

VHCB Testimony for Senate Approps – Eric Schmitt, Housing Vermont

4/16/2019

The shortage in our labor force and the health of our local economies are two critical issues in Vermont that are impacted by the availability of affordable housing.

The continued lack of affordable housing is also a prohibiting factor in the migration to Vermont and without that migration we are not able to increase our labor force or sustain our local economies.

I was at a Lamoille County Housing Summit at the Green Mountain Technical Center in January. A business owner from Waterbury was on the panel expressing that same concern. He expressed difficulty in attracting and maintaining employees because the employees are not able to live in the community where his business is due to the lack of affordable housing. Many of his employees were choosing to leave the state altogether.

Housing Vermont, where I work, has developed over 6000 homes and raised over \$700M for housing since we were founded 30 years ago.

The solution is to build and renovate more homes. VT can do that, because it has an enviable network of private and public partners – developers, investors, lenders, contractors, architects, lawyers who, working with public funders, excel at delivering affordable and impactful housing developments.

Each one of those developments has something in common – it was funded by VHCB. VHCB funding also allows us to leverage other key economic tools including the Federal Affordable Housing Tax Credit that brings in significant private equity investment. These tools are necessary to make certain mixed-use projects within

our downtowns and village centers viable. This work helps support our local economies. For every VHCB dollar spent we are able to leverage another \$10 in other public and private investments. A great example of supporting our local economy is Arthur's Department Store in Morrisville. I have provided some handouts for you.

- Arthur's - revitalized a vacant downtown building. Created 18 new affordable apartments and new space for two businesses.
- Remediated on-site hazardous waste.
- \$3.3M in direct construction cost lead to:
 - 30 companies being involved in the project
 - 120+ employees
 - Contractor employees that supported local eateries and lodging facilities.
- Boosted the Grand List and property tax increased from \$12k to \$30k.
- Resulted in 2 new businesses in Morrisville bringing 12 Jobs (Pizza on Main and Black Cap)
- Residents are also actively contributing to the local economy buying food, goods and services.
- Company managing the property is spending money on local vendors, paying local municipal utility costs.
- Local Economic Impact over \$1.1M

Another great example is the Bemis Block on Main Street in Hardwick that was completed in 2007, after a devastating fire. The Bemis Block provides 14 affordable apartments for Seniors and three commercial spaces. The development included Claire's Restaurant, another start-up that helped start the food related economy in Hardwick. Claire's is now the Scale House which is very popular and attracts folks to downtown Hardwick.

Thank you for your time and continued support of VHCB. I ask that you support full funding of VHCB or at a minimum restore the \$1M in funding this year.

Arthur's Main Street

18 affordable rental apartments + 2 commercial spaces
in Morrisville, Vermont



Gut rehab, brownsfield remediation, demolition and reconstruction.



Historic preservation

Arthur's Department Store was key to Morrisville's economy and downtown area's vibrancy for nearly four decades. The historic building dated back to the 1800's with an addition built in 1940, and featured both commercial space as well as several upper floors that had been vacant during the store's lifetime. Lamoille Housing Partnership saw the store's closure as an opportunity to repurpose the building in a way that would serve the community as well as continue to benefit the local economy and preserve downtown relevance.



Environmental cleanup

- Brownfield site remediation
- Underground storage tanks
- Residual chemicals from previous Dry Cleaner and Auto Service businesses
- Lead paint
- Asbestos - drywall, floortiles, caulking, roofing and siding
- Pigeon poo!

Total cost: \$600,000+

All had to be removed by a qualified company and hauled off site to appropriate locations across the Northeast.



Project Sources & Uses

Sources of funds:

- \$3,393,564: Equity
- \$1,498,628: Loans
- \$140,500: Grants

Uses of funds:

- Acquisition
- Architectural and Engineering
- Environmental remediation
- Demolition
- Construction

Total sources & uses: \$5,032,692



Economic impact

Direct construction impact:

- 30: Companies involved
- 120+: Employees
- \$3.3 million: Direct construction costs
- \$50,000: Local meals
- \$36,000: Local lodging



Post construction impact - grand list & property taxes:

Change in Grand List Valuation:

- \$537,300: Before construction
- \$1,302,800: After construction

Total grand list increase: \$765,500

Increased property taxes collected:

- \$12,166 annually: Before construction
- \$30,185 annually: After construction

Total annual increase: \$18,019



- \$72,076: Additional taxes paid since 2014
- \$121,000: Total taxes paid since 2014

Previously: \$48,664

Commercial impact:

Two commercial enterprises - food establishments:

- \$898,650 annually: Estimated sales
- \$299,520 annually: Estimated payroll, based on 12 full-time jobs paying \$12 per hour
- \$52,000 annually: Tenant contribution to local economy, based on 20 tenants spending \$50 per week
- \$180,000 annually: Operating budget including utilities

Total impact on local economy annually: \$1,130,560



Additional area impact:

- Alternate truck route made it easier for pedestrians, and allowed for outdoor sidewalk seating
- Added to eateries within immediate area - now 5 restaurants within a single block
- Also anchored by a bank, fuel company, museum, and barber / hair salon

LHP creates and preserves affordable housing
for low and moderate income residents of
Lamoille County and Hardwick, Vermont.



Project Development Team

Developers

Lamoille Housing Partnership
Housing Vermont

Architect

Arnold & Scangas Architects

General Contractor

Lakewind Construction

Structural Engineer

JIH Structural Engineering

Electrical / HVAC

Engineering Services of Vermont

Site Civil Engineer

Summit Engineering

Landscape Architect

TJ Boyle Associates

Service providers, subcontractors & suppliers

Top Dog Painting

RK Masonry

Quality Metal

Lakeview Contracting

JR Sprinkler

Ingersol Electric

Grimes Excavation

Green Mountain Landscaping

Glass Connection

Chey Insulation

Colchester Contracting Services

Bienvenue & Ackel

Bay State Elevator

Abatiello

Johnson Paving

Breer

Messier

Century Building

Thank you to our funding partners!

TD Bank

Union Bank

VHCB

VCDP through the town of Morrisville

Efficiency Vermont

3E Thermal

TD Charitable Foundation

...plus many, many local donations