



Vermont Housing & Conservation Board
Budget Packet
FY2019

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BOARD OF DIRECTORS: Neil Mickenberg, Chair • Emily Wadhams, Vice Chair • Sarah E. Carpenter • Angus Chaney • Joshua Laughlin
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VHCB and the Governor's FY2019 Budget Proposal

The Vermont Housing & Conservation Board is a public body established in 1987 (10 V.S.A. Chapter 15) to improve 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 carries out its mission primarily by making grants and loans to undertake affordable housing development or rehabilitation and conservation transactions including both fee purchases of land and purchase of conservation easements. The Board also operates both federal and state and privately funded programs that enhance community capacity to implement the Board's mission. Taken together the Board provides both capital investment and operating support for essential community development activities.

Property transfer tax receipts dedicated to the Board's mission would, by statute be \$20.5 million. The Board and the Governor are requesting a total of \$15.354 million in a combination of property transfer tax allocations and capital bill appropriations. The Board feels, in light of the availability of housing revenue bond proceeds, level funding of its transfer tax allocation is appropriate. The Board will continue in FY2019, two major initiatives that began with the Legislature and Scott administration coming to agreement in 2017. They include the Housing for All revenue bond and the utilization of \$1 million in capital bill funding to assist in the water quality effort.

The Housing Revenue Bond - In 2017, together, Governor Scott and the Legislature enacted law that provided for the issuance of a Revenue Bond, secured by the Property Transfer Tax, of which VHCB would receive the proceeds for building new, and improving existing, housing stock. Based upon the availability of \$2.5 million in annual debt service payments through FY2038 the Bond issuance yielded \$36.99 million in resources to be awarded to eligible projects over approximately three years. A minimum of 25% of the housing will be targeted to very low income Vermonters (households below 50% of median income) and at least 25% will be targeted to moderate income Vermonters (households between 80 and 120% of median income).

Water Quality Investments - The Board's standard conservation programs fundamentally address water quality requiring riparian buffers and special protections for wetlands and management plans for conserved land to improve both soil health and protect water quality. The House Institutions Committee provided the Board with \$1 million in new funding to support for two new water quality improvement initiatives. The Governor's Clean Water Board has decided to recommend continuation of this program for FY2019. The Board again anticipates making approximately \$600,000 in grants to farmers for a variety of water quality investments including but not limited to manure storage and management, fencing, bedded pack barns, and covered barnyards. The Board also anticipates using some funds to purchase either land or very restrictive easements on land that would in essence take farmland out of production because its location suggests this would be the most appropriate approach to improving water quality.

The VHCB annual state appropriation comes mainly from Property Transfer Tax receipts. The budget recommendation is \$11,304,840 for VHCB from Property Transfer Tax revenues with a reduction of \$1.5 million for its portion of the Housing for All Revenue Bond debt payments for an FY2019 appropriation of \$9,804,840.

\$5,550,000 is the recommendation for VHCB from the FY2019 Capital Bill: \$4,550,000 as enacted plus \$1,000,000 to continue funding water quality farm improvement grants or fee purchase projects.

The total FY2019 recommendation for VHCB in appropriated (\$9,804,840) and capital bill (\$5,550,000) funding is \$15,354,840 (or \$5,176,160 less than the statutory amount.)

The following budget documents reflect a total recommendation and projected funding for FY2019 in the amount of \$43,911,035:

- \$9.8 million in Property Transfer Tax revenues in the Appropriations Bill
- \$5.55 million in Capital Bill Appropriations
- \$1.13 million in other revenues to be received by VHCB (included in the Appropriations Bill)
- \$12 million in Housing for All Revenue Bond proceeds for awards
- \$11.76 million in Federal resources
- \$3.65 million in Federal resources – Completion of Prior Years' Awards

**Vermont Housing & Conservation Board
FY2019
SOURCES & USES**

PROGRAMS/GRANTS:	Housing & Conservation (Trust Fund)	NRCS ALE (Fed)	NRCS RCPP (Fed)	Capital Bond Easement	Revenue Bond	Farm Viability Program	Ameri-Corps	HOME	HOPWA (HUD)	NHT	LEAD Hazard Red. (HUD)	TOTALS
SOURCES:												
Property Transfer Tax (PTT) by Statute Less: Contribution to General Fund Less Debt Service on Revenue Bond*												20,531,000 (9,226,160) (1,500,000)
Net PTT Appropriation *	8,016,349	506,090				813,167	344,450	99,711	25,073			9,804,840
Capital Bill Appropriations - State	4,550,000			400,000		600,000						5,550,000
Housing Revenue Bond proceeds- Yr 2					12,000,000							12,000,000
Loan Repayments	104,535											104,535
Interest on Fund	95,000											95,000
Federal Grants		2,500,000	1,000,000			373,559	368,669	2,955,000	490,536	3,000,000	1,077,049	11,764,813
Mitigation Funds - Act 250 Ag & Hsg	275,000											275,000
Other - Foundations, Miscellaneous	5,000					655,847						660,847
												-
Subtotal FY2019 new sources:	13,045,884	3,006,090	1,000,000	400,000	12,000,000	2,442,573	713,119	3,054,711	515,609	3,000,000	1,077,049	40,255,035
Completion of prior years' federal awards		788,000	362,000					1,830,000		676,000		3,656,000
TOTAL Sources:	13,045,884	3,794,090	1,362,000	400,000	12,000,000	2,442,573	713,119	4,884,711	515,609	3,676,000	1,077,049	43,911,035
USES:												
Operations	1,676,792	459,090				55,168	18,532	323,711	37,609	211,831	43,676	2,826,409
Direct Program/Project Expense	508,843	47,000	-	-		1,787,405	694,587	31,000	478,000	15,500	564,216	4,126,551
Project Grant and Loans	10,860,249	2,500,000	1,000,000	400,000	12,000,000	600,000		2,700,000	-	2,772,669	469,157	33,302,075
Project Grant and Loans - completion of prior years' federal awards		788,000	362,000					1,830,000		676,000		3,656,000
Total Uses:	13,045,884	3,794,090	1,362,000	400,000	12,000,000	2,442,573	713,119	4,884,711	515,609	3,676,000	1,077,049	43,911,035

* VHCBC proposed appropriation is \$9,804,840 (FY2018 level of \$11,304,840 net of \$1.5m for Debt Service on Revenue Bond)

**VERMONT HOUSING AND CONSERVATION BOARD
SOURCES AND USES Chart - EXPLANATION, FY2019 BUDGET**

VHCB's Sources & Uses Chart presents all of the projected revenue sources of the Board and the planned uses of those resources for the fiscal year 2019.

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 2% is deducted for the Department of Taxes, Division of Property Evaluation & Review, and the deduction of \$2,500,000 for debt service on the Housing Revenue Bond). The statute contains “notwithstanding” language, and therefore the final appropriation directs the amount of Property Transfer Tax deposited to the Housing & Conservation Trust fund that is available to VHCB. The January 2018 projection of the FY2019 PTT is a continuation of an upward trend. VHCB's statutory share of the projected amount would be \$20,531,000 for FY2019.

In 2017 legislation passed allowing for the issuance of a bond by VHFA of which the proceeds would go to VHCB for affordable housing – the Housing for All Revenue Bond (HRB). The legislation also directs that annually, VHCB's appropriation shall be reduced by \$1,500,000, which will be used towards debt service on the bond.

The Governor's recommendation for FY2019 is \$9,804,840 in Property Transfer Tax revenues (FY2018 level funding of \$11,304,840, less \$1,500,000 towards debt service). The Property Transfer Tax difference of \$9,226,160 will go to the State's FY2019 General Fund.

The Property Transfer Tax revenues are primarily used by VHCB in funding the housing and conservation projects that further our mission. Portions of these resources are used to support several related programs and federal grants that VHCB operates. These projected amounts are reported across the Sources & Uses chart in the respective column to which they are applicable.

- **Capital Bill Appropriation** – A total of \$5,550,000 million has been recommended for FY2019. This breaks down as follows:
 - \$1.8 million for housing;
 - \$2.75 million for water quality and other conservation projects;
 - \$1 million for water quality grants to farmers and fee purchase to take land out of agricultural use.
- **Housing Revenue Bond proceeds** – final proceeds from the issuance of the revenue bond are estimated to be \$37 million. VHCB expects to commit and disburse these funds over three calendar years. Demand has been high and we may conclude grant making in FY2019; however, disbursement will certainly run through FY2020.
- **Loan Repayments** – This amount represents collections of principal & interest on outstanding loans expected to be received during FY2019. 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 FY2019.

- **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 the beginning of a new three-year AmeriCorps grant cycle. VHCB has successfully 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 Housing and Community Development and VHCB.
 - National Housing Trust Fund – (HTF) - this federal program is 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. HTF requires much deeper income targets and required rents are extremely low. VHCB has administered two years of HTF funding at the \$3 million level. Funding in FY2019 is dependent upon the profitability of two GSEs, FANNIE MAE & FREDDIE MAC.
 - HOPWA (HUD) – This amount represents the FY2019 portion of a three-year award, federal grant Housing Opportunities for Persons with AIDS. It is administered by the VHCB, and services are delivered by several AIDS Service Organizations and the Vermont State Housing Authority to provide services and housing to persons with AIDS and their families.
 - Lead Hazard Control Grant (HUD) – VHCB has been successfully running this program since 1994 and this is our ninth multi-year grant award. In FY2019 we will close out the current grant.
- **ACT 250 Mitigation Funds (Housing & Ag)** – These funds 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 used to supplement project awards, and are targeted to the geographic areas to which they relate. Amounts are estimated; funds are normally 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 that have not yet been fully disbursed. Federal revenues are drawn down as funds are disbursed on grants.

II. USES OF FUNDS

- **Operations** –this is the portion of the budget for conducting the operations of organization, spread across the Sources & Uses chart relative to program/grant.
- **Direct Program/Project expense** – This amount includes the staffing and other costs of the direct programs VHCB operates (AmeriCorps, Lead Hazard Reduction Program, and Farm & Forest Viability Program), as well as miscellaneous other project costs such as farm appraisals, public notice advertising, and the costs of required historic and archeological evaluations on particular projects.
- **Project Grants and Loans** –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. 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 the case of federal programs, those awards are restricted by regulation.
- **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 2019
DEPARTMENT PROGRAM PROFILE**

DEPARTMENT: VERMONT HOUSING & CONSERVATION BOARD

Name and brief narrative description of program		Spec Fund \$\$	Capital Bill Appropriation \$	Housing for All Revenue 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; Includes Housing For All							
FY 2017 expenditures		7,571,627	2,231,494	-			9,803,121	10.80
FY 2018 estimated expenditures		5,801,477	1,200,000	17,000,000			24,001,477	11.23
FY 2019 budget request		5,045,074	1,800,000	12,000,000			18,845,074	11.93
HOME PROGRAM	Federal grant and loan program for multi-family housing							
FY 2017 expenditures		34,064			3,038,162	-	3,072,226	2.28
FY 2018 estimated expenditures		90,399			2,955,000	2,000,000	5,045,399	2.88
FY 2019 budget request		99,711			2,955,000	1,830,000	4,884,711	2.76
HUD Housing Trust Fund	Grant and Loan Program for federal National Housing Trust funds for housing							
FY 2017 expenditures					411,425	-	411,425	1.73
FY 2018 estimated expenditures					3,000,000	2,250,000	5,250,000	2.25
FY 2019 budget request					3,000,000	676,000	3,676,000	1.81
USDA-RCPP	Water quality improvement program - qualifying easements in Lake Champlain basin							
FY 2017 expenditures		-			446,000		446,000	-
FY 2018 estimated expenditures					1,000,000	850,000	1,850,000	
FY 2019 budget request					1,000,000	362,000	1,362,000	
CONSERVATION-Agriculture/FPP	Development Rights purchase of farmland; associated costs; support of delivery system							
FY 2017 expenditures		2,440,250	678,396		1,695,000	-	4,813,646	5.78
FY 2018 estimated expenditures		1,469,537	2,800,000		2,500,000	2,000,000	8,769,537	6.42
FY 2019 budget request		2,216,250	2,750,000		2,500,000	788,000	8,254,250	6.48
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 2017 expenditures		930,599			115,111	-	1,045,710	3.94
FY 2018 estimated expenditures		1,150,547	600,000		198,602		1,949,149	4.33
FY 2019 budget request		1,469,015	600,000		373,559		2,442,574	4.60
CONSERVATION-NHR	Grants for conservation of natural areas, recreational lands and historic properties							
FY 2017 expenditures		1,739,009	372,890				2,111,899	2.59
FY 2018 estimated expenditures		1,755,032	400,000				2,155,032	2.68
FY 2019 budget request		1,740,648	400,000				2,140,648	2.54
HUD - HOPWA	Federal Grant for Housing Opportunities for Persons with AIDS							
FY 2017 expenditures		-			461,194		461,194	0.23
FY 2018 estimated expenditures		22,530			489,265		511,795	0.30
FY 2019 budget request		25,073			490,536		515,609	0.32
AmeriCorps	Federal Grant - Community Stewardship Prog. - Coordinate placement of AmeriCorp Members with non-profit hsg & cons programs							
FY 2017 expenditures		426,725			389,305		816,030	2.28
FY 2018 estimated expenditures		360,925			368,669		729,594	2.11
FY 2019 budget request		344,451			368,669		713,120	2.26
LEAD Paint Hazard Reduction	Federal Lead-Paint hazard reduction control program serving to eliminate lead poisoning by providing lead-safe housing							
FY 2017 expenditures					987,197		987,197	4.91
FY 2018 estimated expenditures					1,077,049		1,077,049	4.91
FY 2019 budget request					1,077,049		1,077,049	4.70
Totals								
	FY 2017 expenditures	13,142,274	3,282,780	-	7,543,394	-	23,968,448	34.5
	FY 2018 estimated expenditures	10,650,447	5,000,000	17,000,000	11,588,585	7,100,000	51,339,032	37.1
	FY 2019 budget request	10,940,222	5,550,000	12,000,000	11,764,813	3,656,000	43,911,035	37.4

Vermont Housing & Conservation Board - FY2019
 Detail of All Estimated Revenue Sources

Federal Fund		
Federal - FY2019		
HOME Program	2,955,000	
National Housing Trust Fund	3,000,000	
NRCS - ALE	2,500,000	
NRCS RCPP - ALE	1,000,000	
Federal Lead Paint Grant	1,077,049	
Federal Grants - misc	1,232,764	
	Federal FY2019	\$ 11,764,813
Federal - Completion of prior year grants		
HOME Program	1,830,000	
National Housing Trust Fund	676,000	
NRCS - ALE	788,000	
NRCS RCPP - ALE	362,000	
	Federal - Completion of prior years	\$ 3,656,000
Total Federal Fund #90630		\$ 15,420,813

Special Fund		
	Property Transfer Tax	11,304,840
		(1,500,000)
	Net Property Transfer Tax	\$ 9,804,840
Loan Repayments	104,535	
Housing Mitigation Funds	25,000	
Act 250 Mitigation Funds	250,000	
Other - Includes FFVP Restricted Grants	660,847	
Interest on Fund	95,000	
	Total Other Revenue	\$ 1,135,382
Total Special Fund #90610		\$ 10,940,222

Other:

Capital Bond		
Capital Bond Funding - appropriated for FY2019	4,550,000	
Capital Bond - proposed for FY2019 by Clean Water Board	1,000,000	
Total Capital Bond		\$ 5,550,000

Total Special, Federal & Capital **\$ 31,911,035**

Housing for All - Housing Revenue Bond - Year 2 of 3	\$ 12,000,000
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FY2019

RECONCILIATION OF BUDGET BOOK TO VHCB BUDGET DOCUMENTS

Vermont Housing & Conservation Board

From Budget Book Budget Summary, page 965	FY 2019 Governor Recommend			Diff between FY19 Gov Rec and FY18	Percentage Chg: FY2019 Gov Rec and FY2018
	FY 2017 Actual	FY 2018			
Appropriation					
Total	\$ 19,692,767	\$ 30,839,032	\$ 26,361,035		
Fund Type					
Special Fund - Housing & Conservation Trust Fund	\$ 12,446,408 *	\$ 12,150,447 **	\$ 10,940,222	\$ (1,210,225)	-10.0%
Federal Fund - VHCB	\$ 7,246,359 *	\$ 18,688,585	\$ 15,420,813	\$ (3,267,772)	-17.5%
Total	\$ 19,692,767	\$ 30,839,032	\$ 26,361,035	\$ (4,477,997)	-14.5%

Restated to include all resources:

Fund Type:	FY 2019 Governor Recommend			Diff between FY19 and FY18	Percentage Chg: FY19 and FY18
	FY 2017 Actual	FY 2018	FY 2019		
Housing & Conservation Trust Fund	\$ 13,142,274 *	\$ 12,150,447			
Less: Debt Service on Housing for All Bond		\$ (1,500,000) **			
Net - Housing & Conservation Trust Fund		\$ 10,650,447	\$ 10,940,222 ***	\$ 289,775	2.7%
Federal Fund - VHCB	\$ 7,543,394 *	\$ 18,688,585	\$ 15,420,813	\$ (3,267,772)	-17.5%
Capital Bill Appropriation	\$ 3,282,780 *	\$ 5,000,000	\$ 5,550,000	\$ 550,000	11.0%
Housing Revenue Bond proceeds		17,000,000	12,000,000	\$ (5,000,000)	-29.4%
Total:	\$ 23,968,448	\$ 51,339,032	\$ 43,911,035	\$ (7,427,997)	-14.5%

*FY2017 - Amounts are restated to reflect actual spending amounts and agree with VHCB audited financial statements.

** FY2018 - Reduction to Appropriation of \$1,500,000 to be used for Debt Service payment on Housing Revenue Bond

*** FY2019 - Trust Fund Appropriation is net of \$1,500,000 to be used for Debt Service payment on Housing Revenue Bond

FY 2019 Crosswalk/Budget Development Form - Vermont Housing & Conservation Board

	Special \$\$	Capital Bond Fund \$	Federal \$\$	Completion of Prior Years' Federal	Housing for All Revenue Bond	Total \$\$
Total FY2018 Appropriations:	10,650,447	5,000,000	11,588,585	7,100,000	17,000,000	51,339,032
CHANGES in Projected Resources (Decrease) Increase:						
Property Transfer Tax	0					0
Housing for All Revenue Bond proceeds					(5,000,000)	(5,000,000)
HOME Program				(170,000)		(170,000)
National Housing Trust				(1,574,000)		(1,574,000)
Capital Bill		550,000				550,000
Other Federal Grants:						
HUD HOPWA			1,271			1,271
NRCS Federal Farm Preservation/ALE Program				(1,212,000)		(1,212,000)
NRCS - RCPP				(488,000)		(488,000)
Miscellaneous Federal grants			174,957			174,957
Foundation Grants - FFVP	228,140					228,140
Loan Repayments	(3,365)					(3,365)
Interest on Fund	65,000					65,000
Subtotal of increases/decreases	289,775	550,000	176,228	(3,444,000)	(5,000,000)	(7,427,997)
FY 2019 Governor Recommend	10,940,222	5,550,000	11,764,813	3,656,000	12,000,000	43,911,035

Vermont Housing & Conservation Board FY 2018 Appropriation	10,650,447	5,000,000	11,588,585	7,100,000	17,000,000	51,339,032
TOTAL INCREASES/DECREASES	289,775	550,000	176,228	(3,444,000)	(5,000,000)	(7,427,997)
Vermont Housing & Conservation Board FY 2019 Governor Recommend	10,940,222	5,550,000	11,764,813	3,656,000	12,000,000	43,911,035


15,420,813 Total FY2019 Federal appropriation

Vermont housing and conservation board

Department/Program Description

VERMONT HOUSING AND CONSERVATION BOARD

Department Mission Statement

The Vermont Housing and Conservation Board (VHCB) is a public body established in 1987 (10 V.S.A. Chapter 15) for the purpose of improving quality of life 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, non-profit organizations including land trusts and conservation groups, housing cooperatives, and to qualifying state agencies.

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 contributes to Vermont's economy in many ways: 1) it leverages more than \$4 in other resources 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 generators of jobs. In recent years, a \$12 million investment from VHCB generated \$114 million in hard construction activity and, when economic multipliers are considered, resulted in 4,000 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); and 6) programs like SASH, Lead Paint Hazard Reduction and Healthy Homes contribute to Vermont health care goals. An independent analysis conducted for the U.S. Department of Health and Human Services last year determined SASH alone has reduced the rate of Medicare expenditure growth by \$1,500 per enrollee, or \$7.5 million.

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 mitigate against the impact of severe flooding.

Description of Appropriations, Divisions, & Programs

Property Transfer Tax

By statute, the Board receives a percentage of revenue from the Property Transfer Tax (PTT) (50% of revenues, after certain other uses. The Vermont Housing and Conservation Trust Fund (10 V.S.A. A?312) was established as a special fund by the General Assembly to dedicate PTT revenue as a source for affordable housing and conservation. This revenue source was chosen because as property transfers increase the cost of housing and important land and farm resources also increases limiting access for Vermonters. For FY2019, VHCB's statutory share of the Property Transfer Tax is projected at \$20.923 million.

Capital Bill



Arts Council, Symphony Orchestra, Historical Society, VHCB

VHCB has, at times (most recently in FY2016, FY2017 and FY2018), been included in the Capital Bill, to offset reductions in the statutory amount appropriated from the Property Transfer Tax to the Housing and Conservation Trust Fund. Capital bill funding was deemed appropriate because VHCB's investments in housing and conservation benefit the public well after the bonds issued are paid. Many other states and local governments utilize bonding to invest in housing and conservation programs. The FY18-FY19 Capital Bill as enacted includes \$4.55 million for VHCB in FY19. In all cases, the state's investment through VHCB 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.

Housing for All Revenue Bond

Act 85 of 2017 created a new source of funding for affordable housing in Vermont, the Housing for All Revenue Bond (HRB) to be administered by VHCB. The bond will be issued by the Vermont Housing Finance Agency (VHFA), and the proceeds will be transferred to VHCB to fund the development and rehabilitation of owner-occupied and rental housing for Vermonters with very low to middle-incomes. VHCB will award the HRB proceeds (estimated at \$34 million) in the form of grants and loans over three years. The Act directs that annually, for twenty years, \$2.5 million of the state's Property Transfer Tax revenue will be used for debt payment on the bond(s). The \$2.5 million will be offset by the reduction of \$1.5 million from the appropriation of property transfer tax revenue to VHCB and \$1.0 million from the Property Transfer Tax Surcharge extended by Act 85.

PROGRAMS

The vast majority of the Board's funds are used to provide grants or loans to eligible projects. In housing activities, the Board generally provides funds for acquisition, new construction and rehabilitation 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 provides technical assistance and other support to agriculture and forest-related industries. The program's effectiveness in strengthening rural enterprises has earned it broad support from the agriculture, food, forestry and environmental sectors.

These programs are enhanced by matching federal funds including the HOME Program, the National Housing Trust Fund, Lead Paint Hazard Reduction Program, Housing for Persons with HIV/AIDS, Agricultural Lands Easement Program, and an AmeriCorps program, all of which supplement or complement the VHCB funds in projects and the communities we work within. Over the history of the program the Board has leveraged more than \$215 million in federal matching funds.

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. Investments in downtown buildings has made housing a driver in the economic revitalization of community centers across the state.

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 where the loss of the farm would have significant negative impact on neighboring farms. State funds for purchasing conservation easements are matched on a one to one basis by funds from the Natural Resources Conservation Service - Agricultural Lands Easement Program. VHCB has been able to match state funds with \$50 million from this program to date. Proceeds are used by farmers for reinvestment, debt reduction and diversification. In addition almost half of all projects assist in the transfer land and approximately one quarter are helping young farmers acquire their first farm.



Water Quality

VHCB's statute was amended to add protection of the surface waters of the state. Our farmland conservation projects included water quality protections on 60 farms of the 69 farm projects (all parcels with surface waters) funded from FY2016 thru 2018. VHCB helped the State secure a federal grant, RCPP from NRCS of \$16 million to focus on water quality in the Lake Champlain Basin. VHCB will provide approximately \$5.2 million of the State's required match for this program, over a five year period. Steady funding will be critical to VHCB's ability to assist in meeting the match requirement pledged by the State. In FY2018 VHCB is using \$1 million in capital bill funding to assist farmers by making grants for water quality improvements/investments and when appropriate to take some land out of intensive agricultural use. Several recent recreation and natural area projects also added to the state's water quality efforts by protecting headwaters.

Farm and Forest Viability 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 under the guidance of 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 business enterprises. Over 15 years, the Farm and Forest Viability Program has assisted 612 businesses providing over 1928 jobs. Participants most recently reported a steady trend in gross income and a 45% increase in net income in the year following completion of a business plan. The Board expanded the Farm Viability program to include forestry and has enrolled 44 businesses into the program. The Board focuses a portion of its conservation funding on working forests and sugarbushes. These Working lands are essential to both individual businesses and to the tourism and recreation economies.

Outdoor Recreation and Natural Area Protection

Governor Scott has made outdoor recreation a priority by convening the Vermont Outdoor Recreation Council. VHCB supports the protection of natural areas and public recreation lands 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.

The flexibility of VHCB's funding allowed the organization to help Vermonters recover following Tropical Storm Irene. VHCB helped fund buyouts when properties were ineligible for FEMA or CDBG Disaster Recovery funds. VHCB was able to help move individual households and a senior housing development out of harm's way while restoring floodplain, providing river access for the public and mitigating future risks. Subsequent conservation projects are also increasing flood resilience, reducing risk to homes and businesses. As an example, a UVM study suggests that floodplains near Middlebury prevented \$1.8 billion in damage from Irene.

As the Board looks to FY 2019, demand for VHCB funds is approximately \$50 million far outstripping 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. The unmet need for housing affordable to working households limits busi-



Arts Council, Symphony Orchestra, Historical Society, VHCB

nesses' ability to recruit employees and constrains growth. While the Housing for All Revenue Bond will provide much needed assistance over the next 2-3 years, the affordable housing demand far exceeds that resource.

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 2019

Appropriation Key Budget Issues

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 \$11,304,840 for VHCB from Property Transfer Tax revenues with a reduction of \$1.5 million for its portion of the Housing for All Revenue Bond debt payments for an FY19 appropriation of \$9,804,840.

The recommendation for VHCB from the FY19 Capital Bill is \$4,550,000 as enacted plus \$1,000,000 to continue funding added by the General Assembly in FY18 for water quality farm improvement grants or fee purchase projects. This is based on the recommendations of the Clean Water Fund Board.

The total FY19 recommendation for VHCB in appropriated (\$9,804,840) and capital bill (\$5,550,000) funding is \$15,354,840 (or \$5,568,160 less than the statutory amount.)

Budget Summary

	FY 2017 Actual	FY 2018 Budget as Passed	FY 2019 Governor Recommended
Object Rollups			
Other Operating Expenses	\$3,665,000	\$0	\$0
Grants Rollup	\$16,027,767	\$30,839,032	\$26,361,035
Total	\$19,692,767	\$30,839,032	\$26,361,035
Fund Type			
Federal Funds	\$7,246,359	\$18,688,585	\$15,420,813
Special Fund	\$12,446,408	\$12,150,447	\$10,940,222
Total	\$19,692,767	\$30,839,032	\$26,361,035

Budget Detail

Budget Object	FY 2017 Actuals	FY 2018 As Passed	FY 2019 Governor's Recommend	Difference FY18-19	Percentage Change
Other Operating Expenses					
720010 - Transfer Out-Component Units	\$3,665,000	\$0	\$0	\$0	0.0%
Total	\$3,665,000	\$0	\$0	\$0	0.0%
Grants Rollup					
550220 - Grants	\$7,907,574	\$30,839,032	\$26,361,035	(\$4,477,997)	-14.5%
550240 - Loans	\$7,018,251	\$0	\$0	\$0	0.0%
552990 - Other Direct Grant Expense	\$1,101,941	\$0	\$0	\$0	0.0%
Total	\$16,027,767	\$30,839,032	\$26,361,035	(\$4,477,997)	-14.5%
Grand Total	\$19,692,767	\$30,839,032	\$26,361,035	(\$4,477,997)	-14.5%



Arts Council, Symphony Orchestra, Historical Society, VHCB

Fund	FY 2017 Actuals	FY 2018 As Passed	FY 2019		
			Governor's Recommend	Difference FY 18-19	Percentage Change
90610 - Housing & Conserv Trust Fund	\$12,446,408	\$12,150,447	\$10,940,222	(\$1,210,225)	-10.0%
90630 - Federal Fund - VHCB	\$7,246,359	\$18,688,585	\$15,420,813	(\$3,267,772)	-17.5%
Total	\$19,692,767	\$30,839,032	\$26,361,035	(\$4,477,997)	-14.5%



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

FY 17 & FY18

VHCB, FY1988-2018

937 affordable housing units	12,600 homes
44 farms; 5,845 acres	701 farms; 164,015 acres
21 natural areas; 2,706 acres	266,820 acres of natural areas projects
2 historic projects	69 historic projects
165 Viability Program participants	700 Viability Program participants
State Investment: \$27.9M; \$167M leverage	State Investment: \$322M; \$1.5 billion in leverage

PROGRAM HIGHLIGHTS

Water Quality

VHCB has invested in the protection and enhancement of the quality of Vermont's waters since its inception. In 2012, the General Assembly amended VHCB's enabling statute to make water quality an explicit part of its mission. The Board has since adopted Water Quality and Flood Resilience guidelines and revised its Conservation and Agricultural Lands Policy to incorporate water quality and flood resilience attributes as project priorities. for the

conservation of properties that benefit water quality and flood resilience and take affirmative action to improve water quality. In collaboration with many other agencies and organizations, VHCB is a committed partner in the all-in, team approach to improving water quality in Vermont. Easement restrictions and management plans focus on compliance with state water quality rules, on soil health, and on enhancing environmental stewardship.

Highlights of the effort include:

- In FY18, the General Assembly asked VHCB's Farm & Forest Viability Program to launch a Water Quality Grants program using capital bill funds to make investments on farms as they work to meet Required Agricultural Practices. As of January 2018, 14 grants have been awarded under this program totaling \$411,000 and leveraging an additional \$2.9 million.
- Over the past two years, 45 of the 49 farms conserved have easement restrictions related to water quality. Sixteen of these farmland conservation projects match state dollars with federal funds from the Regional Conservation Partnership Program focused on improving water quality in the Lake Champlain Basin
- In partnership with USDA Natural Resources Conservation Service (NRCS), now requires a management plan addressing soil health & water quality prior to closing on a farm easement;
- VHCB pledged over \$5 million over several years to match a \$16 million federal grant to the state from the Regional Conservation Partnership Program (RCPP) award from NRCS;
- The VHCB Farm & Forest Viability Program has awarded \$1,426,430 in Dairy Improvement Grants to 57 farmers, with significant water quality improvement activities.
- The Viability Program provides financial planning and technical services related to water quality investments and practices to farmers.
- Conservation projects for recreation and wildlife include protection for headwaters.

Conservation is a cost-effective strategy in delivering clean water, providing flood resilience and driving down compliance costs. The economic impact of water quality on property values has been clearly quantified. In 2015 the town of Georgia's grand list dropped by \$1.8 million due to reassessments of 37 lakeside properties with declining water quality. According to the State Treasurer's Clean Water Report:

“Vermont's lakes and rivers are critical assets that support a \$2.5 billion tourism industry. Protecting and restoring natural infrastructure – river floodplains, wetlands, and riparian forests – will help offset the 20-year, \$1.25 billion cost gap in reducing pollution.”

“Securing these benefits will further justify the use of public funds for land conservation and protection.”

Housing for All Revenue Bond

In response to increasing pressure on Vermonters from tight housing markets, Governor Scott and the General Assembly set in motion a housing revenue bond initiative. The Housing for All Revenue Bond (HRB) will generate almost \$37 million in funding for the development and rehabilitation of 550-650 homes that will be affordable to a wide range of households, from very low- to middle-income. Through the summer and fall, VHCB held a series of regional meetings around the state to determine the highest priority housing needs and to solicit development ideas.

VHCB has awarded \$9,466,683 in HRB funds for eleven housing developments comprising 310 homes in 10 towns and for accessibility improvements to 60 homes statewide; 86 homes are already under construction, with 24 more starting in February 2018. These developments include new homes for workers, permanent supportive housing for homeless individuals, transitional housing for at-risk youth, affordable condominiums in the hottest housing market in the state, mixed-income multifamily rental housing, homes for seniors in a new city center, and the revitalization of a key historic building in the center of a downtown. Of the homes funded thus far, 35% are targeted to households with incomes below 50% of median and 25% are affordable to those between 80% and 120% of median. In turn, the revenue from the bond will be matched with state, federal, and private sources to leverage approximately \$3 for every \$1 of bond funds, resulting in more than \$100 million in additional resources for housing development. Spending on affordable housing yields multiple benefits across the economy. The housing bond will also act as a stimulus package, generating millions of dollars of economic activity through the creation of jobs and the purchase of goods. VHCB expects to complete commitments of bond funding over the next 18 months years.

Housing for the Homeless

Homelessness is the most vexing and heartbreaking challenge we face. Too many Vermonters are left out in the cold or shuffling from couch to car. We must and are making progress. VHCB and its partners are housing the homeless in ever greater numbers in emergency, transitional, and permanent housing. More than 16% of the permanently affordable apartments owned by Vermont's network of regional housing nonprofits are now home to those who were homeless. VHCB has long been involved in efforts to bring an end to homelessness, largely as a provider of capital for buildings that house Vermont's most vulnerable populations. Since 1990, VHCB has provided approximately \$19 million for 100 properties and more than 1,000 apartments or beds in shelters, transitional and permanent supportive housing. This past year, Vermont's homeless service providers provided housing to more than 3,900 Vermonters.

The state's investment through VHCB is creating new affordable homes across the state. The first four developments funded by the Housing Revenue Bond include apartments targeted to those experiencing homelessness. Building on a model developed by the Champlain Housing Trust and the recommendations of the Vermont Roadmap to End Homelessness, affordable housing developers are working with housing authorities and service agencies to open permanent

supportive housing in central and southern Vermont. These collaborations bring together the capital, rental subsidies, and supportive services needed by the most vulnerable Vermonters to be successful in their new homes.

With the Agency of Human Services, VHCB co-chaired a steering committee that contracted with a national consultant, the Corporation for Supportive Housing, to develop a Roadmap to End Homelessness as directed by the FY17 Appropriations Bill.

Homes for Workers

A shortage of housing options makes it difficult for workers to find a place to live and even harder for those without a home to find and hold a job. Among the new homes and neighborhoods created this year with VHCB support were those **on Bright Street in Burlington, Green Street in Hinesburg and Summer Street in Barre**. New residents work in the health care, education, services, manufacturing sectors and are self-employed. The state's investment in affordable housing through VHCB has created thousands of homes for workers. In the apartments funded by VHCB and equity through the federal Low Income Housing Tax Credit, 4 of 5 households that are not headed by a senior or someone with a disability have employment income.

Homeownership: Creating Opportunity

VHCB support has enabled a statewide network of nonprofit organizations to develop 1,125 units of permanently affordable, resale-restricted, owner occupied housing (also known as shared equity homes). Many of these homes have resold one or more times, providing an opportunity for an additional 565 households to become homeowners. Of these homes, 125 were built by Habitat for Humanity chapters throughout the state. In addition to the buyer-driven program, where homebuyers use a grant from VHCB to purchase a home on the open market, VHCB has also committed funding to homeownership opportunities to be developed by housing nonprofits. In 2018 these include:

- 8 new condominiums at the East Branch Farms development in Manchester;
- Conversion of 19 rentals to condominiums at Fort Ethan Allen in Essex;
- 30 condominiums in the Cambrian Rise development in Burlington.

Supporting the Rural Economy

Investing in housing development contributes to local economies creating jobs for contractors and business for suppliers. Revitalized housing brings historic properties back to life and adds to local grant lists. Capital for agricultural operations and business assistance for farm, food and forestry enterprises boost those economic sectors. Hunters, hikers, cyclists and skiers use trail systems, town and state parks and wildlife management areas, spending on food, lodging, hunting and fishing permits, passes and hard goods, all benefiting local businesses. Examples include: VHCB investments in the historic Darling Inn in Lyndonville, the new Jim Jeffords

State Forest in Mendon and Shrewsbury, technical assistance to a logging business in Fletcher and the Birds Eye Conservation Area in Poultney, Castleton and Ira.

A new Rural Economic Development Initiative begun in FY18 has thus far helped VHCB support six rural enterprises and municipalities prepare and apply for almost \$1 million in funding to implement economic development projects in Pownal, Hardwick, Windham, Windsor and Charlotte.

VHCB is currently working with the Northeast Kingdom communities of Newport and St. Johnsbury as they seek to address critical challenges in heart of their downtowns.

Boosting our Ag Economy through Farmland Conservation

VHCB's farmland conservation investments are protecting our state's most valuable agricultural resources while also providing capital for farmers to expand, diversify, reduce debt, acquire additional land, or facilitate a transfer to the next generation. More than half of all VHCB farm conservation projects involve a transfer of farm real estate within the family or to new farm buyers. Proceeds from the sale of conservation easements can help farmers implement improvements to meet new state regulations and improve water quality.

Federal funds administered by the USDA Natural Resources Conservation Service provide an indispensable source of matching funds for all of VHCB's farmland conservation projects, providing roughly half of the funding for every conserved farm. Business planning assistance and capital investments made through VHCB's Vermont Farm & Forest Viability Program are enhancing net income for farm and forest enterprises, creating new jobs and proprietorships, and helping drive growth in these sectors.

Farm & Forest Viability

VHCB's Farm & Forest Viability Program and its network of advisors supported the growth of more than 109 working lands businesses in 2017. In depth, one-on-one business advising results in increased sales, job creation, improved production and profitability as well as the ability to access financing. As it celebrates its 15th year, the program has developed new forestland succession services for landowner families that will help ensure large tracts of forestland stay intact and stewarded. The program has prioritized technical assistance and grant funding to meet current and evolving needs. These include for farmers to make investments needed to protect surface waters as well as loggers challenged by the downturn in low grade wood markets.

Protecting Forests for Their Multiple Public Values

Vermont is losing 1,500 acres of forest every year, reversing a 150-year trend of forest recovery and expansion. Conversion to development is the most significant and immediate threat to our forests, creating concern for wildlife, water quality, carbon sequestration, and outdoor recreation. From funding town and community forest projects, to adding to state forests and wildlife management areas, state dollars invested by VHCB are helping maintain the integrity and long-

term viability of Vermont's forests for wildlife, recreation, timber production, carbon sequestration and watershed protection.

- White River Ledges in Sharon, a project of The Nature Conservancy, protects 457 acres and connects an existing TNC natural area with a state Wildlife Management Area, resulting in a 1,268-acre forest block with 5 miles of frontage on the White River.
- A 51-acre addition to the 2,400-acre Pond Woods Wildlife Management Area in Benson has 3,300 feet of shoreline on Sunset Lake, as well as three state-significant forest communities. The land is also part of an interior forest block identified as a high priority habitat linkage.
- Kehoe Camp - created new Wildlife Management Area of 280 acres, encompassing Bullhead Pond to add to the Kehoe Green Mountain Conservation Camp, protecting waters that flow into Lake Champlain.

Public Outdoor Recreation—Integral to Vermont's Economy

Outdoor recreation is an important economic driver—estimated to generate \$2.5 billion annually in economic activity between direct spending at outdoor retailers, service providers, and trip expenditures (meals, gas, hotels etc.). Our forests and waters support all manner of recreational activities, from snowmobiling and mountain-biking, to hunting, fishing, and backcountry skiing. Vermonters and visitors engaging in these pursuits support our rural economy by bringing business to small towns, often eating meals, purchasing equipment, or staying overnight. VHCB's partners are working to protect the land on which these activities take place, to provide public access, and to improve trail systems.

- The Vermont River Conservancy aims to permanently protect a swimming hole in every town. With the help of a \$33,000 VHCB award, VRC protected the Rainbow Rock Swimming Hole in Chester, a popular swimming hole within walking distance of the village center.
- The Vermont Land Trust conserved the Westford Town Forest, which protects public access on 130-acres of forestland between the Town Center and the Elementary School. The forest provides a network of trails, abuts conserved farmland, and is cherished by town residents.

Historic Preservation

In partnership with the Preservation Trust of Vermont and communities across the state, the Board invests every year in the rehabilitation and restoration of historic public buildings that play an important role in community vitality. From performing arts centers to village stores, these projects can become the keystone of community redevelopment efforts and provide economic stimulus.

- Rise Up Bakery is an exciting project taking shape in Barre behind the Old Socialist Labor Hall, a building on the National Register of Historic Places. Originally built by granite workers in 1913, the bakery once turned out hundreds of loaves of bread each week. The Barre Historical

Society is spearheading the effort to restore the wood-fired bakehouse. Once complete, the plan is to use it as a bread bakery and a teaching kitchen for local culinary students and the community at large, creating a workforce development program with the added benefit of providing jobs, educational opportunities, and community bonding

Energy Efficiency: Economic and Environmental Benefits

Since 2008, VHCB has strategically invested in energy efficiency improvements in the state's portfolio of affordable housing. Measures include air sealing, increasing insulation, and replacing aging boilers with air source heat pumps and biomass boilers. These energy efficiency improvements reduce operating costs, helping to maintain affordability, and also support the goal of Vermont's Comprehensive Energy Plan to achieve 90% of our total energy needs from renewable sources by 2050.

- In 2017, Vermont's first net-zero apartment building was developed by Cathedral Square Corporation. Certified to the Passive House Standard, Elm Place in Milton provides housing for 30 older adults in a state-of-the-art building located in the center of town. The development won Best Overall Passive Building in the multifamily project category in the 2017 Passive House Institute US Projects Competition.
- At Evergreen Manor, a mobile home park in Hardwick, the Lamoille Housing Partnership used VHCB funding to purchase 14 net-zero-capable modular homes, replacing aging mobile homes and nearly eliminating energy costs for residents while increasing comfort year round.

Food Access & Affordable Housing Initiative

Vermont prides itself as a leader in the local food movement. However, locally produced and nutritious foods tend to be more expensive and are less accessible for the nearly 13% of low-income Vermonters who experience food insecurity. The Food Access & Affordable Housing Initiative is a VHCB effort started in 2014 that seeks to inspire and improve collaboration between affordable housing stakeholders and food systems organizations.

In 2017, with assistance from the High Meadows Fund of the Vermont Community Foundation, the initiative awarded a total of \$14,988 for five projects ranging from cooking and exercise classes to gardening and edible landscaping. These projects target barriers to eating well, from cost, to familiarity with new foods—and ultimately build a sense of community around healthy, local food.

Disaster Resilience

In addition to providing \$2 million to support the FEMA buyouts of homes damaged by Tropical Storm Irene and restoring floodplain, VHCB's housing and conservation investments are making communities more resilient. In Brattleboro, flooded homes were replaced with new housing at Red Clover Commons. This year VHCB funding is helping the town acquire and restore a former floodplain parcel on the Whetstone Brook.

LEAN: Process Improvements in Farmland Preservation

VHCB has been steadily implementing the recommendations for improvements to its farmland preservation program identified through a LEAN exercise undertaken with state and federal partner agencies. These improvements are designed to improve service to farmers, better align roles and processes within the limits of federal regulations and, therefore, to better meet the goal of leveraging other resources for the purposes of retaining Vermont's quality agricultural land base and keeping it in active production.

After undertaking the LEAN process VHCB applied for and became the first state jurisdiction to become an NRCS "Certified Entity." This designation delegates authority from the federal government to VHCB. This will speed up the closing process for landowners.

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. 59 Federally subsidized at risk housing projects containing more than 2,100 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 701 farms consisting of 164,015 acres have been conserved.
6. The community land trust model of homeownership has been brought to scale - over 1,000 homes and more than 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. 104 projects have added 193,300 acres to state parks, state forests, 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 \$322 million dollars VHCB's partners have leveraged additional investment of over \$1.5 billion dollars.

10. More than 12,600 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. More than 1,800 homes have been made accessible in partnership with the Vermont Center for Independent Living.

13. The Farm and Forest Viability Program has assisted more approximately 700 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. Easements on farms conserved with VHCB funds include special protections for surface waters, going beyond Required Agricultural Practices. Two-thirds of the farms conserved by VHCB the past 2 fiscal years are located in the Lake Champlain Basin, and all farms in the past two years containing surface waters have water quality protections in the easement, including over 16 miles of riparian buffers. VHCB also supported the conservation of 3,431 acres of forested uplands, wetlands, and floodplains in 21 towns and 12 counties in the past two years. These projects protected over 15 miles of headwater streams, river shores, and lake frontage, and 95 acres of wetlands.

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. More than 860 Apartments will be heated with modern wood heat. 413 apartments utilize photovoltaics for hot water and Vermont's first development utilizing a geothermal system for heating and cooling opened recently in Brattleboro.

16. In partnership with the Vermont Land Trust's Farmland Access Program approximately 60 farmers have purchased their first farm.

VHCB and/or 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, Federal Home Loan Bank and veterans housing, working with human service agencies to focus on residents in need of services. VHCB's Farm and Forest Viability Program won competitive awards from both USDA's RBEG program, the Beginning Farmers and Ranchers Development Program, and the Northern Borders Regional Commission.

Although VHCB only reports on capital leverage, performance partners have attracted hundreds of additional rental assistance units. This means annual operating subsidies worth approximately \$7,000 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.

VHCB PROGRAMS

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

- Rural Economic Development Initiative (REDI)
- Water Quality Grants
- Farmland Conservation
- Vermont Farm & Forest Viability Program
- Farmland Access
- Forestland, Recreational land and Natural Area Conservation
- Multi-Family Housing Development and Preservation
- Home Ownership
- Home Access
- Vermont Lead Paint Hazard Reduction/Healthy Homes
- AmeriCorps
- Community Planning & Technical Assistance
- Historic Preservation
- Modular Housing Innovation Program
- Housing Opportunities for Persons living with HIV/AIDS

To learn more about any of VHCB's individual programs please visit our website.
<http://www.vhcb.org>

Measuring Productivity and Effectiveness

VHCB is in the process of developing systems to increase its reporting capability, including performance accountability. 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 30 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 12,600 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 700 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.

Accountability

VHCB is beginning the review of our outcomes and measurements against the background of Results 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 will be informed by results in a number of our programs, with examples below:

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

In 2017, the program assisted a number of businesses to further the mission of enhancing the economic viability of Vermont's farm, food and forest products enterprises

Surveys of participants measuring improved skills, profitability and jobs.

51 farms received business planning services

40 farms received a second year of services

54 farms received short-term planning assistance

9 food businesses received one-on-one technical assistance

9 forest products businesses received one-on-one technical assistance

58 loggers attended 3 business management workshops

21 family forestland owners attended 2 succession planning workshops

8 forestland-owning families received one-on-one succession planning assistance

25 Farms received Dairy Improvement Grants

14 farms received grants for water quality projects

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.
- Together with volunteers, members annually steward an average of 15,000 acres of conserved and public lands.

- 3,224 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. This includes 755 Homeless Individuals, 127 Homeless Families, and 48 veterans.
- 776 economically disadvantaged individuals transitioned into safe, healthy, affordable housing as a result of AmeriCorps Member services and 245 Units of Housing were improved or made available through landlord negotiation, weatherization, home repairs, housing vouchers, etc.
- 34,706 acres of natural areas received stewardship measures, including invasive removal; trail maintenance; tree plantings; trail and structures damage assessment; ditch repair; lands restoration; boundary marking; and easement monitoring.
- 1,190 economically disadvantaged individuals received financial literacy services, including rental readiness, credit repair counseling, household budgeting, savings account education, and pre and post-purchase education.
- 514 Units of housing have received services intended to improve energy efficiency and/or reduce carbon emissions.
- 4,626 individuals received services to improve access to healthy foods or improved food security
- Of the members that have served in the most recent 3 year grant cycle, 97% noted that the program met their expectations and 99% of members indicated that they would recommend VHCB AmeriCorps to others.

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.

The Board includes 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 to be allowed under the easements, and VHCB staff reviews approximately 60 such requests a year.