHT/HVT closing and begin construction of their building); Sources: BHTF, VHCB Land Bank and CSC Reserves
Sept 2017-May 2018	Finalize assembling funding for phase one; begin funding applications for phase two
2018	Begin construction phase one - May
2019	Building completion, ready for occupancy - March 2019 Begin construction phase two - June
2020	Phase two complete - April

Who will be Served

CSC's senior housing at Cambrian Rise will serve seniors ages 55+: nine units will serve households at or below 50% of AMI; 18 units will serve households at or below 60% of AMI; four units will serve households at or below 65% of AMI (IZ units in addition to the LIHTC units); and four units will be market rate. Approximately 14% of current residents in our portfolio have tenant based rental assistance vouchers, and we anticipate some number of voucher holders will sign leases, thereby enabling us to serve seniors at or below 30% of AMI. We will make every effort to secure any available project based rental assistance in order to deepen our income targeting. All of our residents have the option of participating in the Support And Services at Home (SASH) program. This evidence-based care coordination program helps seniors age in place by working on falls prevention, socialization (to counter depression), assistance with medication management, coordination with preventive health care services, nutrition counseling, blood pressure workshops, activities which strengthen and improve balance such as tai chi and chair yoga, and more. The SASH combination of health and housing is a proven model resulting in improved health and sense of wellbeing for residents, and savings in Medicare health care costs.

Organizational Budget

CSC's 2016 organizational budget is attached.

Project Budget

Sources

BHTF	\$180,000	pending
VHCB	\$10,000	committed
VHFA debt	\$500,000	pending
HOME – City of Burlington	\$275,000	pending
VHCB	\$775,000	pending
AHP	\$300,000	pending
NHTF	\$320,000	pending
Private Foundation	\$300,000	pending
State Credit Equity	\$198,000	pending
Deferred Fee	\$125,000	pending
Efficiency Vermont	\$90,000	pending
LIHTC Equity	\$6,956,000	pending
Total	\$10,029,000	

Short Term Sources:

VHCB Land Bank Loan	\$400,000
BC Community Housing LLC	\$300,000

Uses

Acquisition	\$380,100
Construction Hard Costs	\$7,480,000
<u>Soft Costs</u>	<u>\$2,168,900</u>
Total	\$10,029,000

Plan for Long Term Affordability

CSC's housing at Cambrian Rise will be perpetually affordable, ensured through Land Use Restriction Agreements as required by VHFA and VHCB. Perpetual affordability aligns with CSC's mission.

Attachments

CSC 2016 Organizational Budget
Site Plan CSC, CHT/HVT
Sources/Uses Budget

27-Sep-16 **New North CSC Senior Housing - Burlington**

Total Residential Units:	35	Increase in Income from Rental Units:	1.50%
Housing Credit Restricted Units:	27	Increase in Income from Other Sources:	1.50%
Percent Restricted:	77.14%	Increase in Income from Commercial:	0.00%
Total Development Cost:	10,029,000	Expense increase:	3.00%
Total Development Cost per Unit:	286,543	Vacancy Rate:	3.00%
Total Development Cost Per SF:	288	Partner's Tax Rate:	35%
		Long Depreciation Schedule:	27.5 years
Max Credit Potential:	816,299	Short Depreciation Schedule:	5 years
Credit Amount requested:	740,000	Sponsor's Estimated Yield:	94.01%
VT State Credit	45,000		
LIHTC - 9%	9.00%	Fixed Rate	
LIHTC - 4%	3.23%	May 2016	

SOURCES

		% of Total Development Cost	Interest Rate	Amortization	Term
VHFA Debt	500,000		4.99%	30	40
HOME - City of Burlington	275,000		2.74%	0.00%	30 deferred
VHCB	775,000		7.73%	500.00%	1,024 deferred
Burlington Housing Trust Fund	180,000		1.79%	N/A	N/A Cap Contribution
AHP	300,000		2.99%	0.00%	30 deferred
NHTF (2 units)	320,000		3.19%	0.00%	30 deferred
Private Foundation	300,000		2.99%	N/A	N/A Cap Contribution
VHCB feasibility	10,000		0.10%	N/A	N/A Cap Contribution
State Credit Equity	198,000		1.97%	N/A	N/A Equity
Deferred Fee	125,000		1.25%	0.00%	15
Efficiency Vermont	90,000		0.90%	0.00%	30 deferred
Tax Credit Equity LP	6,956,000	69.36%	N/A	N/A	Equity
TOTAL SOURCES	10,029,000	100.00%			

USES

Acquisition	380,100	3.79%
Construction Hard Costs	7,480,000	74.58%
Soft Costs	2,168,900	21.63%
TOTAL USES	10,029,000	100.00%

GAP 0

Construction Loan 7,200,000 4.50% 0

General Partner's Capital Contribution	10,000	696	0.01%
Limited Partner's Capital Contribution	6,956,000	6,956,000	99.99%
Total Equity	6,966,000	6,956,696	

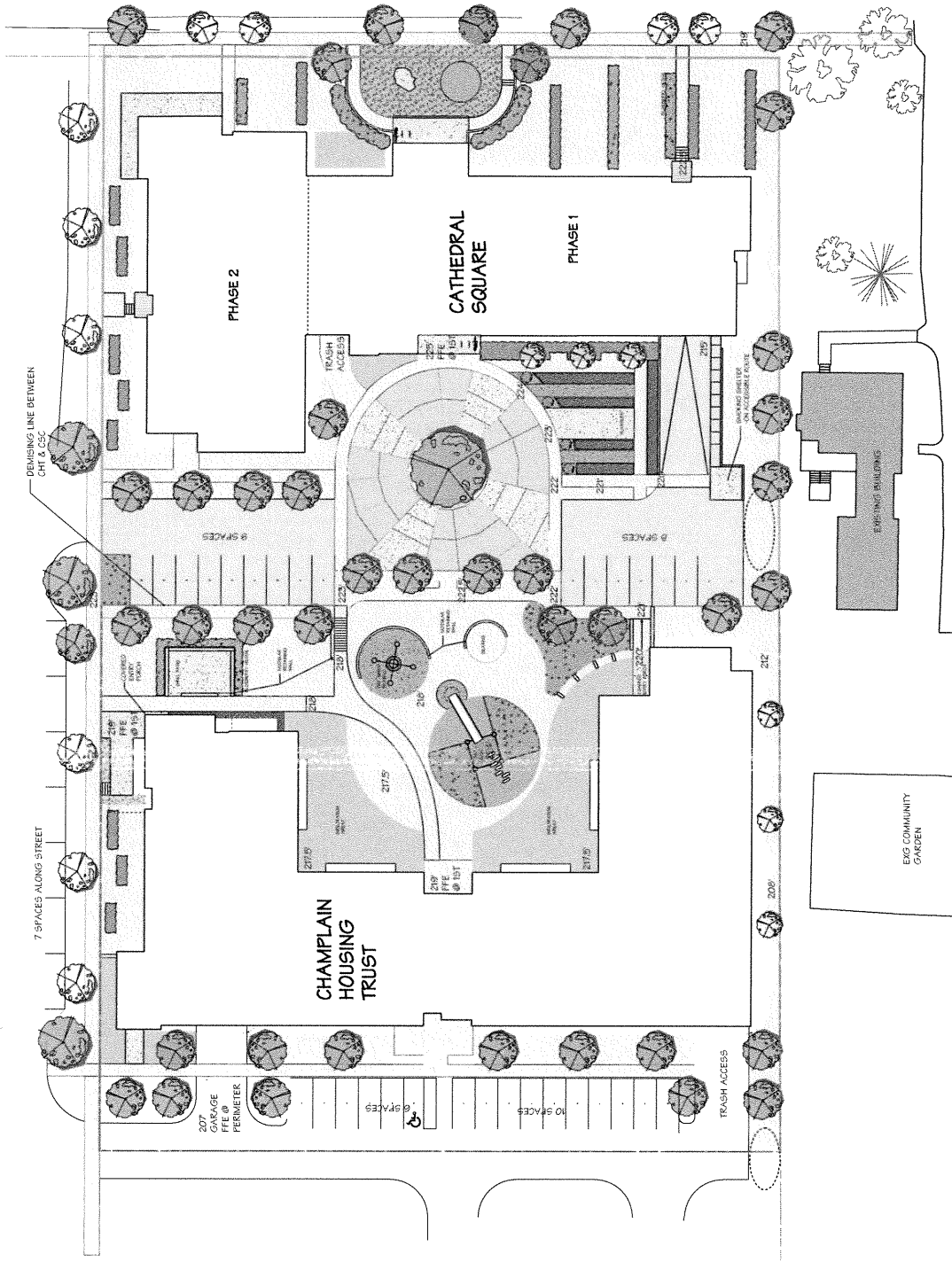
APPLICABLE FRACTION CALCULATION

Tax Credit Restricted Units	27
Total Units	35
Unit Fraction	77.14%
Tax Credit Square Footage	16,740
Total Residential Square Footage	22,300
Square Footage Fraction	75.07%
Applicable Fraction	75.07%

New North CSC Senior Housing - Burlington		34,843.00	Total	
Total Project	6,825,002	Budget	Per Unit	Per s.f.
ACQUISITION				
1 Land		350,000	10,000	10.05
2 Building			0	0.00
3 Carrying Cost for Land		15,000	429	0.43
4 Property Appraisal		7,000	200	0.20
5 Legal - Title and Recording		8,100	231	0.23
	Subtotal - Acquisition	380,100	10,860	10.91
CONSTRUCTION HARD COSTS				
6 New Construction		6,825,000	195,000	195.88
7 Energy upgrades			0	0.00
8 Kitchen			0	0.00
9 Sitework cost related to Phase II			0	0.00
10 Commercial Space Costs (if any)			0	0.00
11 General Requirements			0	0.00
12			0	0.00
13 Contractor Profit			1,024	0.00
15 Construction Contingency		435,000	12,429	12.48
15 Construction Management			0	0.00
16 Construction Bond Fee			0	0.00
17 Hazardous Materials Abatement			0	0.00
18 Off-Site Improvements			0	0.00
19 Furnishings, Fixtures, & Equipment		220,000	6,286	6.31
20			0	0.00
	Subtotal - Hard Costs	7,480,000	213,714	214.68
SOFT COSTS				
21 Architect		415,000	11,857	11.91
22 Survey		3,750	107	0.11
23 Legal/Accounting		29,000	829	0.83
24 owners representatve/ Clerk		35,000	1,000	1.00
25 Environmental Assessment		1,800	51	0.05
26 Civil Engineering		35,000	1,000	1.00
27 Permits/Fees		154,000	4,400	4.42
28 Archeology		5,000	143	0.14
29 Compaction/Testing/soils		7,000	200	0.20
30 Independent Market Study		2,000	57	0.06
31 Construction Period Insurance		21,000	600	0.60
32 Construction Interest		90,000	2,571	2.58
33 Loan Origination Fee		10,000	286	0.29
34 Taxes During Construction		7,500	214	0.22
35 Inspection Fee		6,000	171	0.17
36 Marketing		20,000	571	0.57
37 Tax Credit Fees		29,850	853	0.86
38. Soft Cost Contingency		10,000	286	0.29
39 Lender's Council Fee		3,500	100	0.10
40 Impact Fees (incl in permits)			0	0.00
41			0	0.00
42 Cost Cert IRS		7,000	200	0.20
43 Capital Needs Assessment		2,500	71	0.07
SYNDICATION COSTS				
44 Organizational (Partnership)		1,500	43	0.04
45 Bridge Loan Fees and Expenses		45,000	1,286	1.29
46 Syndication Consultant		2,500	71	0.07
47 Tax Opinion		0	0	0.00
DEVELOPER'S FEES				
48 Developer's Fees		750,000	21,429	21.53
49 Deferred Development Fee		125,000		3.59
50 Consultant Fees		90,000	2,571	2.58
RESERVES				
51 Working Capital			0	0.00
52 Rent-up (Deficit Escrow) Reserve		25,000	714	0.72
53 Operating Reserves		165,000	4,714	4.74
54 Sinking Fund (services)		50,000	1,429	1.44
55 Replacement Reserves		20,000	571	0.57
	Subtotal - Soft Costs	2,168,900	61,969	62.25
TOTAL DEVELOPMENT COSTS		10,029,000	286,543	287.83

Development Fees

				FY16	FY17	FY18	FY19	FY20	FY21
				10/1/15- 9/30/16	10/1/16- 9/30/17	10/1/17- 9/30/18	10/1/18- 9/30/19	10-1-19- 9/30/20	10-1-20- 9/30/21
UPDATE 5-24-16									
Kelley's Field	87,500	3/31/2015							
	7,000	10/20/2015		7,000					
	43,750	1/8/2016		43,750					
	43,750	5/30/2016	175,000	43,750					
Elm Place	360,500	3/18/2016		360,500					
	180,250	3/4/2017			180,250				
	144,200	6/30/2017			144,200				
	36,050	1/2/2018	721,000			36,050			
Bradley House TA	7,350	5/30/2016		7,350					
	9,800	10/31/2016			9,800				
	7,350	1/15/2018	24,500			7,350			
McKnight Lane	78,750	5/17/2016		78,750					
	39,375	11/30/2016			39,375				
	31,500	3/15/2017			31,500				
	7,875	10/1/2017	157,500			7,875			
McAuley Square Fee Repmt	163,743	2/15/2017			163,743				
City Center South Burlington									
Assumes LIHTC Committed 2017	225,000	10/15/2017				225,000			
	112,500	8/30/2018				112,500			
	90,000	12/30/2018					90,000		
	22,500	3/31/2019					22,500		
	100,000	3/30/2029	Paid in 10 yr						
			550,000						
New North Phase 1									
Assumes LIHTC Committed 2018	350,000	6/30/2018				350,000			
	175,000	4/30/2019					175,000		
	140,000	8/30/2019					140,000		
	35,000	12/30/2019	700,000					35,000	
New North Phase II									
Assumes LIHTC Committed 2019	325,000	6/30/2019					325,000		
	162,500	4/30/2020						162,500	
	130,000	8/30/2020						130,000	
	32,500	12/30/2020	650,000						32,500
TOTALS				541,100	568,868	738,775	752,500	327,500	32,500
					163,743				
					405,125				



SITE PLAN
Scale: 1" = 20'

NEW NORTH AVENUE

BURLINGTON, VERMONT

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PRICING SET

DATE: 04.04.2016
DRAWN: CSC
A0-0.0

