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**TO:** HOUSE NATURAL RESOURCES COMMITTEE  
**FROM:** KATHY BEYER/SVP REAL ESTATE DEVELOPMENT  
**SUBJECT:** S.226 AND S.234  
**DATE:** APRIL 4, 2022

Evernorth is a nonprofit developer and syndicator of affordable rental housing. Many of you may recognize us under our previous name, Housing Vermont. In July 2020 we merged with a sister nonprofit based in Portland, Maine, and Evernorth now works in Maine, New Hampshire and Vermont to increase affordable housing and community investment across the three northern New England States.

With over a 30 year track record of building affordable rental housing in Vermont, Evernorth has created over 7,000 affordable homes. All the work that we do in Vermont is in partnership with our local partners; for example, we plan to start construction in June on 20 apartments in Bristol, with our local partner Addison County Community Trust.

Given our track record, we are one of the largest multifamily developers in the state, which means we have significant experience with both the local and state permitting systems, including Act 250.

Our projects are frequently Priority Housing Projects, which makes sense because state housing policy provides strong incentives to build in our downtowns, village centers, growth centers and neighborhood development areas. And building in these smart growth areas delivers additional benefits to our low and moderate income residents: the ability to walk to schools and services, better access to public transportation, and integration into the community. An excellent example of a Priority Housing Project can be seen just two blocks from the Statehouse: Taylor Street includes 30 beautiful apartments co-located with the transit center, and with the new Montpelier bike path literally right outside our front door.

I am here today to strongly support the provisions of S.226 and S. 234 which increase the caps for Priority Housing Projects. Let me be clear, our experience is that the District Coordinators and their staff are professional and the Act 250 permitting process is also administered in professional manner. The problem is the amount of time, and money, the need for an Act 250 permit adds to starting construction, and even more importantly, the added risk of a permit appeal.

First, the costs: the Act 250 permit fee is a percent of construction costs; so in this environment of rapidly increasing construction prices, the Act 250 fee is also rapidly increasing. In our recent projects, the fee is \$1800 to \$2,000 per unit. Additionally preparing the application, which is fairly lengthy, is typically completed by our civil engineer at a cost of around \$10,000.

Second, the time. It is true that the Act 250 permit is often released soon after all the underlying state permits are issued. But it can take several months for these underlying state permits to be issued. For example, for a project in West Burke we submitted our Water Supply permit in July 2021 and the permit was approved in November 2021. Now this is not the fault of the water supply staff, but the cost of the delay is born completely by our housing project.

Third is the risk of appeal. This is the largest reason we are supportive of PHPS, and in raising the cap. If the Act 250 permit cannot be issued until all underlying permits are issued, that also means that the appeal period for the Act 250 permit can not start. The largest risk that a developer takes, whether it be a private developer or nonprofit, is the expenditure of predevelopment funds before a permit is vested, and past the appeal period. Therefore, while the Act 250 permit is outstanding, most developers pause on moving forward with construction documents. The project is idling.

The risk of appeal is very real for our affordable housing projects; NIMPYism is alive and well across Vermont.

We are also supportive of Sec 6 of S.226, amending 10 VSA 6081(p) which clarifies that PHPs do not need a permit amendment if there is an underlying Act 250 permit.

But this isn't all about raising the PHP cap so that more projects are exempt from Act 250. It is about the critical need to build more housing in our state. Our recent market studies document record low vacancy levels across the state...in many market areas, below 1%. Renters are facing unprecedented increases in rents. The people hit hardest by this pandemic, are the low and moderate households looking to rent our apartments, and simply put, they cannot find affordable housing.

I have focused on the PHP provisions of the bills, but also want to add that we are supportive of the efforts to increase infill development, and expand neighborhood development areas.

We are also supportive of a small section of the bill, amending 24 VSA Sec. 4449, whereby a municipal land use permit will have a two year term before expiring. Currently the statute reads one year, and we have more than one example where we were not able to obtain the Act 250 permit, assemble all the required financing, and start construction within one year of issuance of the local DRB permit approval. This exposes the project to reconsideration, and even another appeal period.

Given the critical need to build more housing in Vermont, and especially more affordable housing, we would like to see the land use provisions of S.226 to remain in S.226, as these changes align with overarching goals of S.226 to address our housing crisis.