

**Vermont  
Housing &  
Conservation  
Board**



**Vermont Housing & Conservation Board  
Budget Packet  
FY2018**

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**Table of Contents:**

Introduction to VHCB budget .....	1
Sources & Uses.....	2
Sources & Uses Chart Explanations .....	3-4
Program Profile.....	5
Detail of All Estimated Revenues.....	6
Reconciliation of Budget Book to VHCB docs....	7
Crosswalk/Budget Development Form.....	8
Executive Budget documents (VHCB excerpts)....	9-12
Department Overview.....	13-27



## VHCB and the Governor's FY2018 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." By statute, VHCB is to receive a percentage of the Property Transfer Tax revenue (50% of annual revenues, after 1% reduction for Tax Department).

VHCB's annual state appropriation comes mainly from Property Transfer Tax receipts. Notwithstanding the statutory language, the Governor's FY2018 budget recommends \$12,304,840 for VHCB from the Property Transfer Tax and, an additional \$4,000,000 from the Capital Bill.

In addition, Governor Scott has proposed, in partnership with Vermont Housing & Conservation Board, a revenue bond that would produce approximately \$35 million to build and improve housing. VHCB will administer the proceeds and \$2.5 million in PTT tax revenue will be dedicated to paying debt service on the bond over 20 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).

The enclosed budget documents reflect the recommended PTT of \$12,304,840 and Capital Bill Bond funds of \$4,000,000, for a total of \$16,304,840 as state resources. VHCB is working with the administration, State Treasurer and Vermont Housing Finance Agency on a proposed structure and timing of the revenue bond in order to maximize the yield and ability to leverage other funds. The specific terms and details were not known at the time of this document's creation. Therefore, potential revenues associated with the revenue bond, annual debt service costs, and the estimated impact on housing outcomes have not been incorporated into the accompanying budget documents.

The Governor has also recommended proposed language dedicating PTT revenue to the repayment of the bond. It is a placeholder and is under review by the State Treasurer's bond counsel and financial advisor. VHCB will update the committee, budget documents and statutory language as needed and as the information becomes available. As noted below, \$2.5 million of VHCB's appropriation for FY2018, and for each of the next 19 years, would be dedicated to debt service for the bond.

<b>Governor's Recommend:</b>	
Property Transfer Tax	\$ 12,304,840
Capital Bond	4,000,000
<b>Resources shown in attached Budget reports:</b>	<b><u>16,304,840</u></b>
If Revenue Bond for Housing, then:	
Less PTT for Debt Service - Yr 1	<u>(2,500,000)</u>
<b>Revised Resources for FY2018 showing impact of Revenue Bond Debt Service</b>	<b><u>\$ 13,804,840</u></b>

### **Revenue Bond of \$32-35 million**

Anticipated commitment of Bond for Housing projects  
in FY2018: \$10-16 million

**Vermont Housing & Conservation Board  
FY2018 - Based on Governor's Recommend  
SOURCES & USES**

<b>PROGRAMS/GRANTS:</b>	<b>Housing &amp; Conservation (Trust Fund)</b>	<b>NRCS ALE (Fed)</b>	<b>NRCS RCPP (Fed)</b>	<b>Farm &amp; Forest Viability Program</b>	<b>Ameri-Corps</b>	<b>HOME</b>	<b>HOPWA (HUD)</b>	<b>NHT</b>	<b>LEAD Hazard Red. (HUD)</b>	<b>TOTALS</b>
<b>SOURCES:</b>										
Property Transfer Tax (by Statute) Less: Contribution to General Fund										20,740,500 (8,435,660)
<b>Net Property Transfer Tax to receive Capital Bill</b>	10,633,651	474,496		722,840	360,925	90,399	22,529			<b>12,304,840</b>
	4,000,000									<b>4,000,000</b>
Loan Repayments	107,900									<b>107,900</b>
Interest on Fund	30,000									<b>30,000</b>
Federal Grants		2,500,000	1,000,000	198,602	368,669	2,955,000	489,265	3,000,000	1,077,049	<b>11,588,585</b>
Housing Mitigation Funds	25,000									<b>25,000</b>
Act 250 & Other Mitigation Funds	250,000									<b>250,000</b>
Other - Foundations, Miscellaneous	5,000			427,707						<b>432,707</b>
<b>Subtotal FY2018 new resources:</b>	15,051,551	2,974,496	1,000,000	1,349,149	729,594	3,045,399	511,794	3,000,000	1,077,049	<b>28,739,032</b>
Completion of prior years' federal awards:		2,000,000	850,000			2,000,000		2,250,000		<b>7,100,000</b>
<b>TOTAL Sources:</b>	<b>15,051,551</b>	<b>4,974,496</b>	<b>1,850,000</b>	<b>1,349,149</b>	<b>729,594</b>	<b>5,045,399</b>	<b>511,794</b>	<b>5,250,000</b>	<b>1,077,049</b>	<b>35,839,032</b>

<b>USES:</b>										
Operations	1,482,329	424,496		41,794	16,724	324,899	33,794	254,412	44,512	<b>2,622,960</b>
Direct Program/Project Expense	440,628	50,000	-	376,145	712,870	20,500	-	15,500	563,380	<b>2,179,023</b>
Project Grant and Loans *	13,128,594	2,500,000	1,000,000	931,210		2,700,000	478,000	2,730,088	469,157	<b>23,937,049</b>
Project Grant and Loans - completion of prior years' federal awards		2,000,000	850,000			2,000,000		2,250,000		<b>7,100,000</b>
<b>TOTAL Uses:</b>	<b>15,051,551</b>	<b>4,974,496</b>	<b>1,850,000</b>	<b>1,349,149</b>	<b>729,594</b>	<b>5,045,399</b>	<b>511,794</b>	<b>5,250,000</b>	<b>1,077,049</b>	<b>35,839,032</b>

\* If we are successful in acquiring an approximate \$35,000,000 Revenue Bond, \$2.5 million of this amount would be needed for Debt Service. We would anticipate being able to commit \$10-16 million of the Revenue Bond within the first year.

**VERMONT HOUSING AND CONSERVATION BOARD  
SOURCES AND USES Chart - EXPLANATION, FY2018 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 2018.

**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 1% is deducted for the Department of Taxes, Division of Property Evaluation & Review). Those funds are deposited by the State to the Vermont Housing & Conservation Trust Fund. The January 2017 projection of the FY2018 PTT is a continuation of the climb from prior years. VHCB’s statutory share of the projected amount would be \$20,740,500 for FY2018. The Governor’s recommendation for FY2018 is \$12,304,840 in Property Transfer Tax revenues, as well as \$4,000,000 in Capital Bill funding for total funding of \$16,304,840. The Property Transfer Tax difference of \$8,435,600 will go to the State’s FY2018 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 reported across the Sources & Uses chart in the respective column to which they are applicable.

- **Capital Bond Proceeds - State** – \$4.0 million has been recommended for FY2018.
- **Loan Repayments** – This amount represents collections of principal & interest on outstanding loans expected to be received during FY2018. 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 FY2018.
- **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 last of a 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. While similar to HOME, HTF 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. In FY2017 VHCB received the small state minimum of \$3,000,000. FY2018 will be the second year of administering these funds; the likelihood of this level funding is unknown due to the status of the Federal budget.
- HOPWA (HUD) – This amount represents the FY2018 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.
- Lead Hazard Control Grant (HUD) –This amount represents the second year of a 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 used to supplement project awards, and are targeted to the geographic areas to which they relate. Amounts are estimated; funds 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**

- **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 2018  
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>	Grants and loans for perpetually affordable housing development and implementation; support of program & delivery system						
FY 2016 expenditures		8,651,837	604,142			9,255,979	11.63
FY 2017 estimated expenditures		6,021,960	3,000,000			9,021,960	10.75
FY 2018 budget request		6,701,477	2,400,000			9,101,477	10.23
<b>HOME PROGRAM</b>	Federal grant and loan program for multi-family housing						
FY 2016 expenditures		74,974		2,379,675		2,454,649	2.37
FY 2017 estimated expenditures		34,615		2,955,000	2,727,500	5,717,115	2.31
FY 2018 budget request		90,399		2,955,000	2,000,000	5,045,399	2.88
<b>HUD Housing Trust Fund</b>	Grant and Loan Program for federal National Housing Trust funds for housing						
FY 2016 expenditures				14,770		14,770	0.14
FY 2017 estimated expenditures				3,000,000	-	3,000,000	1.60
FY 2018 budget request				3,000,000	2,250,000	5,250,000	2.25
<b>HUD SPECIAL PROJECTS</b>	Federal Funds to supplement VHCB funds in particular housing projects						
FY 2016 expenditures				216,701		216,701	
FY 2017 estimated expenditures				-	350,000	350,000	-
FY 2018 budget request						-	
<b>USDA-RCPP</b>	Water quality improvement program - qualifying easements in Lake Champlain basin						
FY 2016 expenditures			1,179,767	167,600		1,347,367	-
FY 2017 estimated expenditures		-		1,000,000	850,000	1,850,000	-
FY 2018 budget request				1,000,000	850,000	1,850,000	
<b>CONSERVATION-Agriculture/FPP</b>	Development Rights purchase of farmland; associated costs; support of delivery system						
FY 2016 expenditures		1,996,208	776,398	2,137,800		4,910,406	5.36
FY 2017 estimated expenditures		2,944,887	1,000,000	2,500,000	2,050,000	8,494,887	5.78
FY 2018 budget request		3,469,537	1,200,000	2,500,000	2,000,000	9,169,537	6.17
<b>Farm &amp; Forest Viability Program</b>	Provide assistance to farmers, and ag and forest related entities to enhance viability of Vermont agriculture and the forestry industry						
FY 2016 expenditures		1,177,655		260,644	-	1,438,299	3.72
FY 2017 estimated expenditures		1,258,850		190,000	-	1,448,850	3.51
FY 2018 budget request		1,150,547		198,602		1,349,149	3.58
<b>CONSERVATION-Natural Areas</b>	Grants for conservation of natural areas, recreational lands and historic properties						
FY 2016 expenditures		1,683,962	199,562			1,883,524	2.66
FY 2017 estimated expenditures		1,689,188				1,689,188	2.70
FY 2018 budget request		1,355,032	400,000			1,755,032	2.68
<b>HUD - HOPWA</b>	Federal Grant for Housing Opportunities for Persons with AIDS						
FY 2016 expenditures				507,311		507,311	0.31
FY 2017 estimated expenditures		34,404		478,000		512,404	0.32
FY 2018 budget request		22,530		489,265		511,795	0.30
<b>AmeriCorps</b>	Federal Grant - Community Stewardship Prog. - Coordinate placement of AmeriCorp Members with non-profit hsg & cons programs						
FY 2016 expenditures		338,090		415,869		753,958	2.19
FY 2017 estimated expenditures		290,737		368,669		659,406	2.05
FY 2018 budget request		360,925		368,669		729,594	2.11
<b>LEAD-BASED PAINT ABATEMENT</b>	Federal Lead-Paint hazard reduction control program serving to eliminate lead poisoning by providing lead-safe housing						
FY 2016 expenditures		100,706		896,781		997,487	4.78
FY 2017 estimated expenditures		23,167		1,070,000		1,093,167	4.91
FY 2018 budget request				1,077,049		1,077,049	4.91
<b>HEALTHY HOMES VT</b>	Federal HUD funds to identify and mitigate safety hazards within homes in Vermont						
FY 2016 expenditures				433,646		433,646	0.60
FY 2017 estimated expenditures				-		-	-
FY 2018 budget request				-		-	-
<b>Totals</b>							
	FY 2016 expenditures	14,023,431	2,759,869	7,430,798	-	24,214,098	33.8
	FY 2017 estimated expenditures	12,297,808	4,000,000	11,561,669	5,977,500	33,836,977	33.9
	FY 2018 budget request	13,150,447	4,000,000	11,588,585	7,100,000	35,839,032	35.1

Vermont Housing & Conservation Board - FY2018  
 Detail of All Estimated Revenue Sources

**Federal Fund**

**Federal - new in FY2018**

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	1,056,536	
		<hr/>
<b>Total Federal new in FY18</b>		<b>11,588,585</b>

**Federal - Completion of prior year grants**

HOME Program	2,000,000	
National Housing Trust Fund	2,250,000	
NRCS - ALE	2,000,000	
NRCS RCPP - ALE	850,000	
		<hr/>
<b>Total Federal - Completion of prior years</b>		<b>7,100,000</b>

<b>Total Federal</b>	<b>\$ 18,688,585</b>
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**Special Fund**

	<b>Property Transfer Tax</b>	12,304,840
Loan Repayments	107,900	
Housing Mitigation Funds	25,000	
Act 250 Mitigation Funds	250,000	
Other - Includes FFVP Restricted Grants	432,707	
Interest on Fund	30,000	
		<hr/>
<b>Total Other Revenue</b>		<b>845,607</b>

<b>Total Special</b>	<b>\$ 13,150,447</b>
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**Capital Bond**

Capital Bond Funding	4,000,000
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<b>Total Capital Bond</b>	<b>\$ 4,000,000</b>
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<b>Total Special, Federal &amp; Capital</b>	<b>\$ 35,839,032</b>
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**FY2018**

**RECONCILIATION OF BUDGET BOOK TO VHCB BUDGET DOCUMENTS**

**Vermont Housing & Conservation Board**

From Budget Book Budget Summary, page 928	FY 2018 Governor Recommend			Diff between FY18 Gov Rec and FY17	Percentage Chg: FY2018 Gov Rec and FY2017
	FY 2016 Actual	FY 2017			
<b>Appropriation</b>					
<b>Total</b>	<b>\$ 20,683,624</b>	<b>\$ 27,086,977</b>	<b>\$ 27,939,616</b>		
<b>Fund Type</b>					
Special Fund - Housing & Conservation Trust Fund	\$ 13,822,051 *	\$ 12,297,808	\$ 13,150,447	\$ 852,639	6.9%
Federal Fund - VHCB	\$ 6,861,573 *	\$ 14,789,169 **	\$ 14,789,169 ***	\$ -	0.0%
<b>Total</b>	<b>\$ 20,683,624</b>	<b>\$ 27,086,977</b>	<b>\$ 27,939,616</b>	<b>\$ 852,639</b>	<b>3.1%</b>

<b>Restated to include all resources:</b>				Diff between FY18 and FY17	Percentage Chg: FY18 and FY17
<b>Fund Type:</b>	FY 2016 Actual	FY 2017	FY 2018		
Special Fund - Housing & Conservation Trust Fund	\$ 14,023,431 *	\$ 12,297,808	\$ 13,150,447	\$ 852,639	6.9%
Federal Fund - VHCB	\$ 7,430,798 *	\$ 17,539,169 **	\$ 18,688,585 ***	\$ 1,149,416	6.6%
Capital Bill Appropriation	\$ 2,759,869 *	\$ 4,000,000	\$ 4,000,000	\$ -	0.0%
<b>Total:</b>	<b>\$ 24,214,098</b>	<b>\$ 33,836,977</b>	<b>\$ 35,839,032</b>	<b>\$ 2,002,055</b>	<b>5.9%</b>

\*FY2016 - Amounts have been restated here to reflect actual spending amounts and agree with VHCB audited financial statements.

\*\* FY2017 - Federal Fund increased to show receipt of National Housing Trust fund of \$2,750,000

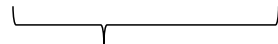
\*\*\* FY2018 - Federal Fund adjusted to reflect pending Technical Correction \$3,899,416 to the Governor's budget  
- Capital Bill recommendation of \$4,000,000 included



**FY 2018 Crosswalk/Budget Development Form - Vermont Housing & Conservation Board**

	Special \$\$	Capital Bond Fund \$	Federal \$\$	Completion of Prior Years' Federal Awards \$	Total \$\$
Total FY2017 Appropriations:	12,297,808	4,000,000	8,811,669	5,977,500	31,086,977
Additional FY2017 Federal Grant revenue			2,750,000		2,750,000
Final FY2017	12,297,808	4,000,000	11,561,669	5,977,500	33,836,977
<b>CHANGES in Projected Resources (Decrease) Increase:</b>					
Property Transfer Tax	1,000,000				1,000,000
HOME Program				(727,500)	(727,500)
National Housing Trust				2,250,000	2,250,000
Special Purpose Grant				(350,000)	(350,000)
Capital Bill					0
Federal Grants:					
HUD HOPWA			11,265		11,265
HUD - Lead Hazard Reduction			7,049		7,049
NRCS Federal Farm Preservation/ALE Program				(50,000)	(50,000)
Miscellaneous Federal grants			8,602		8,602
Foundation Grants - FFVP & MHIP	(231,434)				(231,434)
Loan Repayments	67,073				67,073
Interest on Fund	17,000				17,000
<b>Subtotal of increases/decreases</b>	<b>852,639</b>	<b>0</b>	<b>26,916</b>	<b>1,122,500</b>	<b>2,002,055</b>
<b>FY 2018 Governor Recommend</b>	<b>13,150,447</b>	<b>4,000,000</b>	<b>11,588,585</b>	<b>7,100,000</b>	<b>35,839,032</b>

Vermont Housing & Conservation Board FY 2017 Appropriation	12,297,808	4,000,000	8,811,669	5,977,500	31,086,977
Additional FY2017 Federal Grant			2,750,000		
<b>TOTAL INCREASES/DECREASES</b>	<b>852,639</b>	<b>0</b>	<b>26,916</b>	<b>1,122,500</b>	<b>2,002,055</b>
Vermont Housing & Conservation Board FY 2018 Governor Recommend (with pending Technical Correction)	13,150,447	4,000,000	11,588,585	7,100,000	33,089,032



18,688,585 Total FY2018 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 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.

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 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. 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. From 2002 to 2012 job growth in the farm and food sector increased by 5,000 jobs; 5) supportive services in affordable housing avoids the cost of institutional settings (i.e., state hospitals, nursing homes, prisons, motels). Transitional housing for 100 former inmates has resulted in an annual savings of \$4.5 million to the state budget; and 6) programs like SASH, Lead and Healthy Homes contribute to Vermont health care goals. 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 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 because as property transfers increased the pressure on affordable housing and public access to important land and farm resources also increase. These funds



## Arts Council, Symphony Orchestra, Historical Society, VHCB

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 (most recently in FY2016 and FY2017), 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. In FY2018 the Property Transfer Tax is expected to generate \$20.384 million as the VHCB statutory portion. The proposed appropriation for Property Transfer Tax is \$12,304,840, and an additional \$4,000,000 from the Capital Bill, for a total of State resources of \$16,304,840.

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 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. 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 \$210 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 federal Agricultural Lands Easement Program. VHCB has been able to match state funds with \$50 million from this program to date. VHCB's farmland conservation portfolio included water quality protections on 43 farms of the 47 farm projects in FY2016 and 2017. VHCB helped secure a federal grant from RCPP 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, with eligible VHCB funded agricultural awards and program costs. Funding at the statutory level will be critical to VHCB's ability to meet the requirement pledged to the State's benefit.

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 14 years, the Farm and Forest Viability Program has assisted 545 businesses providing over 1670 jobs. Participants most recently reported a 15% increase in gross income and 35% 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 42 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.

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 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 2018, 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. The unmet need for housing affordable to working households limits businesses' ability to recruit employees and constrains growth.

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 2018**

#### 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 \$12,304,840 for VHCB from the Property Transfer Tax; and, an additional \$4,000,000 from the Capital Bill.

In addition, Governor Scott is proposing, in partnership with Vermont Housing and Conservation Board, a revenue bond that would produce approximately \$35 million for the Housing for All initiative. VHCB will administer the proceeds and \$2.5 million in transfer tax revenue will be dedicated to paying debt service on the bond.



## Arts Council, Symphony Orchestra, Historical Society, VHCB

Both the Vermont Chamber of Commerce and the Corporation for Supportive Housing issued separate reports in the last month calling for an increased supply of housing to meet Vermonta??s needs. VHCB will ramp up efforts both to protect the vulnerable and to add housing supply for Vermonters between 60-120% of median income including more homeownership opportunities.

### Budget Summary

	FY 2016 Actual	FY 2017 Budget as Passed	FY 2018 Governor Recommended
<b>Object Rollups</b>			
Other Operating Expenses	\$3,220,000	\$0	\$0
Grants Rollup	\$17,463,624	\$27,086,977	\$27,939,616
<b>Total</b>	<b>\$20,683,624</b>	<b>\$27,086,977</b>	<b>\$27,939,616</b>
<b>Fund Type</b>			
Federal Funds	\$6,861,573	\$14,789,169	\$14,789,169
Special Fund	\$13,822,051	\$12,297,808	\$13,150,447
<b>Total</b>	<b>\$20,683,624</b>	<b>\$27,086,977</b>	<b>\$27,939,616</b>

### Budget Detail

Budget Object	FY 2016 Actuals	FY 2017 As Passed	FY 2018 Governor's Recommend	Difference FY17-18	Percentage Change
<b>Other Operating Expenses</b>					
720010 - Transfer Out-Component Units	\$3,220,000	\$0	\$0	\$0	0.0%
<b>Total</b>	<b>\$3,220,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.0%</b>
<b>Grants Rollup</b>					
550220 - Grants	\$9,122,248	\$27,086,977	\$27,939,616	\$852,639	3.1%
550240 - Loans	\$6,753,876	\$0	\$0	\$0	0.0%
552990 - Other Direct Grant Expense	\$1,587,500	\$0	\$0	\$0	0.0%
<b>Total</b>	<b>\$17,463,624</b>	<b>\$27,086,977</b>	<b>\$27,939,616</b>	<b>\$852,639</b>	<b>3.1%</b>
<b>Grand Total</b>	<b>\$20,683,624</b>	<b>\$27,086,977</b>	<b>\$27,939,616</b>	<b>\$852,639</b>	<b>3.1%</b>

Fund	FY 2016 Actuals	FY 2017 As Passed	FY 2018 Governor's Recommend	Difference FY17-18	Percentage Change
90610 - Housing & Conserv Trust Fund	\$13,822,051	\$12,297,808	\$13,150,447	\$852,639	6.9%
90630 - Federal Fund - VHCB	\$6,861,573	\$14,789,169	\$14,789,169	\$0	0.0%
<b>Total</b>	<b>\$20,683,624</b>	<b>\$27,086,977</b>	<b>\$27,939,616</b>	<b>\$852,639</b>	<b>3.1%</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

2016	2017
429 affordable housing units created or improved	411 affordable housing units created or improved
24 farms; 3,443 acres conserved	25 farms; 2,860 acres conserved
7 natural area projects; 5,125 acres conserved	10 natural area projects; 1,826 acres conserved
1 historic project preserved	1 historic project preserved
80 Viability Program participants	82 Viability Program participants
VHCB investment FY16&17:	\$ 19.3 Million
Leverage FY16&17	\$125 Million

#### 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.

Specifically, VHCB:

- 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;
- Includes special easement language protects surface waters;
- 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 \$796,631 in Dairy Improvement Grants to 32 farmers; 17 of the grants were for water quality improvements;
- The Viability Program provides financial planning and technical services related to water quality investments and practices to farmers.

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.”

There are significant economic and environmental values to riparian buffers on farmland. Two-thirds of the farms conserved by VHCB in the past two fiscal years are located in the Lake Champlain Basin. All farms with surface waters have water quality protections in the easement, including over 13 miles of riparian buffers.

## **Housing for the 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.

Helping Vermonters most in need has been a particularly high priority over the course of the past year. During this period alone, our local housing partners have housed 263 homeless families and individuals. This is due, in part, to funding in recent years of projects like Harbor Place in Shelburne and Beacon Apartments in South Burlington, Great River Terrace in Brattleboro, COTS' 95 North Avenue in Burlington and a developing collaboration to house the homeless in Rutland. These new and repurposed buildings not only help the formerly homeless stabilize their lives and find permanent housing, but are also shown to reduce health care costs and the need for expensive institutional services such as prisons, mental health facilities, nursing homes or motel stays.

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.

## **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



this year 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.

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.

### **Farm & Forest Viability**

VHCB's Farm & Forest Viability Program and its network of advisors supported the growth of more than 130 working lands businesses in 2016. 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 enters its 15<sup>th</sup> 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.

### **Energy-Efficient Homes**

The past year saw the opening of a new neighborhood of 14 high performance modular homes on the site of an abandoned mobile home park in Waltham. The homes use approximately 1/3 of the energy of a typical home and are making cutting edge efficiency technology available to low income Vermonters. A total of 54 of these homes, Vermods, have been delivered around the state on private land and in mobile home parks including several at the Evergreen MHP in Hardwick. Vermods are made in Wilder, Vermont by a new and growing business with 15 employees.

Now under construction in Milton is Vermont's first "Passive House" certified multi-family building. Employing advanced building science principles, the project will create 30 new affordable homes for seniors. "Passive House" is a leading edge design standard balancing investment and performance to achieve net-zero capable building solutions that will be required to meet the state of Vermont's Comprehensive Energy Plan goals over the next decade.

### **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 are being replaced with new housing at Red Clover Commons while VHCB funding is helping the town acquire and restore a former floodplain parcel on the Whetstone Brook. The former will move seniors and those with

disabilities to homes out of harm's way while the latter is designed to reduce the risk of future flooding in downtown Brattleboro.

### **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.

### **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 682 farms consisting of 161,700 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. 102 projects have added 193,000 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 \$311 million dollars VHCB's partners have leveraged additional investment of over \$1.3 billion dollars.
10. More than 12,100 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 than 550 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. 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 55 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. VHCB's Farm and Forest Viability Program won competitive awards from both USDA's RBEG 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 \$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:

- 12,100 Units of Affordable Housing
- 682 Farms with 161,700 acres
- 261,000 acres conserved for recreation and natural areas.
- 67 historic buildings
- More than 550 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 National Housing Trust Fund and 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 has added criteria and requirements focusing upon enhancing soil health and improving water quality. 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 2016, the program supported business growth for more than 130 working lands businesses. 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 550 participants. 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 VHCB 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 administered \$30 million to reduce lead and other hazards in more than 2600 units of housing statewide.

### **Energy Efficiency**

Affordable housing owners and developers began to work with VHCB and other housing funders to utilize 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 1083 new or adaptive reuse units since FY2008. We and our partners also rehabilitate 3,641 apartments. By building to more efficient standards the 1083 new and adaptive reuse units are saving on average an additional 8-12% or 30 gallons per unit per year compared with current Vermont construction standards. This generates an additional cost savings of \$106 per unit per year or \$114,435 in annual total statewide savings. The 3,641 rehabilitated apartments have saved on average 131 gallons per unit per year (35-40% savings) with a per unit annual cost savings of \$460 (\$1.67M annual total statewide savings) In total the energy efficiency upgrades associated with these units saves the equivalent of 511,124 gallons of

fuel oil annually statewide and mitigates 11,500,000 lbs. of carbon per year. Included in this effort has been the installation of over 82 solar hot water systems, 41 site-based electric photovoltaic systems, 35 biomass systems (wood pellets) and 73 units of housing heated with cold climate air source heat pumps. In addition there are now 57 new units of Passive House Certified or Net Zero units included with the new construction total listed above. 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** - 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.

**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 \$80 million in HOME funds and awarded HOME funds to a total of 287 projects, containing a total of 1,631 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. 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 has begun administering its seventh three-year award.
3. 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 more than \$50 million administered by the Board has provided a 1:1 match for state funds for the purchase of development rights on agricultural lands.
4. Farm and Forest Viability Program. This program administers funds from USDA and the Northern Borders Regional Commission.
5. National Housing Trust Fund. The National Housing Trust Fund (NHTF) is a new federal affordable housing production program that complements 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. Funding for the NHTF comes from an assessment on loans made by Freddie Mae and Fannie Mac. VHCB received \$3 million from the NHTF this current year (FY2017), and is currently projecting a similar amount in FY2018. The actual amount from the NHTF in FY2018 is currently unknown, pending budget discussions on the national level.

6. NRCS Regional Conservation Partnership Program (RCPP). This funding will be used to improve water quality in the in the Lake Champlain basin. The funds are awarded directly to VHCB and can be used only for qualifying easements with 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 he course of the State's \$16,000,000 five year grant.

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. A recent such development is 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. 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 550 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.

### **Results Based 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 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**

In 2016, 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

49 farms received business planning services

39 farms received a second year of services

30 farms received short-term planning assistance

17 food hubs received one-on-one technical assistance

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

46 loggers attended 3 business management workshops  
17 family forestland owners attended 2 succession planning workshops  
5 forestland-owning families received one-on-one succession planning assistance  
5 dairy 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.
- 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.

2016:

- 3852 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. These 3853 Individuals included 122 Veterans, 2639 homeless individuals, and 166 homeless family units.
- With the help of member efforts, 549 economically disadvantaged individuals transitioned into safe, healthy, affordable housing and 254 Units of Housing were improved or made available through landlord negotiation, weatherization, home repairs, housing vouchers, etc.
- 2057 Individuals received job placement services (job seeking help, resume/application assistance, training, etc) in order to improve housing stability.

- 17,837 acres received stewardship measures, including invasive removal, trail and structures damage assessment, ditch repair, lands restoration, boundary marking; and more. 339 miles of trails and paths were created, maintained, or otherwise stewarded, and 27,979 trees were planted and/or maintained.
- 12 miles of waterways and/or shorelines were cleaned, improved, or otherwise stewarded.
- 31,670 individuals received environmental education services from AmeriCorps Members through school programs, public programs, day camps, and service learning projects of which 13,751 of these individuals were students or youth.
- 1,143 volunteers were mobilized by VHCB AmeriCorps Members who logged 9,559 hours of voluntary service.
- 100% members that successfully completed the program reported improvement in pre-determined Life Skills through their service participation, and 100% of members reported: they will continue to be engaged in civic participation after their term of service; they created or grew their personal/professional network while serving; and they feel better equipped to secure employment.

## **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.