

June 2, 2020 11 Am: House General Committee Testimony for HFI's Rapid Housing Plan.

Intro:

I would like to extend my thanks to the chair and committee for inviting me here today to discuss The Housing Foundation proposal to supply rapid, safe, and cost-effective housing using existing vacancies 7 of HFI's 18 mobile home parks.

The mission of HFI is to promote, preserve, and provide quality, affordable housing for Vermonters in need by developing, owning, operating, and advocating for such housing on a statewide. We accomplish this mission through our statewide portfolio of 584 units of apartment-style housing at 26 properties and support affordable homeownership through 1006 mobile home lots located in 18 mobile home parks. We achieve this work with our properties managed by the Vermont State Housing Authority through an ongoing strategic partnership with HFI.

Proposal:

We propose to rapidly deploy up to 47 two-bedroom manufactured housing units into existing vacancies HFI has in seven (7) different communities scattered around the state [Clarendon, Bennington, Braintree, Brattleboro, Hinesburg, Milton, Weathersfield]. The inception of this proposal was initially designed to interface with what we had hoped would be a comprehensive plan of housing and services provided to homeless & housing insecure Vermonters. AHS and various departments responsible appear to have proposed a different approach, with some merits to be considered, but would not support or fund this type of project. However, our proposal is capable of standing alone from a larger plan, is scalable, and if full funding were made available, would produce new permanent housing units for a fraction of the cost of traditional apartment-style dwelling, doing so quickly. Our high end estimated costs of this project would be up to 4.8 million, coming at per unit cost approximately \$105,000. Traditional development comes with a price tag of \$250 to \$300,000 per unit. This project provides significant savings! If the project was wholly funded, I am confident we would be able to drive the total and per-unit costs down further.

If less than full funding became available, as I mentioned, this project is substantially scalable. Less funding for few units would increase the per-unit value, but overall our limited fixed costs would still provide new units with significant savings.

We have two specific challenges we are working to overcome. The biggest obstacle is funding. Traditional funding for multi-family rental units is not fast and not available to be used in mobile home parks (and for example being LIHTC). The existing grant and traditional loan funding available would be limited and slow. This project, to be genuinely rapid and cost-effective, would need funds explicitly designated for the project.

Our second challenge is the lack of specific plans and opportunities to provide supportive services to vulnerable households that these units could serve. We would ideally like to see outside service organizations be able to apply for designated RPF's to offer wrap-around services. Under this arrangement, HFI could master-lease these new units directly to the service agencies. Those agencies would, in turn, have the flexibility and resources to provide the households the services they need to tenants they previously identified to be successful. Given a service partner to rent the units and look out for the tenants, we believe this would be a successful solution to house and transition the new residents into this permanent housing. Long-term HFI would ideally like to transition these new units into owner-occupied units, as mobile home parks are most successful as homeowners sharing common infrastructure on rented land. However, the details of a future transition could wait.

These are two significant challenges, the per-unit cost-effectiveness and our ability to deploy new permanent two-bedroom or smaller units rapidly; these are the clear advantages this project has over many alternatives. This project could be undertaken in tandem with future servicing partners; we could have tenants fill a significant number of the units before the end of the year.

The units we would be looking to purchase and install would be new HUD-certified energy star rated manufactured homes. We have a similar project using modular units that are more energy efficient but not HUD-certified homes. The costs would be significantly more. HFI feels our proposal would be sufficient to supply permanent safe housing while balancing the needs of limited resources and a possibility of future limit and austere funding available.

All of the seven (7) communities we are proposing each location would have at least two (2) units installed. This plan is a direct acknowledgment of the need to consolidate any new services provided. This small cluster deployment would also have a measurable positive impact on the existing park residents and surrounding communities. All of the lots are currently empty or filled with vacant unsafe homes. These new additional units would help improve the stability and aesthetics of the park.

If the project came with a majority of grant funding, limited the debt on the units, HFI could keep the price per unit rental significantly lower than traditional apartments. If and when subsidies were to become available, it would provide considerable savings to the potential subsidized dollars that could be tied to the unit, the tenant, or through funding supportive servicing agency.

This was a quick overview of what The Housing Foundation can offer the state to provide cost-effective rapid, affordable, permanent housing. I welcome questions the committee has regarding our project.

-Time for Questions-

Closing:

This project will not happen without specific and targeted funding becoming available. Given the opportunity, impact, and cost-effectiveness, I urge this committee to further explore and discuss this proposal with your colleagues.

In closing, I extend my gratitude to all of you on this committee, our legislature, and the administration for providing thoughtful, compassionate leadership and problem-solving in these uncertain times.