

Vermont Housing & Conservation Board
Budget Packet
FY2016

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Vermont Housing & Conservation Board
Proposed FY2016
SOURCES & USES

	Housing & Conservation (TRUST Fund)	NRCS Farm Pres Prog (Fed)	RCPP (Fed)	Farm & Forestry Viability Program	Ameri-Corps	HOME Program	HOPWA (HUD)	EDI/SPG (HUD)	LEAD Hazard Red. Prog (HUD)	HHVT (HUD)	TOTALS
SOURCES:											
Calculated Property Transfer Tax											17,738,000
Less Contribution to State of VT General Fund											(5,583,160)
Net Property Transfer Tax to receive	10,635,262	359,221		747,176	247,670	118,981	32,176	14,354			12,154,840
Capital Bond Proceeds - State	2,800,000										2,800,000
Loan Repayments	65,000										65,000
Interest on Fund	12,800										12,800
Federal Grants		2,200,000	850,000	10,000	368,902	2,955,000	478,000		766,667	182,924	7,811,493
Housing Mitigation Funds	25,000										25,000
Act 250 Mitigation Funds	250,000										250,000
Other - Foundations, Miscellaneous	10,000			740,000						24,756	774,756
Subtotal FY2016 resources:	13,798,062	2,559,221	850,000	1,497,176	616,572	3,073,981	510,176	14,354	766,667	207,680	23,893,889
Completion of prior years' federal awards:		905,000			-	2,105,000	-	431,716	-	-	3,441,716
TOTAL Sources:	13,798,062	3,464,221	850,000	1,497,176	616,572	5,178,981	510,176	446,070	766,667	207,680	27,335,605

USES:											
Program Operations	1,641,216	359,221	-	397,176	236,114	340,981	32,176	14,354	473,754	74,347	3,569,339
Direct Program/Project expense	201,000	-	-	1,100,000	380,458	33,000	478,000	-	10,000	133,333	2,335,791
Project Grant and Loans-FY2016	11,955,846	2,200,000	850,000	-	-	2,700,000	-	-	282,913	-	17,988,759
Project Grant and Loans-completion of prior years' fed \$\$	-	905,000	-	-	-	2,105,000	-	431,716	-	-	3,441,716
Total Uses:	13,798,062	3,464,221	850,000	1,497,176	616,572	5,178,981	510,176	446,070	766,667	207,680	27,335,605

VERMONT HOUSING AND CONSERVATION BOARD
SOURCES AND USES Chart - EXPLANATION, FY2016 BUDGET

The Sources & Uses Chart is used by VHCB to present in one report all of the projected revenue sources of the Board, and the planned uses of those resources for the fiscal year 2016.

I. SOURCES OF REVENUE

- **Property Transfer Tax** – By statute, VHCB is to receive 49% of the total Property Transfer Tax (PTT) revenues for the year. Those funds are deposited by the State to the Vermont Housing & Conservation Trust Fund. The January 2015 projection of the FY2016 PTT is up from prior years. VHCB's statutory share of the projected amount would be \$17,738,000; the Governor's recommendation for FY2016 is \$12,154,840, along with a recommendation for Capital Bill funding in the amount of \$2,800,000. The Property Transfer Tax difference of \$5,583,160 will go to the State's FY2016 General Fund.

The Property Transfer Tax revenues are used by VHCB to support several related programs/federal grants that VHCB operates in addition to our housing and conservation work. These projected amounts are demonstrated across the Sources & Uses chart in the respective column to which they are applicable.

- **Capital Bond Proceeds - State** – \$2.8 million is recommended for VHCB within the Governor's proposed Capital Bill.
- **Loan Repayments** – These are loans the VHCB has made upon which principal and/or interest is expected to be received during FY2016. Many of VHCB loans are long-term deferred loans on housing projects in which payment to the VHCB occurs after primary debt is retired.
- **Interest on Fund** – This is an estimate of interest that will be earned on the VHCB Trust Fund account in FY2016.
- **Federal Programs:**
 - NRCS Agriculture Land Easement Program (ALE) (formerly known as the Federal Farm & Ranch Preservation Program) – This is a federal award which supports the VHCB's Farmland Preservation Program. A 50/50 match is required by NRCS in order to utilize these funds.
 - NRCS Regional Conservation Partnership Program – This represents a projected portion of the State's recent award of RCPP funds to improve water quality in the Lake Champlain basin. VHCB would use these funds for qualifying easements within the basin.
 - AmeriCorps – This amount represents year one of a new three year AmeriCorps grant cycle we are hoping to secure. VHCB has operated a statewide AmeriCorps program since 1998.
 - HOME Program – These HUD funds are administered by the VHCB for the State of Vermont (restricted for use in accordance with federal program regulations). Administrative funds for this program are used by the Department of Economic, Housing and Community Development and VHCB.

- HOPWA (HUD) – This amount represents the FY2016 portion of a three year HOPWA award. This is a federal grant for Housing Opportunities for Persons with AIDS that is administered by the VHCB and provides services and housing to persons with AIDS and their families.
- EDI/SPG (HUD) Project – These HUD project and technical assistance grants are in the processed of being closed out.
- Lead Hazard Control Grant (HUD) –This amount represents the closing out of a three year Lead grant, and anticipates a new three year grant cycle. VHCB has been administering this program since 1994. This will be our ninth grant award.
- Healthy Homes grant (HUD) – This represents the culmination of the three year grant.
- **Mitigation Funds (Housing & ACT 250)** – These are funds that come to VHCB as a result of mitigation agreements on ACT 250 applications in which agricultural land is being developed. This budget figure also includes housing mitigation funds from our MOUs with several ski area owners. Amounts are estimated and are paid to VHCB during stages of development.
- **Other** – Represent miscellaneous donation income as well as potential foundation funding for the Farm and Forest Viability Program.
- **Completion of Prior Years’ federal awards** – These amounts represent prior year awards made to grantees which have not yet been fully disbursed. Federal revenues are drawn down as funds are disbursed on grants.

II. USES OF FUNDS

- **Program Operations** –budget for conducting the operations of organization as well as several direct programs. Costs are spread across the chart based on program/grant.
- **Direct Program/Project expense** – This figure represents farm appraisals, public notice advertising, the costs of required historic and archeological evaluations on particular projects, as well as direct costs of the programs VHCB operates such as the Vermont Farm & Forest Viability Program, HOPWA, AmeriCorps, Lead Hazard Control, and the Healthy Homes VT program.
- **Project Grants and Loans** – All funds not used in the categories listed above are available for project grants and loan awards in FY2016, within the restrictions of each of the individual sources. These funds are committed to projects by the Board.
- **Project Grants and Loans – completion of prior years’ federal \$\$** - (see reference above under Sources section). These are disbursement of prior years’ federal awards.

**FISCAL YEAR 2016
DEPARTMENT PROGRAM PROFILE**

DEPARTMENT: VERMONT HOUSING & CONSERVATION BOARD

Name and brief narrative description of program		Spec Fund \$\$	Capital Bond \$	Fed Funds \$\$	Completion of Prior Years' Federal Awards	Total funds \$\$	Authorized positions
HOUSING GRANTS PROGRAM	Grants and loans for perpetually affordable housing development and implementation; support of program & delivery system						
FY 2014 expenditures		7,862,821				7,862,821	7.36
FY 2015 estimated expenditures		8,068,988				8,068,988	8.35
FY 2016 budget request		6,414,507	1,800,000			8,214,507	10.35
HOME PROGRAM	Grant and Loan Program for federal HOME funds for housing						
FY 2014 expenditures				3,544,236	-	3,544,236	3.38
FY 2015 estimated expenditures		223,429		2,955,000	2,671,143	5,849,572	4.09
FY 2016 budget request		118,981		2,955,000	2,105,000	5,178,981	3.14
HUD SPECIAL PROJECTS	Federal Funds to supplement VHCB funds in particular housing projects						
FY 2014 expenditures				200,601	-	200,601	0.97
FY 2015 estimated expenditures		5,918		23,253	154,813	183,984	0.29
FY 2016 budget request		14,354		-	431,716	446,070	0.14
USDA-RCPP	Water quality improvement program - qualifying easements in Lake Champlain basin						
FY 2014 expenditures				-		-	-
FY 2015 estimated expenditures						-	-
FY 2016 budget request		-		850,000		850,000	-
CONSERVATION-Agriculture/Farmland Preservation Program	Development Rights purchase of farmland; associated costs; support of delivery system						
FY 2014 expenditures		4,280,185		3,998,500	-	8,278,685	4.79
FY 2015 estimated expenditures		4,618,383		4,132,000	1,200,000	9,950,383	4.81
FY 2016 budget request		3,186,266	1,000,000	2,200,000	905,000	7,291,266	5.53
Farm & Forest Viability Program	Provide assistance to farmers, and ag and forest related entities to enhance viability of Vermont agriculture and the forestry industry						
FY 2014 expenditures		944,051		20,610		964,661	3.28
FY 2015 estimated expenditures		1,012,232		-	-	1,012,232	3.52
FY 2016 budget request		1,487,176		10,000	-	1,497,176	3.62
CONSERVATION-Natural Areas	Grants for conservation of natural areas, recreational lands and historic properties						
FY 2014 expenditures		1,128,372				1,128,372	2.50
FY 2015 estimated expenditures		1,613,579				1,613,579	2.63
FY 2016 budget request		1,756,510				1,756,510	2.53
HUD - HOPWA	Federal Grant for Housing Opportunities for Persons with AIDS						
FY 2014 expenditures				485,382		485,382	0.26
FY 2015 estimated expenditures		22,799		476,666		499,465	0.27
FY 2016 budget request		32,176		478,000		510,176	0.31
AmeriCorps	Federal Grant - Community Stewardship Prog. - Coordinate placement of AmeriCorp Members with non-profit hsg & cons programs						
FY 2014 expenditures		333,158		384,949		718,107	1.73
FY 2015 estimated expenditures		185,608		378,000		563,608	1.84
FY 2016 budget request		247,670		368,902		616,572	2.24
TEA	Federal Funds to be accepted by VT Agency of Transportation. Used by VHCB in the purchase of qualifying development rights						
FY 2014 expenditures				80,415		80,415	-
FY 2015 estimated expenditures				-		-	-
FY 2016 budget request				-		-	-
LEAD-BASED PAINT ABATEMENT	Federal Lead-Paint hazard reduction control program serving to eliminate lead poisoning by providing lead-safe housing						
FY 2014 expenditures		198,898		1,019,915		1,218,813	4.28
FY 2015 estimated expenditures				766,667		766,667	4.42
FY 2016 budget request				766,667		766,667	4.37
HEALTHY HOMES VT	Federal HUD funds to identify and mitigate safety hazards within homes in Vermont						
FY 2014 expenditures				562,053		562,053	1.86
FY 2015 estimated expenditures				533,334		533,334	1.58
FY 2016 budget request		24,756		182,924		207,680	0.70
NSP	Neighborhood Stabilization Program - redevelopment of foreclosed and blighted properties in certain target areas of the state						
FY 2014 expenditures				390,795	-	390,795	0.39
FY 2015 estimated expenditures					-	-	-
FY 2016 budget request					-	-	-
IRENE FLOOD RELIEF	Commitment to State of \$2mill. over two year period, to assist with match in the State's Hazard Mitigation Grant program						
FY 2014 expenditures		1,000,000				1,000,000	-
FY 2015 estimated expenditures		-				-	-
FY 2016 budget request		-				-	-
Totals							
	FY 2014 expenditures	15,747,485	-	10,687,456	-	26,434,941	30.80
	FY 2015 estimated expenditures	15,750,936	-	9,264,920	4,025,956	29,041,812	31.80
	FY 2016 budget request	13,282,396	2,800,000	7,811,493	3,441,716	27,335,605	32.93

**FY2016 Federal Receipt Form
Vermont Housing and Conservation Board**

CFDA #	\$ Amount	Federal Grant Name	Vermont Housing & Conservation Board	Purpose/Service Provided
14.239	2,955,000	HUD - HOME Program	HOME Program	Grant and Loan Program for housing
14.239	2,105,000	HUD - HOME Program	HOME Program	Completion of prior year HOME awards
14.246	431,716	HUD - EDI - Special Project	HUD Special Projects	Completion of prior year awards to supplement VHCB funds in designated housing projects
10.913	2,200,000	NRCS - Farmland Protection Prog.	Agriculture Land Easment Program (formerly FRPP)	Purchase conservation easements on farmland
10.913	905,000	NRCS - Farmland Protection Prog.	Agriculture Land Easment Program (formerly FRPP)	Completion of prior year FPP awards
10.932	850,000	NRCS - Regional Conservation Partnership Program (RCPP)	Regional Conservation Partnership Program (RCPP)	Water quality improvement program - qualifying easements in Lake Champlain basin
14.241	478,000	HUD - HOPWA	HUD - HOPWA	Housing opportunities for persons with aids
14.900	766,667	HUD - Lead Hazard Control	HUD - Lead Hazard Control	Lead-paint hazard reduction program
14.914	182,924	HUD - Healthy Homes	HUD - Healthy Homes VT	Identify & mitigation health & safety hazards within homes
94.006	368,902	AmeriCorps	Vermont Housing & Conservation Board AmeriCorps	Coordinate placement of AmeriCorps Members throughout statewide housing/conservation network
10.769	10,000	USDA-Local Food Promotion Program grant	Farm & Forest Viability Program - USDA-Local Food Promotion Program grant	Support development & expansion of local & regional food business enterprises
	11,253,209		TOTAL Federal Funds in FY2016 Executive Budget	

Vermont Housing & Conservation Board - FY2016

Detail of All Estimated Revenue Sources

Federal - new in FY2016

HOME Program	2,955,000	
Fed. Farm Pres. Prog.	2,200,000	
Federal Lead Paint Grant	766,667	
Healthy Homes VT	182,924	
RCPP	850,000	
Federal Grants - misc	856,902	
		<u>7,811,493</u>
Total Federal new in FY16		7,811,493

Federal - Completion of prior year grants

HOME Program	2,105,000	
Special Purpose Grant	431,716	
Fed. Farm Pres. Prog.	905,000	
		<u>3,441,716</u>
Total Federal - Completion of prior years		3,441,716

Total Federal	\$ 11,253,209
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Special Fund

Property Transfer Tax	12,154,840	
Loan Repayments	65,000	
Housing Mitigation Funds	25,000	
Act 250 Mitigation Funds	250,000	
Other - Includes FFVP Restricted Grants	774,756	
Interest on Fund	12,800	
		<u>13,282,396</u>

Total Special	\$ 13,282,396
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Total Special & Federal Funds	\$ 24,535,605
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Capital Request

Request for Project Funding - Grants	2,800,000	
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Total Capital Bond	\$ 2,800,000
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Total Special, Federal & Capital	\$ 27,335,605
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FY 2016 Crosswalk Form - Vermont Housing & Conservation Board

	Special \$\$	Bond Fund \$	Federal \$\$	Completion of Prior Years' Federal Awards \$	Total \$\$
Total FY2015 Appropriations:	15,950,936	0	9,264,920	4,025,956	29,241,812
Less: Rescission:	(200,000)				(200,000)
Final FY2015	15,750,936	0	9,264,920	4,025,956	29,041,812
CHANGES in Projected Resources (Decrease) Increase:					0
Property Transfer Tax	(2,800,000)				(2,800,000)
HOME Program			0	(566,143)	(566,143)
Special Purpose Grant			0	276,903	276,903
Capital Bill		2,800,000			2,800,000
Federal Grants:					
HUD HOPWA			1,334		1,334
HUD - Lead Hazard Reduction			0		0
HUD Healthy Homes VT			(350,407)		(350,407)
HUD NSP Program			0		0
NRCS Federal Farm Preservation/ALE Program			(1,932,000)	(295,000)	(2,227,000)
USDA - RCPP			850,000		850,000
AmeriCorps			(9,098)		(9,098)
Miscellaneous Federal grants			(13,256)		(13,256)
Foundation Grants - FFVP	491,125				491,125
Loan Repayments	735				735
Interest on Fund	(1,800)				(1,800)
Capital Reserve	(158,600)				(158,600)
Mitigation funds	0				0
Subtotal of increases/decreases	(2,468,540)	2,800,000	(1,453,427)	(584,240)	(1,706,207)
FY 2016 Governor Recommend	13,282,396	2,800,000	7,811,493	3,441,716	27,335,605

Vermont Housing & Conservation Board FY 2015 Appropriation (revised for 2015 Rescission)	15,750,936	0	9,264,920	4,025,956	29,241,812
TOTAL INCREASES/DECREASES	(2,468,540)	2,800,000	(1,453,427)	(584,240)	(1,706,207)
Vermont Housing & Conservation Board FY 2016 Governor Recommend	13,282,396	2,800,000	7,811,493	3,441,716	27,535,605

11,253,209 Total FY2016 Federal appropriation

Vermont Housing & Conservation Board

	FY 2014 Actual	FY 2015	FY 2016 Governor Recommend	Diff between FY16 Gov Rec and FY15	Percentage Chg: FY2016 Gov Rec and FY2015
Appropriation					
Total	\$ 26,434,941	\$ 29,241,812	\$ 24,535,605		
Fund Type					
Federal Funds	\$ 10,687,456	\$ 13,290,876	\$ 11,253,209	\$ (2,037,667)	-15.3%
Special Fund	\$ 15,747,485	\$ 15,950,936	\$ 13,282,396	\$ (2,668,540)	-16.7%
Total	\$ 26,434,941	\$ 29,241,812	\$ 24,535,605	\$ (4,706,207)	-16.1%
*					
Capital Bond Request for FY2016			2,800,000		
Total:			<u>27,335,605</u>		
2015 Rescission of Special Fund		(200,000)			
Special Fund		\$ 15,750,936			
Total		<u>\$ 29,041,812</u>			

*FY2014 - Amounts have been restated here to reflect actual spending amounts. The amount presented in the Executive Budget book netted revenues against expenses.

Vermont housing and conservation board

Commerce and Community

Department/Program Description

Department Mission Statement

The Vermont Housing and Conservation Board (VHCB) is a public body established in 1987 by amendment to 10 V.S.A. to add Chapter 15, with the purpose of improving the quality of life for Vermonters by implementing the dual goals of creating "affordable housing for Vermonters, and conserving and protecting Vermont's agricultural land, important natural areas, recreational lands, and historic properties."By statute the Board receives a percentage of the Property Transfer Tax revenue (50% of revenues, after 2% reduction for Tax Department). This special fund was created by the General Assembly with the thought that as property transfers increased the pressure on affordable housing and public access to important land and farm resources would also increase. These funds would help provide affordable housing, farmland conservation, and public access to Vermont's important lands through VHCB funding.

In past years, the Legislature has adopted language that provided a fixed amount of money, notwithstanding the statute. In many of those years the Legislature has provided an appropriation from the Capital Bill, in part to make up for any reduction in the statutory amount appropriated from the Property Transfer Tax.

This year the Property Transfer Tax is expected to generate \$17.8 million as the VHCB statutory portion. We are recommending funding the PTT amount at \$12.1 million. In addition, we are asking that \$2.8 million of the capital bill be appropriated to VHCB for capital projects in housing and conservation, as a way of getting to an appropriation nearer to the statutory language.

The vast majority of the Board's funds are used to provide grants and/or loans to eligible projects. In housing activities the Board generally provides funds for acquisition and rehabilitation and development of housing properties. For conservation activities the Board generally provides grants to assist in the purchase of an interest in real estate (an easement or purchase of land in fee). The Farm & Forest Viability program works with agriculture and forest related industries to provide technical assistance and other support. These programs are enhanced by matching federal funds including the HOME Program, Lead Paint Hazard Reduction Program, Healthy Homes program, Housing for Persons with HIV/AIDS, Farmland & Ranch Preservation Program, and an AmeriCorps program, all of which supplement the VHCB funds in projects. In FY 2016 VHCB expects to fully expend the balance of federal programs HUD Economic Development Initiative/Special Purpose Grants (EDI/SPG).

The VHCB works toward the goal of creating and preserving affordable housing by providing funds for projects with mechanisms which assure perpetual affordability, that serve the most economically distressed households, and by placing a priority on "at risk" housing where a lack of action may result in displacement of residents and where action is necessary to prevent the loss of federally subsidized housing projects. In recent years, because of a housing shortage, the Board has also prioritized developing new units. When reviewing a project the Board considers the availability of other amenities related to housing, including access to social services, transportation, recreation, and access to open space.

Objectives for the retention of agricultural land include the funding of projects which have a specific and current agricultural use, have the potential of being an economically viable farm unit, and/or where the loss of the farm would have significant negative impact on neighboring farms. The Board reviews potential farm applications with the help of an Agricultural Advisory Committee. State funds for purchasing conservation easements are matched on a one to one basis by funds from the federal Farms Preservation Program. VHCB has been able to match state funds with \$ 44.4 million from this program to date. VHCB's farmland conservation portfolio included 23 projects in FY2014 and 2015 with water quality protections.

The Farm & Forest Viability Program operates in partnership with the Agency of Agriculture, Food and Markets and the Department of Forest, Parks, and Recreation and works closely with an advisory board, per 6 V.S.A. Section 4710. This program provides technical assistance and business planning to Vermont farmers, the forest industry, and food



Arts Council, Symphony Orchestra, Historical Society, VHCB

businesses. The Board expanded the Farm Viability program to include forestry and enrolled 17 businesses into the program. The Board focuses some conservation funding on working forests and sugarbushes.

The protection of natural areas and public recreation lands is supported through the funding of projects providing valuable public access to the state's water resources, and other important outdoor recreational lands, often in cooperation with the Agency of Natural Resources and local communities to provide opportunities for hunting, fishing, hiking, bird watching, and cross country skiing among other activities.

VHCB projects also focus on perpetually protecting areas essential to maintaining the ecological diversity or natural heritage of the state, including the perpetual protection of habitat containing one or more endangered species. Many of VHCB's conservation awards support the efforts of local communities to provide ongoing public access to locally important resources. Historic projects include buildings on, or eligible for, the National Register of Historic Places that can be used or converted to affordable housing. VHCB also provides funds for historic buildings of outstanding statewide significance which will have intensive public use.

In FY2013 the Board committed funding to assist in flood hazard mitigation in response to tropical storm Irene. VHCB funds are being used in the Housing Mitigation Grant Program effort to match FEMA funds in the buyout of properties damaged in the flooding. VHCB committed \$2 million over two years towards these efforts. VHCB also provided over \$1 million to relocate and rebuild Melrose Terrace, a senior housing development in Brattleboro, which was significantly damaged in Tropical Storm Irene.

As the Board looks to FY 2016, demand for VHCB funds is approximately \$60 million, or more than three times greater than available resources. Farmland conservation applications represent a minimum of a three year project list which will likely grow by more than 40 applications over the next year. The Board's revised statutory mission to enhance water quality and support forestry adds new demands/pressures on the Board's budget.

Increased homelessness and a very low rental vacancy rate require both the creation of supportive housing projects, the addition of new units and preservation of our existing affordable housing stock.

VHCB Farm and Forest Viability program has expanded this year to serve wood product businesses and to support food hubs. Growth in this area is important in supporting Vermont's working landscape.

The Board's financial statements are independently audited and are subsequently presented in the state's financial statements as a non-major component unit.

Goals/Objectives/Performance Measures

As referenced above, the Board's statutory mission is for the purpose of improving the quality of life for Vermonters by implementing the dual goals of creating "affordable housing for Vermonters, and conserving and protecting Vermont's agricultural land, important natural areas, recreational lands, and historic properties".

The Board's programs serve lower income Vermonters (families earning below median income, with an emphasis on very-low income households) and all Vermonters interested in or users of agricultural, natural, and recreational lands, historic properties and affordable housing. The Board makes grants and loans to municipalities, to non-profit organizations, including land trusts and conservation groups, to housing cooperatives, and to qualifying state agencies.

A major VHCB goal is to assist communities in implementing local plans and activities which further the Board's statutory mission. The Board's awards support community-based projects that preserve affordable housing units, create or rehabilitate additional affordable housing, correct infrastructure deficiencies in mobile home parks, conserve and protect agricultural lands, natural and recreational land and historic properties. The Board's work results in re-investment in downtowns and surrounding neighborhoods while preserving the rural working landscape. Over the last four years the legislature has added to VHCB's mission making support of forestry and protection of the state's surface waters additional statutory goals.



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VHCB's program contributes to Vermont's economy in many ways: 1) it leverages more than \$4 for every dollar appropriated; 2) affordable housing is critical to economic growth and attracting future employees, and housing construction is one of the most effective generator of jobs; 3) the working landscape is among Vermont's primary economic assets - investment in conservation supports travel, tourism and recreation; investment in agriculture promotes inter-generational transfers, expansion, efficiency and diversification; 4) agriculture and food industries are increasing Vermont's employment base; and 5) supportive services in affordable housing avoids the cost of institutional settings (i.e., state hospitals, nursing homes, prisons, motels), reducing pressure on the state budget.

Housing and conservation investments support Vermont's multi-decade policy of compact settlement, surrounded by the working landscape. Both types of investment mitigate the impacts of climate change, by achieving energy efficiency in the built environment, and by maintaining the natural benefits of carbon sequestration in forest and farmland, all the while helping to mitigation against the impact of severe flooding. Both activities of VHCB - affordable housing and conservation - enhance economic vitality, and improve the quality of life of Vermonters.

Key Budget Issues FY 2016

The Governor has sought to maintain the state's commitment to affordable housing and land conservation during this challenging budget year.

The VHCB annual state appropriation comes mainly from Property Transfer Tax receipts. The budget recommendation is \$12,154,840 (\$2.8M less than the final Property Transfer Tax funding in FY2015. VHCB will be seeking additional funding from the Capital Bill.

Budget Summary

	FY 2014 Actual	FY 2015 Budget as Passed	FY 2016 Governor Recommended
Object Rollups			
Other Operating Expenses	(\$11,244,000)	\$0	\$0
Grants Rollup	\$22,591,882	\$29,241,812	\$24,535,605
Total	\$11,347,882	\$29,241,812	\$24,535,605
Fund Type			
Federal Funds	\$10,040,574	\$13,290,876	\$11,253,209
Special Fund	\$1,307,309	\$15,950,936	\$13,282,396
Total	\$11,347,882	\$29,241,812	\$24,535,605

Budget Detail

Budget Object	FY 2014 Actuals	FY 2015 As Passed	FY 2016 Governor's Recommend	Difference FY15-16	Percentage Change
Other Operating Expenses					
701506 - Transfer in-intrafnd-nonbudget	(\$14,014,000)	\$0	\$0	\$0	0.0%
720010 - Transfer Out-Component Units	\$2,770,000	\$0	\$0	\$0	0.0%
Total	(\$11,244,000)	\$0	\$0	\$0	0.0%
Grants Rollup					
550220 - Grants	\$12,614,652	\$29,241,812	\$24,535,605	(\$4,706,207)	-16.1%
550240 - Loans	\$7,164,324	\$0	\$0	\$0	0.0%
552990 - Other Direct Grant Expense	\$2,812,907	\$0	\$0	\$0	0.0%
Total	\$22,591,882	\$29,241,812	\$24,535,605	(\$4,706,207)	-16.1%
Grand Total	\$11,347,882	\$29,241,812	\$24,535,605	(\$4,706,207)	-16.1%



DEPARTMENT OVERVIEW

Department: Vermont Housing and Conservation Board

1. Mission: Appended at end of Overview

2. Results for Vermont

<u>2014</u>	<u>2015</u>
280 affordable housing units	296 affordable housing units
25 farms; 2,808 acres	24 farms; 3,639 acres
12 natural area projects; 3,432 acres	9 natural area projects; 2,330 acres
2 historic projects	2 historic projects
92 Farm & Forest Viability Participants	139 Farm & Forest Viability Participants
State Investment: \$9.9M; \$55M leverage	State Investment: \$10.4M; \$70M leverage

VHCBs programs and practices have had the following major impacts for Vermonters and Vermont communities:

1. Housing, conservation and historic preservation once viewed as adversarial policy goals, are now viewed as complementary activities that can reinforce each other, focusing housing investment in downtowns, village centers and adjoining neighborhoods while conserving the countryside. This has enhanced support for affordable housing which has been successfully built in several economically exclusive communities (i.e. Stowe, Shelburne, Manchester, Warren, Ludlow, Grand Isle, Dover)
2. A statewide network of non-profit housing and conservation providers give all communities and landowners statewide access to financial resources and technical assistance to implement housing and conservation strategies appropriate to their communities, This is especially important to the more than 95% of Vermont municipalities without professional community development staff.
3. VHCB provides a non-regulatory approach (with compensation) that assists landowners rather than the state or marketplace dictating and restricting options for landowners
4. 53 Federally subsidized at risk housing projects containing 1,884 units have been preserved and rehabilitated avoiding displacement or the need to build replacement housing.
5. Farm communities have seen reinvestment, transfer to the next generation and diversification. A total of 644 farms consisting of 154,000 acres have been conserved.
6. The community land trust model of homeownership has been brought to scale - over 1,000 homes and almost 1500 homeowners bringing Vermont worldwide recognition (UN world habitat award)
7. 100 projects have added 192,700 acres to state parks and WMAs promoting public access to Vermont's outdoor resources while protecting habitat for natural areas and ecosystems.
8. Service supported housing serving the elderly, disabled, youth at risk, battered women, and offenders has been developed relieving the need for institutional settings (prisons, state hospital, nursing homes, etc.) and the costs related to them.
9. Utilizing \$274 million dollars VHCB's partners have leveraged additional investment of over \$1 billion dollars.

10. 11,600 units of affordable housing have been created or rehabilitated, mostly in downtowns or village center locations and frequently involving the adaptive reuse of buildings such as former schools or mill buildings and the redevelopment of brownfield sites.
11. In addition to the financial leverage VHCB is able to garner for its program, there are additional forms of leverage that enable VHCB and its partners to serve a larger audience. The Freeman Foundation has helped conserve an additional 200 farms in Vermont expending over \$50 million;
12. 1,650 homes have been made accessible in partnership with the Vermont Center for Independent Living.
13. The Farm and Forest Viability Program has assisted more than 500 land-based businesses with business plans and technical assistance improving financial acumen, marketing, and other skills. A partnership with Commonwealth Dairy has brought new funding to assist with production improvement. The Program recently successfully expanded to the forestry sector, enrolling 20 businesses.
14. Water quality and flood resilience have heightened priority in project selection.
15. The statewide non-profit development network has developed 730 new or adaptive reuse units and rehabilitated 2,879 apartments with a total statewide annual savings of 397,000 gallons of fuel.
16. In partnership with the Vermont Land Trust's Farmland Access Program 44 farmers have purchased their first farm.

VHCB and its partners have been successful in winning competitive grant awards, from the MacArthur Foundation to federal housing funding through competitive programs such as RD 515, HUD 811, and 202 and veterans housing, working with human service agencies to focus on residents in need of services.

Although VHCB only reports on capital leverage, performance partners have attracted hundreds of additional rental assistance units. This means annual operating subsidies worth approximately \$6,000 on average to each household benefiting from it. Because these contracts generally are renewed over 20 -30 year periods the long term economic impact is enormous.

Service supported housing that has allowed reductions in prison populations, nursing home beds, motel nights for the homeless, stays at the state psychiatric hospital and closing of the Brandon training school has leveraged significant savings for the Human Service Agency's budget. Finally, as policy advocates VHCB staff and performance partners have taken the opportunity to work with the congressional delegation in expanding federal resources to implement our mission. These include the development of national programs for farm and forestland protection, expansion of the low income housing tax credit by establishing a small state minimum, expanding the Farm Viability program and developing the National Housing Trust Fund.

3. IRENE Response

VHCB collaborated with other state and local partners to respond to the devastation caused by IRENE.

- Awarded \$2 million for flood hazard mitigation program to generate \$6 million in federal match for home buyouts and river corridor protection.
- Awarded \$1 million in state and federal funds for renovation of Ladd Hall in Waterbury as 27 units of affordable housing.
- Secured philanthropic grants to develop plans for energy efficient mobile homes and allocated \$330,000 for 17-units as a demonstration program.
- Won a HUD Healthy Homes grant which will assist with remediating mold.
- Conservation of Vermont's farmland, forestland and floodplains mitigates the impact of flooding by preventing development and impervious surfaces on lands needed to absorb floodwaters, and by giving rivers and streams room to move without destroying town and village centers. 23 of 31 recently conserved farms with river frontage include water quality-related protections in the easement (3/4 of those with surface water). VHCB has also protected riparian areas through recreation and natural area projects in many towns, including in recent years, Shelburne, Grafton, Middlesex, Duxbury, Arlington and Warren.
- Awarded \$1 million for Red Clover Commons, a 55 unit senior housing project developed by the Brattleboro Housing Authority that will help replace units lost at Melrose Terrace, much of which was damaged by Irene.

4. Implementing VHCB's Water Quality Mission

- VHCB has invested in protecting and enhancing the quality of Vermont's waters since its inception. In 2012 the Vermont legislature made water quality protection explicit in VHCB's enabling statute. Policies recently adopted by the Board elevate further in project selection the conservation of properties that enhance water quality and flood resiliency, and that demonstrate affirmative action taken to improve water quality.
- VHCB conservation and farm viability funding/work is integral to the \$16 million grant that Vermont (and New York) was recently awarded through the Regional Conservation Partnership Program (RCPP) to improve water quality in the Lake Champlain Basin. RCPP is an innovative partnership with VAAF, DEC, watershed groups, conservation organizations, businesses and others. VHCB pledged \$6.5 M of conservation funding over the next 5 years to match the RCPP federal funds, with \$2.5 M of that amount from VFFVP, of which a portion are privately leveraged funds from Commonwealth Dairy.
- 80% of the farms in the VHCB pipeline contain surface waters which will be protected with special easement provisions and/or through enrollment in other state or federal buffer programs. Pipeline also includes projects that will conserve large blocks of

forestland and upland headwaters, and ensure careful environmental stewardship, which are crucial components of state's effort to protect water quality.

- VHCB's Farm and Forestry Viability Program (VFFVP) resources are proactively deployed to assist landowners in identifying business costs and resources needed to enhance water quality resource management. 50% of enrolled farms are dairy farms, mostly small and medium operations, and half of the 360K in grants for dairy infrastructure investments made through a partnership with Commonwealth Dairy focuses on soil and water health.
- VHCB has matched state funding 1:1 on all farm conservation projects with federal NRCS funding, for which NRCS-prepared management plans are required. The plans now require both soil conservation and water quality components, addressing the state's Accepted Agricultural Practices, and water quality more broadly.

5. Programs

In working to achieve the Board's statutory goals the Board provides assistance through the following funding mechanisms:

Housing and Conservation Grants/Loans

Projects funded through Awards for Affordable Housing and Land Conservation and Historic Properties. Since 1987:

- 11,600 Units of Affordable Housing
- 644 Farms with 154,000 acres
- 258,000 acres conserved for recreation and natural areas.
- 59 historic buildings
- 500 land based businesses have received business planning, technical assistance or implementation grants from the Farm and Forest Viability Program.

Housing Grant/Loan Program - The great majority of the Board's funds are used to provide grants and/or loans to eligible projects. In housing activities the Board generally provides funds for acquisition and rehabilitation and development of housing properties. In measuring results VHCB ensures that the goal of perpetual benefit for the state's investment is secured. Housing projects ensure permanent affordability through housing subsidy covenants. The VHCB works toward the goal of creating and preserving affordable housing by providing funds for projects with mechanisms which assure perpetual affordability, that serve the most economically distressed households, and by placing a priority on "at risk" housing where a lack of action may result in displacement of residents and where action is necessary to prevent the loss of federally subsidized housing projects. The Board also requires that projects will not result in displacement of lower income Vermonters, encourages projects that contain plans for resident involvement in the management of the projects, and supports a wide range of housing options to meet a community's needs. When reviewing a

project the Board considers the availability of other amenities related to housing, including access to services, transportation, recreation, and access to open space. The Board also evaluates project applications for the HUD HOME funds, using criteria outlined in the Consolidated Plan and federal regulations.

HOMELAND Program - This program provides subsidy for single family homes purchased under the community land trust model with a local community land trust or Habitat for Humanity chapter owning the land and leasing it to the owner of the home. With a limited equity formula in the lease there is assurance of greater affordability with subsequent sales. This program has subsidized 1000 homes that have benefited almost 1,500 families in stabilizing their housing costs, and allowing the homes to be affordable to the next homebuyer.

Single Family Assistance Program - This program provides money to assist with downpayment and/or closing costs on single family homes which will be perpetually affordable.

Habitat/Vocational Education Fund - This program assists Habitat for Humanity and Vocational Education projects by providing funds to assist with the acquisition of the land on which the projects are developed. More than 100 homes have been built under this program.

Conservation Grant/Loan Program For conservation activities the Board generally provides grants to assist in the purchase of an interest in real estate (an easement or purchase of land in fee). In measuring results VHCB ensures that the goal of perpetual benefit for the state's investment is secured. Conservation projects ensure the long-term investment with a conservation easement. **Local Conservation Projects** - This program is available to municipalities and local conservation groups for matching funds for locally significant projects that might not otherwise compete on a statewide basis.

Farmland Preservation Program - Objectives for the retention of agricultural land include the funding of projects which have a specific and current agricultural use, have the potential of contributing to an economically viable farm unit, where the soils are of a high quality and there is a strong need for the resource within the local farming community, and/or where the loss of the farm would have significant negative impact on neighboring farms. The Board reviews potential farm applications with the help of an Agricultural Advisory Committee. The Committee membership includes farmers, agricultural lenders, Natural Resources Conservation Service, the Farm Services Agency, and the Agricultural Extension Service. Agricultural land is preserved in perpetuity through easements, the purchase of development rights and direct ownership by non-profits. The land is permanently conserved by legal mechanisms recorded in the land records and are enforceable by the applicant and the VHCB.

The protection of natural areas is supported through the funding of projects which will perpetually protect areas essential to maintaining the ecological diversity or natural heritage of the state, including the perpetual protection of habitat containing one or more endangered species. VHCB projects also focus on providing valuable public access to the state's water resources, and important outdoor recreational lands, often in cooperation with the Agency of Natural Resources, the Green

Mountain Club and others. Additional projects include important natural areas as identified by the Vermont Natural Heritage program, projects that will offer opportunities for public access to natural areas and outdoor recreation, and outstanding historic buildings with community use.

AmeriCorps - This program was initiated in FY1998. The funds are used to engage AmeriCorps members in local housing development groups and conservation groups. Members help to create more stable housing situations for lower-income Vermonters. This includes assisting homeless individuals with counseling, counseling first-time homebuyers, and working with rental housing residents on issues from budgeting to maintenance practices. Members in conservation groups participate in environmental education, stewardship activities, and in assessing lands for public access.

Farm & Forest Viability Program – In FY2003 the Board initiated a pilot program which focuses on business development and planning for farmers. This program was designed using the highly successful Massachusetts program as a model, and involved consultation with a broad range of the Vermont agricultural community. The Vermont Farm & Forest Viability Program (VFFVP) works to enhance the economic viability of Vermont's working lands businesses by providing business planning and targeted technical assistance to farm, food and forestry enterprises. In 2014, 82 farms, 19 value-added food businesses, and 21 forestry or forest products enterprises were provided services. The past year was also the first year VHCB provided Dairy Improvement Grants which fund infrastructure improvements on Vermont dairy farms with funding from Commonwealth Dairy. Seventeen farms were funded under the program in 2014. Half of the grants made focused on water quality improvements. The VFFVP program enables business owners to make significant improvements in managing their business, generating profits, accessing financing, increasing production and implementing business expansions and ownership transitions. VHCB seeks both federal and private matching funds for the program. Since its inception the program has offered on-farm business planning, financial and technical services to more than 501 farmers. VHCB and its partners have also supported agriculture-related businesses with financial and technical services, enhancing processing and distribution infrastructure.

Lead Paint Hazard Reduction Grant. In FY1995 the Board began administering this program providing \$19.6 million to housing developers and private landlords to make housing units lead safe or fully abate the lead to reduce the possibility of lead poisoning. VHCB has provided assistance to reduce lead hazards in more than 2200 units of housing statewide. The program is currently operating under its eighth federal award.

Healthy Homes Production Grant. VHCB has recently been awarded a \$1.7 million Healthy Homes Production Grant from HUD which is being used to assess the homes of low-income Vermonters for health and safety issues and provide funding to treat the most pressing problems. Administered in partnership with HomeOwnership Centers throughout the State, the Healthy

Homes Vermont Project takes a comprehensive approach to identifying and addressing home health and safety hazards. Homes and apartments are inspected using a standardized assessment tool to prioritize the identified hazards and utilize the intervention funds effectively. Outreach and public education activities and work with the Vermont Department of Health leads to healthier home environments for vulnerable populations like the elderly and young children. The project also works with the Rutland Regional Medical Center and other partners to address the high rate of asthma in Rutland County by mitigating potential triggers in the homes of people with asthma.

Energy Efficiency

Affordable housing owners and developers began to work with VHCB and other housing funders to utilize both housing, energy efficiency and stimulus funding to begin to address the energy efficiency needs of the statewide affordable housing portfolio. The statewide non-profit development network has developed 730 new or adaptive reuse units. We and our partners also rehabilitate 2,879 apartments. By building to more efficient standards the 730 new and adaptive reuse units are saving on average an additional 8-12% or 29 gallons per unit per year compared with current Vermont construction standards. This generates an additional cost savings of \$101 per unit per year or \$73,730 in annual total statewide savings. The 2,879 rehabilitated apartments have saved on average 130 gallons per unit per year (35-40% savings) with a per unit annual cost savings of \$455 (\$1.3M annual total statewide savings) In total the energy efficiency upgrades associated with these units saves the equivalent of 397,000 gallons of fuel oil annually statewide and mitigates 64,000,000 lbs. of carbon per year. Included in this effort has been the installation of over 80 solar hot water systems, over a dozen electric photovoltaic systems and 16 biomass systems (wood pellets).

Organizational Grant Program/Technical Assistance - The Board sponsors competitions for broad-based funding designed to promote organizational development at the regional level that sustains the capacity to undertake and maintain projects, as provided in VHCB's statute. The Technical Assistance Program is a program for which VHCB had matching funds from HUD to assist local housing development organizations with such issues as long-term property management, asset management, and stewardship of the long-term restrictions on properties. That federal funding is not available in this budget year.

Federal Programs Leveraging Project Awards - The Board, as part of its loan and grant program administers several programs that leverage the state's resources:

1. The Housing and Urban Development (HUD) HOME program. The Board is administering the program for the state of Vermont, in cooperation with the Department of Economic Housing and Community Development. FY2014 marks the twenty-second year of the HOME program. These funds are used to serve low and very low income Vermonters in housing projects meeting the criteria of the state's Consolidated Plan. These funds supplement VHCB funds in projects, provide one of the essential pieces to enable the project to be developed, and create greater

affordability in the project. Since 1992 VHCB has administered over \$75 million in HOME funds and awarded HOME funds to a total of 267 projects, containing a total of 1,548 HOME units. Vermont's HOME program is a program serving among the lowest income households in the country, and has ranked consistently at the top for performance among HOME programs in the country.

2. HUD EDI Special Project Funds. These funds were similar to previous HUD Grants awarded to specific housing projects in the state in previous years. The \$25.6 million administered by VHCB were designated for specific projects throughout the state, and supplemented VHCB funds in the projects. This program was ended FY2012. VHCB is coordinating the last of the work on projects from previous years.
3. Housing Opportunities for Persons With AIDS (HOPWA). This program provides funds to housing groups and service providers for Vermonters living with AIDS. VHCB administered a first round of this program in FY1997 and FY1998. VHCB is about to begin administering its seventh three-year award.
4. The Federal Farm and Ranchland Protection Program. This is a program in the Federal Farm Bill which assists states with the purchase of development rights. The \$44.4 million administered by the Board have provided a 1:1 match for state funds for the purchase of development rights on agricultural lands.

The Board particularly supports dual goal applications, that is, projects which provide both affordable housing and conservation of important land. This may often be achieved within a municipality's boundaries in separate projects and may occasionally be accomplished on a single large parcel of land. This year's annual report features a project in Shelburne Village where 82 units of housing for families and elders was developed and 12 acres along the La Platte River were conserved.

6. Measuring Productivity and Effectiveness

VHCB is in the process of developing systems to increase its reporting capability, including performance accountability. The agency has been analyzing data, and looking at ways to better record the effect of our programs on our target audiences and those we serve. VHCB is developing a new database to replace an outdated system. In that process we are evaluating those measures that will best reflect and help determine performance to ensure that all the necessary data is available and tracked.

The Board's mission includes three primary constituencies:

- the partner organizations that develop and implement projects on behalf of Vermonters;
- the Vermonters who benefit from the program investments; and
- the communities where VHCB funded projects are located.

Developing programs in the areas of the Board's mission require partnerships and cooperation among a wide variety of interests. As suggested in performance measurement, these partnerships are

necessary to achieving real benefit to those we serve. Throughout our 28 year history, the Board's programs have succeeded due, in large part, to the partnerships developed and maintained with other agencies, nonprofits and others that require a coordinated effort to address the varied and complex needs of those we serve.

In the broadest sense, the mission of the Board lends itself to direct performance benefit for Vermonters.

- VHCB structures its investments in a manner that provides benefit to Vermonters not apparent in the simple numbers. For example, developing and preserving approximately 11,600 units of affordable housing is only one aspect of the housing program. Each of those units is designed to be perpetually affordable so that the affordability of that housing stabilizes housing costs for the residents, a benefit that will be passed on to ensuing generations. Previous government programs did not provide for permanent affordability with the public investment. In conservation the investments ensure that the benefit, whether public access and recreation or agriculture land use, is perpetual so that the benefit to the public is preserved with the one-time investment.
- VHCB's housing and conservation funding has focused on strengthening traditional settlement patterns. More than 80% of the Board's housing awards have focused on downtowns and existing neighborhoods. Conservation projects are developed with the participation of the communities and agency partners with an eye to public access to the resource.
- The Board responded to the charge of building and maintaining capacity by helping to develop and sustain housing development groups and conservation groups serving all areas of the state. The infrastructure was put in place to access VHCB project funds regardless of geographic location. Capacity building has been enhanced by the Farm and Forest Viability Program, supporting more than 500 land based businesses.
- The Board's process is a voluntary one rather than regulatory. Projects are developed at the local level with knowledge of local needs, leading to a greater likelihood that the end product will serve the needs of the community.

Examples of the types of measurements we will build on in the future come from a number of our programs:

Lead Paint Hazard Reduction Grant

- The blood lead levels in young Vermont children have dropped since the beginning of VHCB's program. While this is a trend nationally, Vermont's drop was ahead of that trend due to the partnerships developed through VHCB's program.

Farm Viability Program

Participants in the program report significant change in their strategic planning skills:

- 77% report a clear direction for their business, up from 27% before participation.

- 47% feel satisfied with their ability to balance workload and personal life, up from 26% before participation.
- 51% report having high skills in strategic planning, up from 14% before the program.
- Average gross income improved by 16% from \$199,000 to \$231,000
- Average net income jumped by 93%, from \$10,494 to \$20,297.

HOME Program

- HUD ranked VHCB's HOME Program was the top program in the country six years in a row, and the program consistently ranks among the top 5.
- Over 55% of VHCB's HOME units are occupied by extremely low-income households (serving that population better than the national average of 37%)
- VHCB won two national awards from HUD for outstanding HOME programs, including Best Rural HOME program in the country and best in building non-profit capacity.

AmeriCorps Program

- The overwhelming majority of sponsoring organizations report their member has a significant impact on their reach, quality and range of services.
- Each year, members directly assist an average 9,000 Vermonters with housing needs, including emergency shelter, financial literacy, and/or transition into permanent housing.
- Through weatherization and other energy efficiency measures, members helped reduce energy consumption of 730 affordable housing units in a three year period.
- Each year, over 7,000 youth participate in land stewardship activities through environmental programming led by members at nature centers, day camps and schools.
- All sponsor organizations rate their overall return on investment as either "worthwhile" (29%), or "excellent" (71%).
- Together with volunteers, members annually steward an average of 15,000 acres of conserved and public lands.

In 2014:

- 1,876 community volunteers mobilized by members who logged 9,800 volunteer hours
- 1,278 economically disadvantaged individuals received housing placement services - 1,052 of these individuals were homeless or near-homeless
- 10,163 students/ youth and 8,703 adults for a total of 18,866 people (many from economically disadvantaged families) received environmental, energy conservation and/or environmentally-conscience education
- 19% of members (6/31) were hired by their sponsoring organization following their term of service.
- 30% of members who were eligible, re-upped for an additional term.

7. Systems

The Board measures and monitors its productivity through analysis of financial data, project information data, and reports from project grantees as well as a field monitoring program.

Project data is maintained on the VHCB's database. Regular reports are analyzed by both staff and Board to determine if and how the Board's goals are being met and whether grantee performance is satisfactory. These reports are used in determining what types of projects should have priority in the coming years, how closely goals are being met, and in what areas there may be greater need for project development.

VHCB is in the process of upgrading our aged database and expanding it to encompass all of the programs we operate, within a single system. The web based upgrade will provide more efficient access and functionality across VHCB programs, user-friendly and comprehensive reporting, and integrate data with our document management system.

The Board also produces monthly financial statements through a fund accounting program. Annually, an independent audit is performed on all the Board's funds by an independent accounting firm. The Board's audited financials are incorporated in the state financial statements as a component unit.

8. Monitoring

Project reports are submitted by grantees to ensure compliance with grant conditions. Monitoring of projects and grantees is conducted throughout the year by Board staff. Annually, the Board reviews monitoring activity and evaluates performance of grantees as they consider awards for the coming year.

Monitoring of the Board's awards and the award recipients is an on-going activity of the VHCB. There are two dimensions to the monitoring effort: 1) review of written reports submitted by the Grantees, and 2) visits to the Grantees' offices and project sites. In addition, less formal contact throughout the year often provides information or alerts us to issues outside of the formal monitoring procedures.

The goals of our monitoring effort include:

- 1) assuring compliance with the award conditions;
- 2) reviewing record-keeping and financial systems for VHCB projects;
- 3) using the knowledge gained from past projects and organizational experience to learn to create better projects and program policy in the future;
- 4) discussing with grantees specific problems or needs that grantees might have that are not adequately being addressed. This assists us in both identifying technical assistance needs and offering assistance where appropriate, or identifying workshops or outside assistance;

- 5) receiving feedback from grantees on what VHCB could be doing better.

Projects are monitored in the office by reviewing project reports, and reviewing project status as funds are released. Funds are disbursed at closing only after staff review of grantee compliance with all appropriate conditions. Field monitoring includes a visit to the grantee to go over documentation of grant conditions, and a visit to the project site to see the condition of the project. Board staff conduct periodic reviews of operational systems of grantees and all grantees are required to submit an annual audit conducted by an independent accountant. Every organizational grant has conditions which must be met both prior to disbursement and during the course of the grant period. These are reviewed for compliance. Issues of concern are dealt with in grant conditions, changes in program design, technical assistance activities, and in some instances reduction or elimination of funding.

In the past seven years the Board has added a focus on asset management within the housing portfolio. All projects have capital needs assessments and contributions to capital reserves have been increased to make sure funds are available for needed improvements over time.

In conservation, the Board has a strong focus on stewardship to ensure that the language of the easements is being observed. Properties are monitored regularly and VHCB gets reports on the status of the properties. Landowners must ask for approvals for certain activities allowed under the easements, and VHCB staff reviews approximately 60 such requests a year.

Appendix: VHCB's Statutory Mission:

The Vermont Housing and Conservation Board (VHCB) is a public instrumentality established in 1987 by amendment to 10 V.S.A. to add Chapter 15, Sections 1 through 3 with the purpose of improving the quality of life for Vermonters by implementing the dual goals of creating "affordable housing for Vermonters, and conserving and protecting Vermont's agricultural land, important natural areas, recreational lands, and historic properties."

The Board's programs serve lower income Vermonters (families earning below median income, with an emphasis on very-low income households) and all Vermonters interested in or users of agricultural, natural, and recreational lands, historic properties and affordable housing. The Board makes grants and loans to municipalities, to non-profit organizations, including land trusts and conservation groups, to housing cooperatives, and to qualifying state agencies.

A major VHCB goal is to assist communities in implementing those plans and activities which further the Board's statutory mission. The Board's awards support community-based projects preserve affordable housing units, create or rehabilitate additional affordable housing, correct infrastructure deficiencies in mobile home parks, conserve and protect agricultural lands, natural and recreational land and historic properties. The Board's work results in re-investment in downtowns and surrounding neighborhoods while preserving the rural working landscape.

VHCB contributes to Vermont's economy because: 1) it leverages more than \$4 for every dollar appropriated; 2) affordable housing is critical to economic growth, and housing construction is a great jobs generator; 3) the working landscape is among Vermont's primary economic assets - investment in conservation supports agriculture, forestry, travel, tourism and recreation while enhancing quality of life, a key component in attracting and retaining quality employers and employees; investment in agriculture promotes inter-generational transfers, expansion, efficiency and diversification, 4) Vermont's farm & food economy, has according to recent census data, added several thousand jobs to the Vermont economy.