

# Vermont Housing & Conservation Board



## Vermont Housing & Conservation Board

### Budget Packet

FY2017

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**Vermont Housing & Conservation Board  
Proposed FY2017  
SOURCES & USES**

<b>PROGRAMS/GRANTS:</b>	<b>Housing &amp; Conservation</b>	<b>NRCS ALE (Fed)</b>	<b>RCPP (Fed)</b>	<b>Farm Viability Program</b>	<b>Ameri-Corps</b>	<b>HOME/NHT Program (HUD)</b>	<b>HOPWA (HUD)</b>	<b>EDI/SPG (HUD)</b>	<b>LEAD Hazard Red. (HUD)</b>	<b>TOTALS</b>
<b>SOURCES:</b>										
Property Transfer Tax										19,355,000
Less: Contribution to General Fund										(8,050,160)
Net Property Transfer Tax to receive Capital Bond Proceeds - State	9,735,970	373,383		735,776	295,625	128,895	35,191			<b>11,304,840</b>
Loan Repayments	2,800,000									<b>2,800,000</b>
Interest on Fund	40,827									<b>40,827</b>
Federal Grants	13,000									<b>13,000</b>
Act 250 Housing Mitigation Funds		2,500,000	1,000,000	190,000	368,669	3,205,000	478,000		1,070,000	<b>8,811,669</b>
Act 250 Ag Mitigation Funds	25,000									<b>25,000</b>
Other - Foundations, Miscellaneous	250,000			530,974					23,167	<b>664,141</b>
	110,000									<b>-</b>
<b>Subtotal FY2017 resources:</b>	<b>12,974,797</b>	<b>2,873,383</b>	<b>1,000,000</b>	<b>1,456,750</b>	<b>664,294</b>	<b>3,333,895</b>	<b>513,191</b>	<b>-</b>	<b>1,093,167</b>	<b>23,909,477</b>
Completion of prior years' federal awards:		2,050,000	850,000			2,727,500		350,000		<b>5,977,500</b>
<b>TOTAL Sources:</b>	<b>12,974,797</b>	<b>4,923,383</b>	<b>1,850,000</b>	<b>1,456,750</b>	<b>664,294</b>	<b>6,061,395</b>	<b>513,191</b>	<b>350,000</b>	<b>1,093,167</b>	<b>29,886,977</b>

<b>USES:</b>										
Program/Service Operations	1,700,691	373,383		401,750	224,681	350,895	35,191	-	528,370	<b>3,614,961</b>
Direct Program/Project Expense	277,000	-	-	1,055,000	439,613	33,000	478,000	-	10,000	<b>2,292,613</b>
Project Grant and Loans - FY2017	10,997,106	2,500,000	1,000,000			2,950,000	-	-	554,797	<b>18,001,903</b>
Project Grant and Loans-completion of prior years' federal awards		2,050,000	850,000			2,727,500		350,000		<b>5,977,500</b>
<b>Total Uses:</b>	<b>12,974,797</b>	<b>4,923,383</b>	<b>1,850,000</b>	<b>1,456,750</b>	<b>664,294</b>	<b>6,061,395</b>	<b>513,191</b>	<b>350,000</b>	<b>1,093,167</b>	<b>29,886,977</b>

**VERMONT HOUSING AND CONSERVATION BOARD  
SOURCES AND USES Chart - EXPLANATION, FY2017 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 2017.

**I. SOURCES OF REVENUE**

- **Property Transfer Tax** – By statute, VHCB is to receive 50% of the total Property Transfer Tax (PTT) revenues for the year (this is calculated after the Tax Department's 2% is deducted). Those funds are deposited by the State to the Vermont Housing & Conservation Trust Fund. The January 2016 projection of the FY2017 PTT is a continuation of the climb from prior years. VHCB's statutory share of the projected amount would be \$19,355,000 for FY2017. The Governor's recommendation for FY2017 is \$11,304,840, along with authorized Capital Bill funding for FY2017 of \$2,800,000, for total funding of \$14,104,840. The Property Transfer Tax difference of \$8,050,160 will go to the State's FY2017 General Fund.

The Property Transfer Tax revenues are primarily used by VHCB in funding the housing and conservation projects that further our mission. A portion of these resources are used to support several related programs and federal grants that VHCB operates. 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 has been appropriated for FY2017 as part of the two year Capital bill approved in the last legislative session.
- **Loan Repayments** – These are loans the VHCB has made upon which principal and/or interest is expected to be received during FY2017. 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 FY2017.
- **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 (RCPP) – This represents an estimated award of RCPP funds that will be used to improve water quality in the Lake Champlain basin. These funds are awarded directly to VHCB and can be used only for qualifying easements within the basin. VHCB is also playing a significant role in providing match for the State's RCPP grant; VHCB expects to provide \$5.2 million in match over the course of the State's \$16,000,000 five year grant.
  - AmeriCorps – This amount represents year two of a three year AmeriCorps grant cycle. VHCB has successfully operated a statewide AmeriCorps program since 1998.
  - HOME/NHT funds –
    - 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.

- National Housing Trust Fund – (NHTF) - this is a new program designed to create and preserve affordable rental housing for extremely low income households (at or below 30% AMI). VHCB is the designated entity to administer the program. While similar to HOME, NHTF requires much deeper income targets and required rents are extremely low. 30% of the funding may be used for rental assistance or as project sinking funds. Trust fund dollars will begin to fill the gap caused by cuts to CDBG, HOME, and other federal housing programs. We're currently soliciting input on our draft allocation plan in anticipation of the first year of funding being made available in FY2017.
- HOPWA (HUD) – This amount represents the FY2017 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 process of being closed out.
- Lead Hazard Control Grant (HUD) –This amount represents a new three year Lead grant. VHCB has been administering this program since 1994 and this is our ninth multi-year grant award.
- **ACT 250 Mitigation Funds (Housing & Ag)** – These are funds that come to VHCB as a result of ACT 250 mitigation agreements. Our Ag Mitigation funds are received from commercial developers and are used by VHCB in conjunction with our farm easement program; Housing mitigation funds typically are a result of development by ski area owners. These resources are restricted as to uses, and also to the geographic areas to which they relate. Amounts are estimated and are paid to VHCB during stages of development.
- **Other** – Represent miscellaneous donation income as well as foundation funding expected 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/Service Operations** –budget for conducting the operations of organization, including the staffing of several direct programs (AmeriCorps, Lead Hazard Reduction Program, and Farm & Forest Viability Program). Costs are spread across the Sources & Uses chart relative to need by 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 FY2017, 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 awards** - (see reference above under Sources section). These are disbursement of prior years' federal awards.

**FISCAL YEAR 2017  
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
<b>HOUSING GRANTS PROGRAM</b>							
FY 2015 expenditures	Grants and loans for perpetually affordable housing development and implementation; support of program & delivery system	7,610,260				7,610,260	9.55
FY 2016 estimated expenditures		6,092,907	1,800,000			7,892,907	10.35
FY 2017 budget request		5,884,985	1,800,000			7,684,985	10.38
<b>HOME PROGRAM &amp; NHT</b>							
FY 2015 expenditures	Grant and Loan Program for federal HOME & National Housing Trust funds for housing	63,624		3,548,697	-	3,612,321	2.29
FY 2016 estimated expenditures		118,981		2,955,000	2,105,000	5,178,981	3.14
FY 2017 budget request		128,895		3,205,000	2,727,500	6,061,395	3.21
<b>HUD SPECIAL PROJECTS</b>							
FY 2015 expenditures	Federal Funds to supplement VHCB funds in particular housing projects			267,647	-	267,647	
FY 2016 estimated expenditures		14,354		-	431,716	446,070	0.14
FY 2017 budget request				-	350,000	350,000	-
<b>CONSERVATION-Agriculture/FPP</b>							
FY 2015 expenditures	Development Rights purchase of farmland; associated costs; support of delivery system	3,786,056		2,635,574	-	6,421,630	4.60
FY 2016 estimated expenditures		1,608,428	2,189,438	3,050,000	905,000	7,752,866	5.53
FY 2017 budget request		2,995,613	1,000,000	3,500,000	2,900,000	10,395,613	5.67
<b>Farm &amp; Forest Viability Program</b>							
FY 2015 expenditures	Provide assistance to farmers, and ag and forest related entities to enhance viability of Vermont agriculture and the forestry industry	1,189,217		86,566		1,275,783	3.71
FY 2016 estimated expenditures		1,447,176		10,000	-	1,457,176	3.62
FY 2017 budget request		1,266,750		190,000	-	1,456,750	3.60
<b>CONSERVATION-Natural Areas</b>							
FY 2015 expenditures	Grants for conservation of natural areas, recreational lands and historic properties	1,021,924				1,021,924	2.44
FY 2016 estimated expenditures		1,095,948	560,562			1,656,510	2.53
FY 2017 budget request		1,667,582				1,667,582	2.74
<b>HUD - HOPWA</b>							
FY 2015 expenditures	Federal Grant for Housing Opportunities for Persons with AIDS			401,229		401,229	0.15
FY 2016 estimated expenditures		32,176		478,000		510,176	0.31
FY 2017 budget request		35,191		478,000		513,191	0.33
<b>AmeriCorps</b>							
FY 2015 expenditures	Federal Grant - Community Stewardship Prog. - Coordinate placement of AmeriCorp Members with non-profit hsg & cons programs	345,414		371,481		716,895	1.90
FY 2016 estimated expenditures		247,670		368,902		616,572	2.24
FY 2017 budget request		295,625		368,669		664,294	2.10
<b>LEAD-BASED PAINT ABATEMENT</b>							
FY 2015 expenditures	Federal Lead-Paint hazard reduction control program serving to eliminate lead poisoning by providing lead-safe housing	11,132		964,382		975,514	4.57
FY 2016 estimated expenditures				766,667		766,667	4.37
FY 2017 budget request		23,167		1,070,000		1,093,167	4.85
<b>HEALTHY HOMES VT</b>							
FY 2015 expenditures	Federal HUD funds to identify and mitigate safety hazards within homes in Vermont			586,927		586,927	1.20
FY 2016 estimated expenditures		24,756		182,924		207,680	0.70
FY 2017 budget request				-		-	-
<b>Totals</b>							
	FY 2015 expenditures	14,027,628	-	8,862,503	-	22,890,131	30.41
	FY 2016 estimated expenditures	10,682,396	4,550,000	7,811,493	3,441,716	26,485,605	32.93
	FY 2017 budget request	12,297,808	2,800,000	8,811,669	5,977,500	29,886,977	32.88

## Vermont Housing & Conservation Board - FY2017

### Detail of All Estimated Revenue Sources

#### Federal - new in FY2017

HOME Program & National Housing Trust	3,205,000	
Fed. Farm Pres. Prog. - ALE	2,500,000	
Fed. Farm Pres. Prog. - RCPP	1,000,000	
Federal Lead Paint Grant	1,070,000	
Federal Grants - misc	1,036,669	
<b>Total Federal new in FY17</b>		<u>8,811,669</u>

#### Federal - Completion of prior year grants

HOME Program	2,727,500	
Special Purpose Grant	350,000	
Fed. Farm Pres. Prog. - ALE	2,050,000	
Fed. Farm Pres. Prog. - RCPP	850,000	
<b>Total Federal - Completion of prior years</b>		<u>5,977,500</u>

<b>Total Federal</b>	<b>\$ 14,789,169</b>
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#### Special Fund

Property Transfer Tax	11,304,840	
Loan Repayments	40,827	
Housing Mitigation Funds	25,000	
Act 250 Mitigation Funds	250,000	
Other - Includes FFVP Restricted Grants	664,141	
Interest on Fund	13,000	
<b>Total Special</b>		<u>\$ 12,297,808</u>

<b>Total Special</b>	<b>\$ 12,297,808</b>
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<b>Total Special &amp; Federal Funds</b>	<b>\$ 27,086,977</b>
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#### Capital Request

Year two of Capital Funding	2,800,000	
<b>Total Capital Bond</b>		<u>\$ 2,800,000</u>

<b>Total Capital Bond</b>	<b>\$ 2,800,000</b>
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<b>Total Special, Federal &amp; Capital</b>	<b>\$ 29,886,977</b>
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**FY2017 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	2,727,500	HUD - HOME Program	HOME Program	Completion of prior year HOME awards
	250,000	HUD - National Housing Trust	NHT Program	Estimated NHT funds for Grant and Loan Program for housing
14.246	350,000	HUD - EDI - Special Project	HUD Special Projects	Completion of prior year awards to supplement VHCBC funds in designated housing projects
10.913	2,500,000	NRCS - Farmland Protection Prog.	Agriculture Land Easment Program (formerly FRPP)	Purchase conservation easements on farmland
10.913	2,050,000	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
10.932	1,000,000	NRCS - Regional Conservation Partnership Program (RCPP)	Regional Conservation Partnership Program (RCPP)	Completion of prior year RCPP awards
14.241	478,000	HUD - HOPWA	HUD - HOPWA	Housing opportunities for persons with aids
14.900	1,070,000	HUD - Lead Hazard Control	HUD - Lead Hazard Control	Lead-paint hazard reduction program
14.914	0	HUD - Healthy Homes	HUD - Healthy Homes VT	Identify & mitigation health & safety hazards within homes
94.006	368,669	AmeriCorps	Vermont Housing & Conservation Board AmeriCorps	Coordinate placement of AmeriCorps Members throughout statewide housing/conservation network
10.168	100,000	USDA-Local Food Production Prog	Farm & Forest Viability Program	Support development & expansion of local & regional food business enterprises
90.601	90,000	Northern Border Regional Commission	Farm & Forest Viability Program	Support development & expansion of local & regional food business enterprises in Northern VT
	14,789,169		TOTAL Federal Funds in FY2017 Executive Budget	

### FY 2017 Crosswalk Form - Vermont Housing & Conservation Board

	Special \$\$	Bond Fund \$	Federal \$\$	Completion of Prior Years' Federal Awards \$	Total \$\$
<b>Total FY2016 Appropriations:</b>	10,682,396	4,550,000	7,811,493	3,441,716	26,485,605
<b>Final FY2016</b>	10,682,396	4,550,000	7,811,493	3,441,716	26,485,605
<b>CHANGES in Projected Resources (Decrease) Increase:</b>					0
Property Transfer Tax	1,750,000				1,750,000
HOME Program			0	622,500	622,500
National Housing Trust			250,000		250,000
Special Purpose Grant			0	(81,716)	(81,716)
Capital Bill		(1,750,000)			(1,750,000)
Federal Grants:					
HUD HOPWA			0		0
HUD - Lead Hazard Reduction			303,333		303,333
HUD Healthy Homes VT			(182,927)		(182,927)
NRCS Federal Farm Preservation/ALE Program			300,000	1,145,000	1,445,000
NRCS Federal Farm Preservation - RCPP			150,000	850,000	1,000,000
AmeriCorps			(233)		(233)
Miscellaneous Federal grants			180,003		180,003
Foundation Grants - FFVP & MHIP	(110,615)				(110,615)
Loan Repayments	(24,173)				(24,173)
Interest on Fund	200				200
Mitigation funds	0				0
<b>Subtotal of increases/decreases</b>	<b>1,615,412</b>	<b>(1,750,000)</b>	<b>1,000,176</b>	<b>2,535,784</b>	<b>3,401,372</b>
<b>FY 2017 Governor Recommend</b>	<b>12,297,808</b>	<b>2,800,000</b>	<b>8,811,669</b>	<b>5,977,500</b>	<b>29,886,977</b>

<b>Vermont Housing &amp; Conservation Board FY 2016 Appropriation</b>	<b>10,682,396</b>	<b>4,550,000</b>	<b>7,811,493</b>	<b>3,441,716</b>	<b>26,485,605</b>
<b>TOTAL INCREASES/DECREASES</b>	<b>1,615,412</b>	<b>(1,750,000)</b>	<b>1,000,176</b>	<b>2,535,784</b>	<b>3,401,372</b>
<b>Vermont Housing &amp; Conservation Board FY 2017 Governor Recommend</b>	<b>12,297,808</b>	<b>2,800,000</b>	<b>8,811,669</b>	<b>5,977,500</b>	<b>29,886,977</b>

14,789,169 Total FY2017 Federal appropriation



Vermont Housing & Conservation Board

		FY 2015 Actual	FY 2016	FY 2017 Governor Recommend	Diff between FY17 Gov Rec and FY16	Percentage Chg: FY2017 Gov Rec and FY2016
<b>Appropriation</b>						
	<b>Total</b>	<b>\$ 22,890,131</b>	<b>\$ 21,935,605</b>	<b>\$ 27,086,977</b>		
<b>Fund Type</b>						
	Federal Funds	\$ 8,862,503	\$ 11,253,209	\$ 14,789,169	\$ 3,535,960	31.4%
	Special Fund	\$ 14,027,628	\$ 10,682,396	\$ 12,297,808	\$ 1,615,412	15.1%
	<b>Total</b>	<b>\$ 22,890,131</b>	<b>\$ 21,935,605</b>	<b>\$ 27,086,977</b>	<b>\$ 5,151,372</b>	<b>23.5%</b>
		*				
	<b>Capital Bond Appropriation</b>		4,550,000	2,800,000	\$ (1,750,000)	-38.5%
	Total:		<b>26,485,605</b>	<b>29,886,977</b>	<b>3,401,372</b>	<b>12.8%</b>

\*FY2015 - Amounts have been restated here to reflect actual spending amounts and agree with VHCB audited financial statements.

## Vermont housing and conservation board

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### 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, forestland, 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, forestlands, 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. In recent years the legislature has added protection of the state's surface waters and forestlands as statutory goals.

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, forest products and food industries are increasing Vermont's employment base; 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; and 6) programs like SASH, Lead and Healthy Homes contribute to Vermont health care goals.

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.

#### Description of Appropriations, Divisions, & Programs

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 all cases, the Board's investment secures a perpetual benefit and interest in the project. In the case of housing, the affordability remains with the property in perpetuity. In conservation projects, the investment results in a resource for Vermonters with perpetual benefit.

VHCB has, at times (including FY16 and FY17), been included in the Capital Bill, in part to make up for reductions in the statutory amount appropriated from the Property Transfer Tax. VHCB's investments in housing and conservation continue to benefit the public well after the bonds issued are paid. This year the Property Transfer Tax is expected to generate \$19.5 million as the VHCB statutory portion. VHCB is included in the 2017 capital bill at \$2.8 million. We are



recommending that the \$19.5 million statutory portion of the property transfer tax be reduced by \$8.2 million which will go to the General Fund, resulting in a property transfer tax appropriation of \$11.3 million. This, combined with VHCB's Capital Bill appropriation of \$2.8 million, will result in total funding to VHCB of \$14.1 million, \$5.4 million less than the statutory amount.

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 water quality protections on 37 farms of the 50 farm projects in FY2015 and 2016. VHCB is a partner with the state in the recently awarded grant from RCPP of \$16 million to focus on water quality in the Lake Champlain Basin. VHCB will provide approximately \$5 million of the required match for this program in the next four-five years. Funding at the statutory level will be critical to the organization's ability to meet the requirement pledged to the program.

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 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. Several recent projects also added to the state's water quality efforts by protecting headwaters.

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 state-wide 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. The organization also provided \$1 million in Waterbury to build 27 apartments in a community that lost housing due to Irene.

As the Board looks to FY 2017, demand for VHCB funds is approximately \$50 million, or more than two and a half 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 recently expanded 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

### Key Budget Issues FY 2017

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 FY2017 budget recommendation is \$11,304,840 for VHCB from the Property Transfer Tax (\$8,197,160 of the Property Transfer Tax is proposed to go the General Fund); combined with the FY2017 Capital Bill funding of \$2,800,000, for level funding with FY2016. The combined funding of \$14,104,840 is \$5,397,160 less than the statutory amount.

### Budget Summary

	FY 2015 Actual	FY 2016 Budget as Passed	FY 2017 Governor Recommended
<b>Object Rollups</b>			
Other Operating Expenses	\$2,790,000	\$0	\$0
Grants Rollup	\$18,923,531	\$21,935,605	\$27,086,977
<b>Total</b>	<b>\$21,713,531</b>	<b>\$21,935,605</b>	<b>\$27,086,977</b>
<b>Fund Type</b>			
Federal Funds	\$8,157,507	\$11,253,209	\$14,789,169
Special Fund	\$13,556,024	\$10,682,396	\$12,297,808
<b>Total</b>	<b>\$21,713,531</b>	<b>\$21,935,605</b>	<b>\$27,086,977</b>



## DEPARTMENT OVERVIEW

### Department: VERMONT HOUSING AND CONSERVATION BOARD

#### 1. 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.

The Board's programs provide communities with a non-regulatory tool that supports Vermont's Land Use Policy of compact settlement surrounded by working landscape.

#### 2. RESULTS FOR VERMONT

2015	2016
388 affordable housing units created or improved	429 affordable housing units created or improved
24 farms; 3,623 acres conserved	26 farms; 3,721 acres conserved
8 natural area projects; 2,695 acres conserved	7 natural area projects; 3,638 acres conserved
2 historic projects preserved	1 historic project preserved
82 Viability Program participants	80 Viability Program participants
VHCB investment FY15&16:	\$ 20.3 Million
Leverage FY15&16	\$140 Million

#### PROGRAM HIGHLIGHTS

##### **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. All farms must now develop a management plan that addresses surface water protection prior to closing.

VHCB also committed approximately \$1.8M in bond funds for 5 housing developments in 5 different counties, affecting 175 homes.

In the past 3 years, VHCB has protected:

- 74 farms and over 9,600 acres
- 49 farms in the Lake Champlain Basin
- 46 have special water quality easement protections
- 35 have or will have NRCS agriculture management plans

In FY16, 23 out of 26 farms—all those with surface waters—include special easement protections.

VHCB pledged over \$5 million in farm conservation funds to match to the state's \$16 million federal RCPP award from NRCS, which is focused on improving water quality in the Lake Champlain Basin. To date, VHCB has committed \$370,000 in state funds to four RCPP farm projects. Once conserved, these farms will be eligible to receive additional technical assistance and implementation funds through RCPP for water-quality related conservation practices. VHCB and its partners—VLT, VACD, DEC, and VAAF—are working on another 7 possible RCPP farm projects for FY17.

Forests are the best form of land use for sustaining water quality and quantity. Studies clearly show that the amount of forestland within a watershed is an indicator of water quality and healthy aquatic ecosystems. 9,618 acres of forestland were conserved by VHCB in the last 3 years. VHCB forestland easements now contain special restrictions designed to protect surface waters (wetlands, waterways, water bodies). VHCB has a new focus on private forest and private sugarbush conservation (these projects require robust management plans that address water quality). In FY15 and FY16, ten forest and conservation projects addressed headwater and surface water protections with special easement provisions.

### **Housing for the Homeless and Other Vulnerable Populations**

VHCB has been involved in this issue during our 28 year history largely as a provider of capital for buildings that house Vermont's most vulnerable population, including formerly homeless households as well as transitional housing or emergency shelters for a currently homeless population.

VHCB's work in this area includes:

Creating and preserving housing affordable to lower-income Vermonters

Providing funding for:

Buildings that permanently house the formerly homeless

Emergency shelters and transitional housing  
 Training and technical assistance for regional housing groups – our local partners  
 Participating in policy work through statewide housing councils  
 Working with AHS and the Corporation for Supportive Housing

VHCB participates in the Vt. Council on Homelessness, the Housing Council, and the Vt. Coalition to End Homelessness. As part of next year’s training and technical assistance to housing providers we plan to bring those organizations together to learn about best practices, such as CHT’s eviction prevention program, with the hope that those initiatives will be replicated elsewhere. Working with the Vt. Housing Finance Agency and AHS, we played a role in the effort to bring a national expert to Vermont to assist with this issue. A recent income survey showed that 54% of persons served in VHCB supported rental housing are considered “extremely low-income.” This group has an average annual income of \$10,400.

Regional nonprofit housing developers are working diligently to provide housing to the homeless and formerly homeless.

- All participate in local continuums of care
- They house the homeless in dedicated apartments and throughout their multi-family rental units.
- Units for the homeless comprise approximately 10% of the rental units VHCB has funded.
- All but one have nonprofit have MOUs with local shelters or service providers.
- Programs and services to help residents stay in their homes include resident service coordinators, financial planning, payment plans, referrals, and eviction prevention.

In addition some specifically set aside apartments in developments for homeless households, including initiatives like the Champlain Housing Trust’s (CHT) Harbor Place that provides temporary housing and services to homeless families and individuals.

VHCB has continually supported VCIL’s Home Access Program providing \$8 million for 1675 households. Two-thirds of this population are extremely low income.

### **VHCB Funded Housing with Units Designated for Special Populations**

**100 Properties with 1192 Units**

**\$18.8 million since 1990**

<b>People Served</b>	<b>Units or Beds</b>
homeless in shelters and transitional housing	229
homeless in permanent housing	105
victims of domestic violence	45
frail elderly	276
vulnerable youth and children	110

individuals with mental illness	237
individuals with developmental disabilities	34
released from corrections	97
individuals with physical disabilities	26
veterans	<u>33</u>
<b>Total</b>	<b>1192</b>

### **Modular Housing Innovation Project**

Throughout 2015, VHCB has continued to work with our partners at Vermont Energy Investment Corporation, VERMOD in Wilder, Vermont, and other statewide partners in the design, production, sales, financing and delivery of the ground breaking VERMOD made Net Zero Ready affordable modular homes which are designed both for mobile home parks and owned land applications. Since delivery of our first home in late 2013, 30 of these Vermont built homes have been delivered to both mobile home parks and owned lots across Vermont. These homes, which use approximately 1/3 the energy of a typical home, will provide a permanent long term affordable housing option to a historically very challenging sector of the affordable housing community VHCB serves. In addition to the many happy customers we have been able to help sell these homes to, our manufacturing partner, VERMOD, has created 15 permanent new jobs by incubating this new business locally and creating new employment opportunities in Vermont. Moving forward into 2016, the MHIP program will have the opportunity to support at least one, and hopefully two, mobile home park re-developments. The McKnight Lane project in Waltham, VT is being developed by the Addison County Community Trust with the support from Cathedral Square Corporation. It will place 7 duplex units (14 units total) as part of the total park infrastructure redevelopment. This project is fully funded, is in the final stages of permitting, and should commence this spring. The Lamoille Housing Partnership is developing the second project, in Hardwick. This project received substantial 515 program loan funding from USDA RD and is currently securing the remaining required funding. This project will site 13 units and is scheduled to begin development later this year. Both projects are budgeted and fully outfitted with onsite PV installations for total net zero

Supporting Vermont Energy Efficiency and Climate Goals: in addition to supporting the Modular Housing Innovation Program VHCB and its partners have invested in efficiency and renewable, and that effort is discussed on page 22 of this document.

### **Disaster Recovery and Resilience**

VHCB builds resilience through both its conservation and housing programs. Conservation of farms, forestland and floodplains mitigates the impact of flooding by preventing development in



areas needed to absorb floodwaters and giving rivers and streams room to move without destroying town and village centers. Projects are funded in accordance with flood resilience guidelines and conserved farms often include riparian buffers and special protection areas. Riparian areas are also protected through recreation and natural area projects.

After Tropical Storm Irene, VHCB committed \$2 million to help secure FEMA funding for buyouts helping Vermonters whose homes were destroyed, restoring floodplain and creating recreational areas and access points along river corridors.

VHCB's housing programs prioritize funding for developments that replace housing after a disaster. We provided millions for the renovation of Ladd Hall in Waterbury and building Red Clover Commons in Brattleboro to replace housing damaged by Irene.

VHCB also worked with the High Meadows Fund and others to develop an energy efficient, more resilient alternative to mobile homes.

VHCB secured a HUD grant which helped remediate mold and also brought national experts to Vermont to provide disaster recovery training for local housing organizations.

In the aftermath of Irene, VHCB AmeriCorps members helped more than 1,000 individuals with home repair, case management, by procuring donations, distributing food, and other activities. The program continues to train and place members with housing, environmental and energy conversation organizations around the state expanding the ability of these groups to mobilize volunteers and provide services.

### **LEAN Process: Collaboration with Agency of Natural Resources**

VHCB is utilizing the expertise of the Agency of Natural Resources to implement a pilot project using the LEAN process to evaluate and improve the organization's farmland preservation program. VHCB, through its Farmland Conservation Program, utilizes a combination of state and federal funds to work with partner organizations to purchase development rights on farms for the purposes of retaining the state's quality agricultural land base and keeping it in active production. The process can take 1-2 years or more before a project receives funding and closes and a landowner receives compensation. Reasons for this vary, and include both the current review process and funding requirements and restrictions. We need a more systematic way to complete assessments on all farms selling development rights, and offer TA as needed to help them address issues. A more systematic approach would also provide more transparency to landowners and partners alike. Goals for this pilot include:

- Better align the VHCB and NRCS funding processes and application deadlines, so that it is possible to develop a pipeline of projects with signed PSAs prior to NRCS application deadline
- Improve customer service to farmers by reducing the time between project funding and closing
- Better define the role of partners in the process
- Develop a simpler system for cost-sharing appraisals

- Develop a system for cost-sharing surveys

As this effort proceeds we will be looking to other programs of VHCB that could utilize the process for improving efficiency and effectiveness.

### **Support and Services at Home (SASH)**

VHCB has helped the SASH program expand its reach, benefit and savings. SASH services are now available in 2304 of our units statewide. At the end of 2015, there were 4,700 SASH participants at 138 sites across Vermont. The first annual independent evaluation of the program found reductions in expenditure growth in the range of \$1,756-\$2,197 per person per year. RTI International is one of the world's premier non-profit research organizations and performed the evaluation under contract to the Assistant Secretary for Planning and Evaluation at the U.S. Department of Health and Human Services. According to the study, the SASH model has the potential to reduce Medicare expenditure growth by \$10,000,000 annually per 5,000 participants.

### **Farm and Forest Viability Expansion into Forest Viability**

Recently the Viability Program expanded its services to the Forestry sector. In 2015, 16 forest products businesses received one-on-one business advising through the Viability Program. These businesses ranged from logging operations to sawmills and wood products manufacturers. The Viability Program also supported the development of UVM Extension's Forest Business Program to more effectively deliver these services.

### **Additional Program Impacts**

VHCB's 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 increased support for affordable housing in several economically exclusive communities (i.e. Stowe, Shelburne, Woodstock, Manchester, Warren, Ludlow, Grand Isle, Dover) where successful developments have been built.
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. 58 Federally subsidized at risk housing projects containing 2,054 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 670 farms consisting of 158,000 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), and a recipient of one of six 2016 Renewal Awards from Atlantic Media as a prime example of pragmatic problem solvers within local government, nonprofit groups, small businesses and ordinary citizens.
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 \$294 million dollars VHCB's partners have leveraged additional investment of over \$1.2 billion dollars.
10. More than 12,000 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. More than 1,675 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 are a 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.

### **PROFILE OF VHCB 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:

- 12,000 Units of Affordable Housing
- 670 Farms with 158,000 acres
- 264,000 acres conserved for recreation and natural areas.
- 61 historic buildings
- More than 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 Program and Healthy Homes.** Since FY1995 the Board has administered this program assisting housing developers and private landlords to make housing units lead safe or fully abate the lead to reduce the possibility of lead poisoning. In recent years we supplemented those funds with a recently completed \$1.7 million Healthy Homes Production Grant from HUD which was used to assess the homes of low-income Vermonters for health and safety issues and provide funding to treat the most pressing problems. Homes and apartments were 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 led to healthier home environments for vulnerable populations like the elderly and young children. through these programs VHCB has provided administered \$30 million to reduce lead and other hazards in more than 2500 units of housing statewide.

### **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 915 new or adaptive reuse units since FY2008. We and our partners also rehabilitate 3,444 apartments. By building to more efficient standards the 915 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 \$98,286 in annual total statewide savings. The 3,444 rehabilitated apartments have saved on average 120 gallons per unit per year (35-40% savings) with a per unit annual cost savings of \$456 (\$1.5M annual total statewide savings) In total the energy efficiency upgrades associated with these units saves the equivalent of 438,536 gallons of fuel oil annually statewide and mitigates 10,400,000 lbs. of carbon per year. Included in this effort has been the installation of over 82 solar hot water systems, 13 site-based electric photovoltaic systems and 27 biomass systems (wood pellets). Affordable housing developers have also built 650kw of community solar providing a net metering credit to 480 apartments in 12 projects statewide.

**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.
5. **Farm and Forest Viability Program.** This program administers funds from USDA and the Northern Borders Regional Commission.
6. **National Housing Trust Fund.** The National Housing Trust Fund (NHTF) is a new federal affordable housing production program that will complement existing Federal, state, and local efforts to increase and preserve the supply of decent, safe, and sanitary affordable housing for extremely low- and very low-income households, including homeless families and individuals. The NHTF was established under Title I of the Housing and Economic Recovery Act of 2008, Section 1131. On January 30, 2015, HUD published an interim rule which provides the guidelines for States to implement the NHTF. Funding for the NHTF comes from an assessment on loans made by Freddie Mae and Fannie Mac. Total funding for the first year of NHTF has yet to be determined and will be available no earlier than the summer of 2016. According to estimates, Vermont is expected to receive at least \$250,000. If the small state minimum applies as hoped, Vermont could receive \$3 million for FFY16. However, this remains uncertain as HUD's interim regulations state it will propose an alternative allocation formula for public comment, if funds are not sufficient to provide the minimum to all states.

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.

### **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 more than 12,000 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.

#### **LEAN Process: Collaboration with Agency of Natural Resources**

VHCB is utilizing the expertise of the Agency of Natural Resources to implement a pilot project using the LEAN process to evaluate and improve the organization's farmland preservation program. As that effort proceeds we will be looking to other programs of VHCB that could utilize the process.

### **Performance Based Accountability**

VHCB is beginning the review of our outcomes and measurements against the background of Performance Based Accountability. We will be involving staff across programs and our partners to make sure we use the most appropriate measures and involve all those who affect the outcomes being measured.

### **Examples of Measurements**

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 and Forest 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 23% from \$240,100 to \$295,600
- Average net income jumped by 348%, from \$4,875 to \$21,861.

In Forest Viability: Increasing income and creating jobs...

- Average gross income improved by 23% from \$515,000 to \$635,000
- The average number of jobs increased by 10% from 3.1 to 3.4 jobs per business
- Average payroll increased 18%, thus wages increased as well as jobs

#### **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.

#### 2015:

- Members mobilized a total of 1,270 new volunteers who logged 11,891 hours. Members and Host Site Organizations recruited 1043 new community volunteers who logged 7,156 hours. Members managed 1,177 new volunteers who logged 10,381 hours.
- 1327 economically disadvantaged individuals, including homeless, near-homeless and veterans, received housing placement services, such as housing placements; referrals; applications assistance; job placements; back rent and security deposit assistance; home sharing services; wellness clinics, quality of life services, and more.
- 75 veterans received housing placement services.
- 407 economically disadvantaged individuals transitioned into affordable housing as a result of ACM services.
- 507 economically disadvantaged individuals received financial literacy services, including rental readiness, credit repair counseling, household budgeting, savings account education, and pre and post-purchase education.
- 18,972 acres received stewardship measures, including invasive removal; trail maintenance; tree plantings; trail and structures damage assessment; ditch repair; lands restoration; snow removal; boundary marking; and easement monitoring.
- Of those total acres, 12,818 received direct stewardship measures and 6,434 received easement monitoring or boundary marking.
- 138 miles of trails and/or rivers were created, maintained, or otherwise stewarded.
- 11,824 rehabilitation trees were planted and/or maintained.
- 9,759 students and youth received environmental, energy conservation and/or environmentally-conscience education through natural history programs, outings, and presentations; nature camps; school outreach programs; after school programs; seasonal community events; service learning projects; and more.
- 10,333 adults received environmental and/or sustainable education.

- 16% of members were hired by their sponsoring organization following their term of service, while 22% of members re-upped for either another AmeriCorps service term.
- 12 members were hired into a job in the VT social sector (government, nonprofit) at the end of their service.
- Member Satisfaction: 100% of members reported that they would recommend others to participate in the VHCB AmeriCorps Program.

## **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.