

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

Agency/Organization: Champlain Housing Trust

Project: Support predevelopment expenses related to the design of 59
apartments at Cambrian Rise.

Funding Request: \$200,000



Burlington Housing Trust Fund
Project Funding Application: Cambrian Rise Affordable Apartments
September 2016

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

Amount of Request: \$200,000

Number of Units: 59

2. Project/program narrative, including a detailed time-line. Explain what BHTF funding will cover.

This application is for the construction of affordable family rental housing in the new Cambrian Rise neighborhood. The Cambrian Rise neighborhood, located at the former Burlington College campus, will be one of the most economically diverse and sustainably developed new neighborhoods in Burlington in part due to the inclusion of this affordable rental housing. The property is being developed by Eric Farrell, in a unique public/private partnership with the City of Burlington, the Vermont Land Trust, the Champlain Housing Trust, Housing Vermont and Cathedral Square. The City of Burlington has purchased for conservation 12 acres of land closest to the lake including Texaco Beach, existing community gardens, a wooded bluff and pedestrian path to the lake. There are currently 660 homes proposed to be developed on the remaining 15.65 acres serving every income range – from the homeless to the very wealthy and with varied tenure structures from rental to shared-equity ownership to high-end, full equity ownership. All development partners are committed to developing highly energy-efficient, environmentally-sustainable homes and using innovative stormwater techniques due to the proximity of the site to the lake.

The neighborhood will include affordable family and senior housing provided by The Champlain Housing Trust, Housing Vermont and Cathedral Square Corporation. This application is for the first 59 out of a total of 76 apartments to be developed by the Champlain Housing Trust and Housing Vermont. These apartments will be in one four story building that we had initially expected to build in two phases in order to line-up with available funding. Instead, we have come up with a financing plan that will allow us to build the entire 76 unit building all at once but it will be owned by two distinct partnerships – one utilizing 4%

bond tax credits (17 apartments) and the other using 9% allocated tax credits (59 apartments). This is a complicated financing plan that is tailored to maximize existing affordable housing resources and allow one phase of construction. There are significant benefits to building in one phase – construction savings are estimated to be 10% which is equivalent to \$1.5 million; there would be additional savings in soft costs and design fees; it off-sets limited affordable housing resources such as the 9% credit, HOME and VHCB funds by substituting the unlimited 4% tax credit; it brings in 76 new affordable apartments to the market more quickly; it reduces the inconvenience to phase I residents of constructing an addition to their building.

This application for \$200,000 in BHTF funding is to support the 59-unit, 9% allocated tax credit portion of the project. We will be applying for additional BHTF funding for the 17-unit 4% bond tax credit portion of the project next year. Because that project will have a lower tax credit equity component due to the 4% credit, we will be asking for a proportionately higher per unit BHTF allocation. The FY17 BHTF funds will be used to pay for predevelopment expenses related to the design of the building.

This new apartment building will be four stories over a parking garage, have two elevators, a community room, common west-facing decks and an outdoor courtyard with a play structure. The apartment mix will include 35 with one bedroom, 34 with two bedrooms and 7 with three bedrooms. The property has easy access to public transportation and is within walking distance to Burlington High School, the bikepath and lake.

The total project will include 15 homes set aside for homeless households, 10 apartments for households earning up to 80% of median income, with the remaining 51 restricted to households earning less than 60% of median income. The homeless households will be provided with rental subsidy and support services through a Memorandum of Understanding between BHA and CHT. There are enough apartments set aside for households needing support services that we will be including an office for on-site Housing Retention Staff who will work to identify ongoing services each household needs to maximize housing success and stability.

The project is currently in the permit process. The Development Review Board was given an hour long presentation of the overall project at a sketch plan review in July and responded favorably. The Planning Commission has recommended approval of a zoning change required for the current project to the City Council. Once the City Council warns a hearing on that proposed change, a permit application can be submitted. We are hoping to have all permits in hand by

spring in order to allow for an early summer construction start.

The project has received initial funding for the originally proposed first phase of 36 units including 9% allocated tax credits and VHCB funding and our initial HOME request is under consideration. We have Neighborworks funding in-hand and we have submitted a grant application to the Federal Home Loan Bank of Boston Affordable Housing Program which will be decided in December. We will be applying for additional 9% tax credits and VHCB funding to support the full construction of all 76 units in Spring 2017.

3. Description of the need to be served by the project/program.

The need for affordable rental housing in Chittenden County is well-documented. The mismatch between supply and demand is reflected in the County's vacancy rate which is 2.1%, compared with a national average of 4.3%. While the vacancy rate has improved over the past couple of years, it remains substantially lower than the benchmark of 5% which characterizes a rental housing market where households looking for apartments are consistent with apartments available for rent.

Apartment rents continue to escalate reaching an average of \$1,187 for an unheated two-bedroom unit by September 2015. Newly constructed apartment rents are ranging between \$1,675 - \$2,100 for a two-bedroom including heat. Chittenden County rents have increased each year for at least the past 14 years at an average annual rate of 3.3% (two-bedroom apartment). In order to pay no more than 30% of income for rent and utilities for the average two-bedroom apartment, a Chittenden County household would need an annual income of \$53,680. That wage, \$25.81 an hour, is more than 2.5 times Vermont's minimum wage. About 55% of renters pay more than 30% of their income for rent and utilities and nearly three out of ten pay more than half of their income for shelter.

4. Organizational budget

See enclosed.

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.

See enclosed.

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

The project will have covenants from the Vermont Housing and Conservation Board that will require perpetual affordability.

CHAMPLAIN HOUSING TRUST



Burlington Housing Trust Fund FY17 Progress Report

Archibald/Bright Street Cooperative –

The Bright Street Cooperative is complete and 40 new residents began moving in in early September 2016. This project took many years to complete and involved assembling four parcels, engaging a community steering committee to help guide the redevelopment, demolition of three existing structures, clean-up of contaminated soils and construction of 40 new apartments in 3 buildings. The new residents are part of a housing cooperative and have already begun the work of organizing their community to manage their new homes.

27 Bright Street – for sale –

One of the properties that was purchased for inclusion in the Bright Street Cooperative project was a duplex at 27 Bright St. that had a critical portion of backyard that connected two of the other parcels in the project. The house itself was in good shape and so not slated for demolition, but also not planned to be included in the Coop. Soon after our purchase we were approached by an immigrant family with a household of 9 who was desperately looking for housing, so we converted the duplex into a single family residence and they moved in in the Fall of 2014. We requested a BHTF grant of \$35,000 in FY15 to support the eventual sale of this home to the current residents. The home is currently going through the Burlington Lead Program for lead hazard reduction and we are helping the residents deal with some other household issues. The family has expressed an interest in purchasing the home and so our Homeownership Center will be working with them this fall to prepare for their purchase as soon as possible – likely next Spring. The BHTF grant will be used to reduce the purchase price. We are requesting an extension of our BHTF award until next year.

HEADQUARTERS 88 King Street, Burlington, Vermont 05401 | P: 802.862.6244 | F: 802.862.5054
FRANKLIN/GRAND ISLE 13 Lake Street, St. Albans, Vermont 05478 | P: 802.527.2361 | F: 802.527.2373

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THIS ORGANIZATION IS AN EQUAL OPPORTUNITY
EMPLOYER AND PROVIDER



HOUSING VERMONT DEVELOPMENT PRO FORMA

GENERAL INFORMATION		
Project Name:	New North Avenue	TODAY'S DATE: 21-Sep-16
Housing Vermont Contact:	Kathy Beyer	ORIG. DRAFT: 26-Jul-07
Telephone/Fax:	802-863-8424/802-660-9034	
E-Mail/Web:	kathy@hvt.org	
File Name:	F:\DEV\Projects\New North\PROFORMA\New North Pro Forma PHASE 2 - 17 UNITS 072116.xlsx1-sum.	

PROJECT SUMMARY		PRO FORMA ASSUMPTIONS	
Total Units:	59	Vacancy Rate:	3.00%
Unrestricted Units:	9	Interest Rate on Cash Reserves	1.0%
Restricted Units:	50	Appreciation:	3.0%
Project-wide Applicable Fraction	85.45%	Acquisition LIHTC Applicable Rate	0.00%
Avg Net Monthly Rent:	1,083	Construction LIHTC Applicable Rate	9.00%
Monthly Operating Cost	661	Proposed Return, IRR	8.28%
N.O.I.	317,786	Income Increase:	1.5%
Debt Service	223,564	Expense Increase:	3.00%
Annual Replacement Reserve	35,400	Fed. Hist. Tax Credit? (Yes/No)	No
LIHTC Alloc. Possible/Assumed	1,020,000	High Cost Area? (Yes/No)	Yes
Federal Rehabilitation Tax Credit	0	Acquis. Credit? (1=Yes)	Yes
Total Cost	16,682,500	Rehab. w/Bonds (1=Yes)	No
Cost Housing Per Unit	282,754	State DT Credits	0
Syndication: LP/Total	9,689,031	State Housing Credits	0
LIHTC Efficiency	95.00%		
RITC Efficiency	0.00%		

PRO FORMA SUMMARY			
		Yr 1	Yr 15
Annual Cash Flow		70,502	-15,721
Operating Reserves		303,325	709,314
DCR		1.34	0.93

SOURCES OF FUNDS

	Amount	% of Total	Per Unit	Interest	Term
Limited Partner Equity	\$9,689,031	58%	164,221		
General Partner Equity	969	0%	16		
SLP Equity	0	0%	0		
Permanent Debt	4,000,000	24%	67,797	4.75%	40
VHCB	1,350,000	8%	22,881	0.00%	30
HOME	245,000	1%	4,153	0.00%	30
City HTF	200,000	1%	3,390	0.00%	30
Neighborworks	300,000	2%	5,085	0.00%	30
State Housing Credits	0	0%	0	0.00%	30
Energy Incentives	147,500	1%	2,500	0.00%	30
AHP	0	0%	0	0.00%	0
	750,000	4%	12,712	0.00%	30
	0	0%	0	0.00%	0
	0	0%	0	0.00%	0
Deferred Developer Fee	0	0%	0	0.00%	0
Total Other Sources of Financing	0		0		
Gap	0	0%	0	0.00%	0
TOTAL SOURCES	\$16,682,500	100%	282,754		

USES OF FUNDS

	Budget	Cost Per Residential Unit*	Cost Per Apt. Sq.Ft.
ACQUISITION:			
#DIV/0!	\$0	0	\$0.00
Acquisition/Buildings	0	0	\$0.00
Additional Land	590,000	10,000	\$8.23
Title Insurance/Recording	5,000	85	\$0.07
Appraisals	3,500	59	\$0.05
Other	0	0	\$0.00
0	0	0	\$0.00
0	0	0	\$0.00
TOTAL ACQUISITION	598,500	10,144	\$8.35
Construction - Resid.	12,190,530	206,819	\$170.00
Haz Mat & Asbestos Abatement	0	0	\$0.00
Playground	40,000	678	\$0.56
Site Work Residential	0	0	\$0.00
Appliances/Furnishings	73,750	1,250	\$1.03
Hard Cost Contingency @ 7.4%	914,290	15,496	\$12.75
0	0	0	\$0.00
0	0	0	\$0.00
TOTAL CONSTRUCTION	13,218,570	224,044	\$184.34
SOFT COSTS			
Arch./Engin/Estimating/Testing	816,764	13,843	\$11.39
Market Study	3,000	51	\$0.04
Relocation	0	0	\$0.00
Environment /Energy Ass./Capital Needs Ass	8,000	136	\$0.11
Legal/Accounting/vcdp admin	40,000	678	\$0.56
Permits/Fees	343,449	5,821	\$4.79
Add. Insurance/Taxes	57,000	966	\$0.79
Construction Loan Interest	230,000	3,898	\$3.21
Marketing	4,000	68	\$0.06
Loan/Lender Fees	54,900	931	\$0.77
Tax Credit Applications	40,800	692	\$0.57
Soft Cost Contingency	5,000	85	\$0.07
HVT Development Fee	500,000	8,475	\$6.97
Clerk of the Works	0	0	\$0.00
CHT Development fee	500,000	8,475	\$6.97
0	0	0	\$0.00
TOTAL SOFT COSTS	2,602,913	44,117	\$36.30
Reserves	262,517	4,449	\$3.66
TOTAL COSTS	\$16,682,500	282,754	\$232.64

CHT Overall 7/29/2016 2017 Budget	Version dated :							7/29/2016	
	7/27/2016	7/27/2016	7/28/2016	7/28/2016	7/29/2016	7/27/2016	7/27/2016		
	01 Admin	02 COOP	03 HOC	04 PM	05 Owned Properties	06 Com	07 Dev	CHT Total	
Grant Revenue	165,000	12,000	476,400	0	0	265,500	50,000	968,900	
Gain on Resale of Property									
Sale of Property	0	0	4,400,000	0	0	0	0	4,400,000	
Cost of Property Sold	0	0	3,405,800	0	0	0	0	3,405,800	
Additional Appreciation Subsidy	0	0	869,200	0	0	0	0	869,200	
Total Gain on Resale of Property	0	0	125,000	0	0	0	0	125,000	
Rental Income and Related Items									
Tenant Rent	0	0	0	0	3,164,714			3,164,714	
Vacancy	0	0	0	0	(180,780)	0	0	(180,780)	
Commercial Rent	0	0	0	0	656,415	0	0	656,415	
Other Rental Income	0	0	0	0	252,432	0	0	252,432	
Total Rental Income and Related Items	0	0	0	0	3,892,781	0	0	3,892,781	
Revenue from Properties									
Fees for Maintenance	0	0	0	1,271,449	(168,017)	0	0	1,103,432	
Admin Fees				106,807				106,807	
Social Service Fees				241,920				241,920	
Property and Asset Management Fees	0	0	0	2,627,301	(262,284)	0	0	2,365,017	
Incentive Fees	0	0	0	466,356	0	0	0	466,356	
Total Revenue from Properties	0	0	0	4,713,833	(430,301)	0	0	4,283,532	
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			1,500					1,500	
Total Revenue	178,434	119,610	1,186,974	4,713,833	3,462,528	544,600	836,500	0	11,042,479

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	01	02	03	04	05	06	07	
	Admin	COOP	HOC	PM	Owned Properties	Com	Dev	CHT Total
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 /Americor Services and Recruiting	18,340	0	13,000	4,000	0	0	0	35,340
Total Personnel and Consultants	1,539,135	64,146	742,934	3,206,149	0	240,530	183,472	5,976,367
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	(54,365)	2,755	39,271	182,509	0	25,402	12,653	208,225
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	<u>8,580</u>	<u>240</u>	<u>5,256</u>	<u>31,068</u>	<u>0</u>	<u>1,440</u>	<u>720</u>	<u>47,304</u>
Total Technology Expenses	244,729	240	10,676	35,856	0	11,740	720	303,961
Allocated Administrative Costs	(1,627,213)	23,555	267,208	1,180,556	0	88,787	67,107	0
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	0	0	0	44,500	0	0	0	44,500
Rental Property Expenses (fund 05)								
Property Management Fees	0	0	0	0	306,300	0	0	306,300
Condo Fees	0	0	0	0	96,224	0	0	96,224
Utilities, Grounds, Repairs	0	0	0	0	1,033,405	0	0	1,033,405
Advertising	0	0	0	0	0	0	0	0
Resident Services and Fees	0	0	0	0	28,442	0	0	28,442
Taxes and Insurance	0	0	0	0	527,658	0	0	527,658
Debt Service (P+i)	0	0	0	0	990,846	0	0	990,846
Contribution to Replacement Reserve	0	0	0	0	339,059	0	0	339,059
Other	0	0	0	0	94,075	0	0	94,075
Total Rental Property Expenses	0	0	0	0	3,416,009	0	0	3,416,009

CHT Overall 7/29/2016 2017 Budget	Version dated :							7/29/2016	
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	01	02	03	04	05 Owned Properties	06 Com	07 Dev		
	Admin	COOP	HOC	PM				CHT Total	
Outreach									
Advertising/Public Relations	0	500	6,200	2,400	0	13,045	0	22,145	
Donor Cultivation	0	0	0	0	0	6,500	0	6,500	
Membership Expenses	0	0	0	0	0	29,600	0	29,600	
Organizing	0	6,000	0	0	0	12,500	0	18,500	
Communications	0	0	0	0	0	9,500	0	9,500	
Total Outreach	0	6,500	6,200	2,400	0	71,145	0	86,245	
Screening/Home Ownership/Counseling Expenses									
Workshops	2,400	0	11,680	0	0	0	0	14,080	
Tenant Screening	0	0	7,170	0	0	0	0	7,170	
Lending	0	0	120	0	0	0	0	120	
Total Screening/Home Ownership/Counseling Expenses	2,400	0	18,970	0	0	0	0	21,370	
Professional Services	62,110	5,750	70,413	68,000	0	4,000	18,500	228,773	
Board and Staff Expenses	29,445	0	850	4,700	0	0	0	34,995	
Other Sources (Uses) of Funds									
Insurance	50,400	0	0	6,480	0	0	0	56,880	
Project Expenses	0	0	0	0	0	0	30,000	30,000	
Interest Expense	3,600	15,600	5,250	1,560	0	0	2,400	28,410	
Other	8,000	0	0	2,400	0	1,200	2,400	14,000	
Total Other Sources (Uses) of Funds	62,000	15,600	5,250	10,440	0	1,200	34,800	129,290	
Total Expenses	314,871	125,893	1,245,498	4,944,610	3,416,009	464,839	331,941	0	10,843,661
Operating Income	(136,437)	(6,284)	(58,524)	(230,776)	46,519	79,761	504,559	0	198,818
** The operating income (\$46,519) remaining in Owned properties can not be used for CHT operations					**				
					Less : Owned Property Operating Income **				46,519
					Net Available Operating Income				152,299

	Admin	COOP	HOC	PM	Owned Properties	Com	Dev	CHT Total
FY 2017 Budget Operating Income	(136,437)	(6,284)	(58,524)	(230,776)	46,519	79,761	504,559	198,818
FY 2016 Budget	(130,619)	(7,112)	(125,444)	(76,685)	75,824	53,031	392,393	181,387
Variance	(5,817)	828	66,920	(154,091)	(29,305)	26,731	112,167	17,431
FY 2017 Budget	(136,437)	(6,284)	(58,524)	(230,776)	46,519	79,761	504,559	198,818
FY16 Forecast	(135,081)	(4,822)	(101,937)	63,044	211,219	76,020	365,033	473,476
Variance	(1,356)	(1,462)	43,413	(293,820)	(164,700)	3,741	139,526	(274,658)