

House Appropriations Committee Testimony
February 21, 2019

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Downstreet Housing and Community Development

Downstreet strengthens the communities of Central Vermont by engaging with people, providing affordable homes, and connecting people to the resources and services they need to thrive.

On behalf of Downstreet's staff, our Board of Trustees and our residents, I want to thank the members of the House Appropriations Committee for their past support of affordable housing and in helping to alleviate homelessness.

I am here today to ask that 1 million dollars not be cut from VHCB and that VHCB's full 21.8M statutory share of the Property Transfer Tax be appropriated to VHCB for high priority affordable housing and land conservation investments.

The availability of VHCB funding is critical to building the affordable housing our region needs. All of our projects rely on VHCB funding along with on average 6 additional funding sources. VHCB's funds often close the gap for our small rural projects. VHCB's financial support of a project is often the difference between the project moving forward or being deferred another year. VHCB funding also often targets projects that the private market won't take on -- all of that while also creating good-paying jobs in the construction industry, increasing local and state tax revenues, and avoiding costs in the Human Services budget. VHCB funding was vital in the four projects I'd like to highlight. You have a handout on three of these projects:

French Block - This project involved the redevelopment of the two floors above Aubuchon Hardware into 18 affordable apartments. Constructed in 1875, the historic French Block is the longest commercial block in downtown Montpelier and was vacant for 75 years. Many tried to redevelop this property but VHCB's support was critical in making this project a reality.

Taylor Street – This project is currently under construction and will be completed in August. It will include 30 new apartments and the City's multi modal transit center. This project was begun by a private developer but when they pulled out, Downstreet and Housing Vermont stepped in. This project has been a City priority for over a decade. VHCB stepped in to support this project when it was unexpectedly needed.

Permanent Housing for Homeless in Randolph – Downstreet is working with the Clara Martin Center, on their campus, to create four units of permanent housing for formerly homeless individuals. This project faced a significant budget challenge and VHCB made two awards demonstrating their commitment to the project.

Lastly, VHCB funding was critical to the Tiny House project in Barre. This project, a partnership with Washington County Mental Health Services, will build two tiny homes this summer and will be a pilot project that we hope will demonstrate a viable housing option for chronically homeless individuals.

I hope this brief description of some of our projects illustrates for you the critical role VHCB plays in our complicated and challenging housing projects. When real estate markets are strong, increasing property values and transactions put pressure on affordable housing and land conservation. That is why lawmakers years ago wisely required 50 percent of the revenues raised by the Property Transfer Tax to go to VHCB - to create more affordable housing and conserve our vital farms, forest lands, and important natural areas. I again ask that you fully support VHCB in the upcoming budget.

Thank you.

FRENCH BLOCK APARTMENTS

Renovation of two stories of the historic French Block

18 units of mixed-income housing units:
16 one-bedroom apartments & 2 studio apartments

PERMANENT FUNDING SOURCES	
Federal Tax Credit Equity from TD Bank	\$4,061,581
Vermont Housing Finance Agency Loan with funds from the New England Federal Credit Union	360,000
Vermont Housing & Conservation Board (VHCB) Loan	375,000
HUD HOME Funds through VHCB	225,000
HUD Lead Program through VHCB	45,500
Vermont Community Development Program through the City of Montpelier	500,000
Proceeds from State Tax Credits (Downtown Credits) purchased by the Northfield Savings Bank	274,427
Montpelier Housing Trust Fund	175,000
NeighborWorks Loan	100,000
Efficiency VT Energy Incentives	29,700
TOTAL	\$6,146,208



PARTNERS

Downstreet Housing and Community Development and Housing Vermont partnered to redevelop the French Block Apartments. Black River Design is the project architect and Trumbull-Nelson Construction is the construction manager. Aubuchon Hardware and Realty Company played a critical role in support of the redevelopment.

PROJECT SUMMARY

This project involved the redevelopment of the two floors above Aubuchon Hardware into 18 affordable apartments. Constructed in 1875, the historic French Block is the longest commercial block in downtown Montpelier. For the past 75 years the apartments on the second and third floors have been vacant. This project creates new floor plans, essentially building new, highly efficient apartments while retaining existing historic features. The French Block Apartments will offer two studio and 16 one-bedroom apartments. Rent, which includes heat and hot water, will range from \$715 to \$875.

FUNDING

Funding totaling more than \$6.1 million from several private and public sources was raised to finance the total development costs. TD Bank provided the construction financing and will invest \$4 million in federal tax credit equity while the Northfield Savings Bank will invest \$274,427 in state tax credit equity. The Vermont Housing and Conservation Board is loaning state funds as well as funds from two HUD programs. The City of Montpelier is loaning City Housing Trust Fund money as well as VCDP funds. The Vermont Housing Finance Agency and NeighborWorks also provided loans. Preservation Trust of Vermont provided a pre-development loan of \$70,000.



Professional photos courtesy of Sally McKay.

TAYLOR STREET APARTMENTS

*Three Stories of Affordable Apartments Above
Montpelier's Multi-Modal Transit Center*

PROJECT SUMMARY

The Taylor Street project in Montpelier is an innovative collaboration between Downstreet Housing & Community Development and Housing Vermont to create 30 mixed-income apartments as part of a development that includes Montpelier's first multi-modal transit center. This project reflects the growing trend in affordable housing towards transit-oriented development, as the bottom floor of the Taylor Street project will include Greyhound and Green Mountain Transit bus stops with an indoor waiting area. The site itself is located next to the Montpelier recreation path and is close to downtown stores and services, allowing households to spend less of their income on transportation with easier access to downtown amenities and services. Transit-oriented projects like Taylor Street can help reduce the overall cost-burden for low-income renters.



PARTNERS

Downstreet Housing & Community Development and Housing Vermont are co-developers of this project, which is an effort in conjunction with the City of Montpelier. The project architect is gbA Architecture and Planning, and DEW Construction is the construction manager.

FUNDING

In 2003 Senator Patrick Leahy and former Senator Jim Jeffords worked together to secure two earmarks in the federal budget and highway bills that directed a combined \$7 million to the City of Montpelier to construct a "Montpelier Multimodal and Welcome Center." Among the funding for the project were \$450,000 in federal housing credits awarded by VHFA, which were then sold to investors to raise an estimated \$4 million in equity for construction. VHFA also awarded the project a \$500,000 permanent loan, and People's United Bank provided the construction loan. In total, the project will use \$7.6 million in funds. Other funding partners included the Vermont Housing and Conservation Board, The Montpelier Housing Trust Fund, and the Vermont Community Development Program. Of the 30 residential units, seven will make use of the Housing Bond at 80% to 120% of area median income.



TAYLOR STREET APARTMENTS

*Three Stories of Affordable Apartments Above
Montpelier's Multi-Modal Transit Center*



RESILIENT “SMALL” HOMES

A cost-friendly housing option for our rural economy

FUNDING SOURCES	
Vermont Housing & Conservation Board (VHCB)	\$ 387,000
Efficiency VT Energy Incentives	\$ 5,000
Barre Rotating Loan Fund	\$ 30,000
Agency of Human Services Dept. of Mental Health	\$ 35,000
VHCB Homeland	\$ 31,500
TD Bank/Norwich University	\$ 20,000
VHCB Feasibility Grant	\$ 8,500
TOTAL	\$ 517,000



PARTNERS

Downstreet Housing & Community Development is acting as the developer and owner. Washington County Mental Health Services will assist with tenant selection and provide services to individuals at their request. The State Department of Mental Health will also assist with tenant selection and is providing the housing vouchers for the units. Norwich University’s architecture program is designing the tiny homes and building the first one.

PROJECT SUMMARY

Two new, uniquely designed, energy-efficient resilient small home (~350 ft²) rentals will soon be nestled upon a vacant lot once home to unsuitable, deteriorating housing in Downtown Barre. The resilient small homes, paired with housing vouchers, will serve individuals who are at the 30% or below AMI, of whom will most likely be homeless and the hardest to house in our community. Additionally, the adjoining single-family home (currently in Downstreet’s Homeland Program) will be converted into two apartments also offering housing vouchers to support the same vulnerable populations. The pilot site was intentionally chosen as it presents the benefits of community and localized support and resources, specifically with a WCMHS clinical office only .5 miles away.



Images are courtesy of Norwich University and represent likeness only.



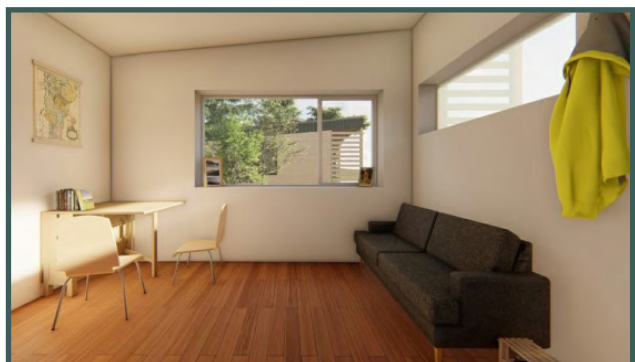
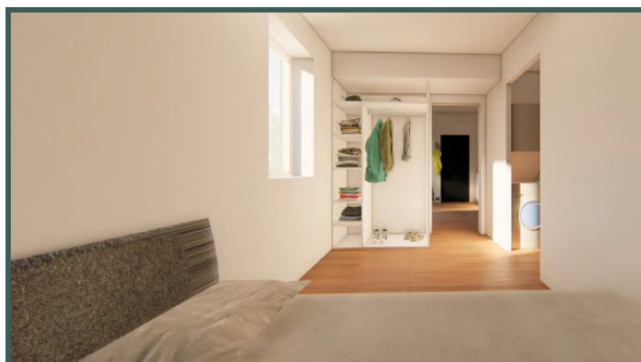
PROJECT VISION

Despite countless efforts, Vermont continues to struggle with homelessness and balancing the need for housing market expansion against the cost of doing business in a rural state. Both of these are important areas of concern, as Vermont ranks fifth in the country for the largest rental affordability gap, a status that does not bode well for population growth and wellness or for future economic prosperity.

This flagship project seeks to demonstrate that beautiful, economical housing units can be built to fulfill ideal living standards, particularly for our most vulnerable Vermonters, while realizing substantial savings relative to conventional aggregate apartment building scenarios. The economics of small homes presents an opportunity to respond housing shortage and affordability in the region and across the state, in a more cost effective way.

Moreover, this pilot seeks to demonstrate that the small home living environment is an effective mechanism to provide chronically homeless individuals troubled from co-occurring challenges with truly affordable, permanent supportive housing.

In sum, we envision this project demonstrating quality, economy, and innovative success and that over time, future iterations of this project can realize additional development and human services savings as opportunities for further applications are operationalized.



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