

## MEMORANDUM

**TO:** Rep. Helen Head, Chair, and Members of House Committee on General, Housing and Military Affairs

**FROM:** Gus Seelig, Executive Director, Vermont Housing & Conservation Board

**cc:** Rep. Matt Trieber

**DATE:** March 17, 2015

**RE:** Pending Projects and Leverage of VHCB Funds

At your committee hearing and in a subsequent conversation with Rep. Trieber, we were asked to respond to several questions raised by the committee and by your colleagues in the Appropriations Committee:

1. **How large is the pipeline of projects awaiting action by the Board this spring?** On March 13<sup>th</sup> the Board approved over \$2.6 million in housing requests. We have in hand \$2.5 million in additional housing requests. We anticipate nine additional applications seeking \$8.5 million by our April 7 deadline for action in June. We also have 19 farm projects and 6 conservation projects in hand for review in May seeking \$3 million. In brief, there is sufficient demand to fully commit the trust fund before FY 16 commences. Approximately 12 additional farm projects are expected in the fall.
2. **How will leverage be affected by various reductions?** If VHCB has \$6 million diverted to other uses and continues to fund housing and conservation at a 57/43 split, we anticipate turning back over \$2 million in federal conservation funding. **If the Legislature asks us to suspend conservation work entirely, what would be the impact on conservation leverage?** We would turn back \$3.4 million in NRCS and RCPP grants. RCPP would be further diminished by the loss of match (estimated at \$500k) from the Farm and Forest Viability Program and farmers would lose needed business planning and technical assistance. We believe we would also lose access to between \$500,000 and \$1.5 million in bargain sales and philanthropic gifts for conservation.
3. **Housing Leverage** – Over the last 3 years multi-family housing investments have (according to our inter-agency database) brought in more than ten dollars for every dollar appropriated, more than 61% from equity investments in exchange for tax credits, 25% from other matching federal sources, and 14% private lending and other sources such as the Federal Home Loan Bank's affordable housing program. Diminishing the trust fund will reduce leverage at the same ratio and result both in less economic

activity, particularly for construction, less community revitalization, and less assistance to reduce Vermont's housing affordability problems for working families.

4. **How will water quality be impacted by the projects in your pipeline?** Of the 19 farm applications we have received – 16 will have easements to protect and enhance water quality, 13 of these projects are in the Lake Champlain Basin. Three other projects are along Lake Memphremagog and the Connecticut River. Two other conservation projects will protect upland headwaters that feed both the Willoughby and the Connecticut Rivers. Among the fall applications, seven additional farms are in the Champlain Basin.
5. **How does VHCB provide supportive housing?** Under separate cover a memo and chart indicates almost half of VHCB units are supportive housing, elder housing with SASH services, or home access projects through the Vermont Center for Independent Living.

#### Pipeline

The attached charts show where project applications are coming from around the state. Additional applications are expected in the fall.

#### Programmatic Impacts

A complete loss of conservation funding would cause VHCB to wind down the Farm & Forest Viability Program which currently serves 80-100 businesses each year.

A \$6 million reduction across both housing and conservation would double the time for farm projects going from three to six years. This will greatly slow inter-generational transfers. It will also have a significant impact on farmers who plan to use the proceeds from selling development rights for reinvestment in their farms, whether for efficiency improvements, expansion, diversification or investment in water quality practices. Elimination of the conservation will cause severe problems for the 75 farmers who have already invested in appraisals and been in the application process for one-two years, along with 30-50 new applicants this year.

We anticipate a loss in housing production of 50 apartments with a \$2 million reduction; and 150 homes at a \$6 million reduction.

The loss of leverage and related economic activity in the construction sector is conservatively calculated at seven dollars for every dollar appropriated. Other impacts will be experienced when a village center is not improved. The public cost of reductions in housing production will result in an increased need for hospital and nursing home beds, motel rooms funded by G.A., prison beds, and increased utilization of psychiatric facilities.

## VHCB Housing Project Commitments and Anticipated Spring Applications, FY16

Project	Applicant	location	Units	VHCB
<b>March Commitments Made by Board</b>				
Milton Senior Housing	Cathedral Square	Milton	30	\$ 550,000
Red Clover* (FY15 funding)	BHA	Brattleboro	55	\$ 590,000
Winchester Place	CHT	Colchester	80	\$ 1,225,000
Armstrong MHP	RACDC	Randolph	18	\$ 288,000
Subtotal			183	\$ 2,653,000
<b>Anticipated Projects, April 7th</b>				
Bennington Arts	Shires	Bennington	23	\$ 450,000
Evergreen Heights*	W&WHT	Brattleboro	44	\$ 660,000
Hickory III*	RHA	Rutland	25	\$ 725,000
Adams House II*	HTRC	Fair Haven	13	\$ 65,000
Beacon Place **	CHT	S. Burlington	20	\$ 500,000
Gevry's MHP	ACCT	Waltham	14	\$ 350,000
South Meadow - LIHTC	CHT	Burlington	64	\$ 1,550,000
Ethan Allen Residence***	Living Well	Burlington	32	\$ 560,000
The Briars	TPHT	Hartford	24	\$ 415,000
Applegate	Shires/HV	Bennington	104	\$ 2,000,000
Homeownership/Habitat		Statewide	20	\$ 750,000
Home Access Program		Statewide	40	\$ 485,000
Subtotal of April 7th			423	\$ 8,510,000
<b>Grand Total</b>			<b>606</b>	<b>\$ 11,163,000</b>

\* Project based rental assistance

\*\* Housing for chronically homeless

\*\*\*Frail elders including persons with dementia

Conservation Projects for the May 8, 2015 Board meeting

VHCB #	PROJECT	TOWN	ACRES	WATERSHED	DISCHARGES TO	Total \$ REQ. TO VHCB
2015-085	Morin II	Morgan	154.8	Clyde River	Memphremagog	\$ 86,500
2015-086	Ferris	Braintree	210	Connecticut River	L.I. Sound	\$ 79,000
2015-090	Monahan-Kominami (Patenaude)	SU/Waterford	35	Connecticut River	L.I. Sound	\$ 20,910
2015-092	Allen-Dana	Fairlee	28	Connecticut River	L.I. Sound	\$ 65,500
2014-057-002	Howrigan, D&P	Fairfax	224	Lamolle River	Main lake	\$ 221,500
2015-088	Bouthilliette-Ferris	Fairfax	161	Lamolle River	Main lake	\$ 134,000
2015-089	Bouthilliette-Ferris II	Fairfax	100	Lamolle River	Main lake	\$ 88,000
2014-074-002	Husk II	Ferrisburgh	132.5	Lite Otter Creek	Main lake	\$ 104,000
2015-093	Bryant	Pawlet	168	Mettowee River	South lake	\$ 85,700
2015-080	Berthaume, W&D	Fairfax	206	Will River	St. Albans Bay	\$ 221,500
2003-089-002	Bentley/Boomhower OPAV	Cambridge	81	Missisquoi	Missisquoi Bay	\$ 130,000
2015-083	Marquis, M&T	Newport	121	Missisquoi	Missisquoi Bay	\$ 58,500
2015-081	Elliot-Maxfield	Alburgh	57	Mud Creek	NE Arm Lake	\$ 24,000
2015-078	Harrison	Addison	72	Otter Creek	Main lake	\$ 45,000
2015-079	Kilby-Harrison	Addison	360	Otter Creek	Main lake	\$ 189,000
2015-084	Bonner-Cesarfo	Cornwall/Brid	92	Otter Creek	Main lake	\$ 56,750
2015-087	Pratt	Whiting	123	Otter Creek	Main lake	\$ 84,000
2015-082	Cadreact	Milton	261	Trout Brook	Main lake	\$ 184,000
2015-091	Cadreact Sugarbush Farms	Milton	184	Trout Brook	Main lake	\$ 61,000
<b>Total Ag</b>			<b>2770.3</b>			<b>\$ 1,938,860</b>
<b>Total in Champlain watershed</b>			<b>2342.5</b>	<b>85%</b>		<b>\$ 1,686,950</b>
						<b>87%</b>

Other Conservation

2015-035	Beard Swimming Hole	Johnson	1.89	Lamolle River	Main lake	\$ 77,500
2015-076	Herskowitz	Williston	39	Winooski River	Main lake	\$ 164,888
2015-077	Quarry Hill	Pownal	25.9	Hoosic River	Hudson River	\$ 39,850
2015-072	Willoughby Peaks *	Westmore	2,965	Willoughby River	Memphremagog	\$ 200,000
2015-073	Kingdom Trails	Lyndon	132.9	Connecticut River	L.I. Sound	\$ 172,374
2015-074	Ascutney Mountain	Windsor	1,581	Connecticut River	L.I. Sound	\$ 300,000
<i>*Headwaters projects</i>						
<b>Total Other Conservation</b>			<b>4,746</b>			<b>\$ 954,612</b>
<b>Historic Preservation</b>						
2015-075	Journey's End	Grafton	5			\$ 100,000
<b>Total Historic Preservation</b>			<b>5</b>			<b>\$ 100,000</b>

Anticipated farm projects for Fall 2015: 12 farm projects (1827 acres) requiring a total of \$1,365,200 in state funds are in the pipeline, of which 7 (1064 acres) are in the Champlain basin. Total state funds required for these Champlain basin farms is approximately \$885,700.