

Statewide Housing Information

September 2010

Provided by the Vermont Housing and Conservation Board and the Vermont Housing Finance Agency to

Commission on Financing and Delivery of Affordable Housing and Conservation

Weidner, Inc. and the Vermont Dept. of Economic, Housing and Community Development

Vermont's housing and conservation agencies work together through a variety of structures that enhance coordination among them. These structures include:

1. Development of a HUD required Consolidated Plan establishing statewide housing policy including a related housing needs assessment.
2. A joint committee on housing tax credits which helps to develop priorities under the state's qualified allocation plan which guide the allocation of federal housing tax credits.
3. A housing council that meets approximately six times a year.
4. Cross board membership between VHCB and VHFA and between VHFA and the Community Development Block Grant advisory committee. The Governor makes appointments to each of these boards.
5. Quarterly meetings with the state housing agencies and the state's Agency of Human Services to ensure that all existing and proposed special needs and service enriched housing projects are successful, as well as other AHS and housing related programs like Weatherization assistance. In addition all the state housing agencies participate in the state's Interagency Council on Homelessness with the AHS.
6. Coordination of investment of Weatherization resources through the VT Fuel Efficiency Partnership.
7. Together the agencies worked to create and implement a common application for multifamily developers.
8. Through the MacArthur Foundation grant, a Preservation Council has been established that includes all the agencies and has become a vehicle to coordinate both grant activities and preservation policy.

Commission Evaluation Points

1. *Assembling multiple housing sources.* As noted on the spreadsheet, in the past three years, \$25.5 million has been allocated by the State of Vermont (details can be found in Attachment D, a summary is included in Attachment B.) 43% of the cost of multi-family housing projects has been raised through private equity investments utilizing the low income housing tax credit. 7% has come from debt and 29% from federal programs, so state funds have been leveraged in recent years at a rate of almost 10:1. In addition, multi-family housing projects have been competitive for the national allocation of project-based rental assistance with a total of 212 units – worth \$1.3 million annually in operating subsidy. During the three year time period recently evaluated by DEHCD, 90 units of transitional or emergency housing were created, 56 units of assisted living were created, 1,899 units of multi-family rental were preserved and/or developed, 110 units to build new homeownership units were funded, another 1,265 units of homeownership were financed including 22 permanently affordable units of homeownership.

2. *Philanthropic Resources.* VHFA and VHCB collaborated in winning \$2.6 in grant and program related investment funding from the MacArthur Foundation. The Champlain Housing Trust won the UN World Habitat Award which included a \$20,000 award and Cathedral Square recently won a \$50,000 grant from MetLife Foundation in recognition of their work serving low income seniors. Several nonprofits have received support from the Vermont Community Foundation serving Vermonters with lowest incomes and special needs. As demonstrated in Attachment C, the income profile of Vermonters served by housing programs has stayed constant since the ICF report in 2004. At that time, Vermont was serving the very lowest income at the highest rate in New England and was matched among rural states only by Idaho. Vermont's ranking in the HOME Program for serving extremely low income Vermonters is fourth in the country, and Vermont's ranking in the Federal Housing Tax Credit program is second nationally.

3. *Service Enriched and Special Needs Housing.* 29 developments serving a variety of special needs were developed or refinanced during the three year period of question.

4. *Housing and Economic Development in Downtowns and Village Centers.* 47 projects involving 1,234 units were developed or rehabilitated in Downtowns, Village Centers and adjacent neighborhoods.

Attachment A: Summary of Priorities

There are existing priorities the state housing funding agencies are required to follow either set by statute or funding requirements. These were drafted and decided on with broad statewide public input from organizations representing all aspects of Vermont’s housing. Below is a summary of those priorities and where they exist.

- “In HNA” means that data is found in the 2010 Statewide Housing Needs Assessment to support this as a high priority.
- “ConPlan” means this is a stated priority in the 2010 draft Consolidated Plan awaiting HUD’s approval.
- “QAP” means this is either a first or second tier priority in the allocation of Tax Credits.
- “VHCB” means this is a VHCB funding priority that reflects its statute.

Priority	In HNA	ConPlan	QAP	VHCB
Rental Housing				
Units for people earning under 30% area median income (extremely low income)	✓	✓	✓	✓
Housing units in need of preservation	✓	✓	✓	✓
Project fixes safety and/or environmental concerns (includes blight and brownfields)	✓	✓	✓	✓
Rehabilitated units (including scattered site)	✓	✓	✓	✓
Special needs units (including designing for this population through accessibility or universal design)	✓	✓	✓	✓
Downtown revitalization		✓	✓	✓
Historic settlement patterns		✓	✓	✓
Historic preservation (and/or also conserving some land)		✓		✓
Family housing	✓		✓	
Mixed income developments		✓	✓	
Elderly housing		✓		
Homeownership Housing				
Mobile home parks (new and existing)		✓		
Increase homeownership		✓	*	

* while VHFA’s QAP does not prioritize increasing homeownership, VHFA’s largest program is to provide low-interest mortgage loans to lower income Vermonters so this is addressed in that way.

100% of all housing development projects eligible for public funds must also meet certain threshold criteria for consideration, in addition to the priorities below. These threshold criteria are:

- Projects must respond to proven market demand, evidenced by very low vacancy rates, a need for a specific type of housing and other measures;
- Projects must prove an effective use of public funds;
- Projects must meet VHFA’s Green Building and Design Standards.* While these were drafted by VHFA in conjunction with other entities, VHCB and VCDP funding also requires projects to abide by these;
- Projects must be located in historic settlement patterns of the community;
- Projects must agree to perpetual affordability**; and
- Projects must further fair housing

* While all projects must meet VHFA’s standards, 820 units (41% of all funded) were Energy Star or LEED certified.

**** Projects relying primarily on amortizing debt should maintain a minimum of 30 years of affordability.**

In addition to the threshold criteria listed above required for all funded projects, housing agencies have tracked how many projects have met the other priorities listed in the table above between FY08 and FY10:

Priority	% of all units funded	# Units FY08-FY10
Rental Housing Units		
Units for people earning under 30% area median income (extremely low income)	50%	945
Housing units in need of preservation	59%	1,127
New housing units created	40%	755
Project fixes safety and/or environmental concerns (includes blight and Brownfields)	16%	306
Rehabilitated units (including scattered site) <i>*Most housing projects funded to preserve the units are also rehabilitated at the same time, so these are overlapping priorities</i>	60%	1,144
Special needs units (including designing for this population through accessibility or universal design)	22%	425
Downtown revitalization	30%	572
Designated Downtowns or Growth Centers	65%	1,234
Historic preservation (and/or also conserving some land)	30%	566
Family housing <i>*While it is against fair housing laws to allocate housing as "family only" and exclude elders, this lists all non-age restricted housing that families would be eligible for.</i>	58%	1,093
Mixed income developments	33%	621
Elderly housing	42%	805
Homeownership Housing Units		
Mobile home parks (new and existing)		140
Increase homeownership <i>*# of VHFA loans</i>		1,265
<i>*# of homeownership construction projects</i>		110
<i>*New Homeland purchases and restricted sales</i>		193
Other Funded Initiatives		Amount funded
Home access grants		\$1,970,000
Lead paint assistance		\$3,271,695
Energy efficiency grants		\$372,518

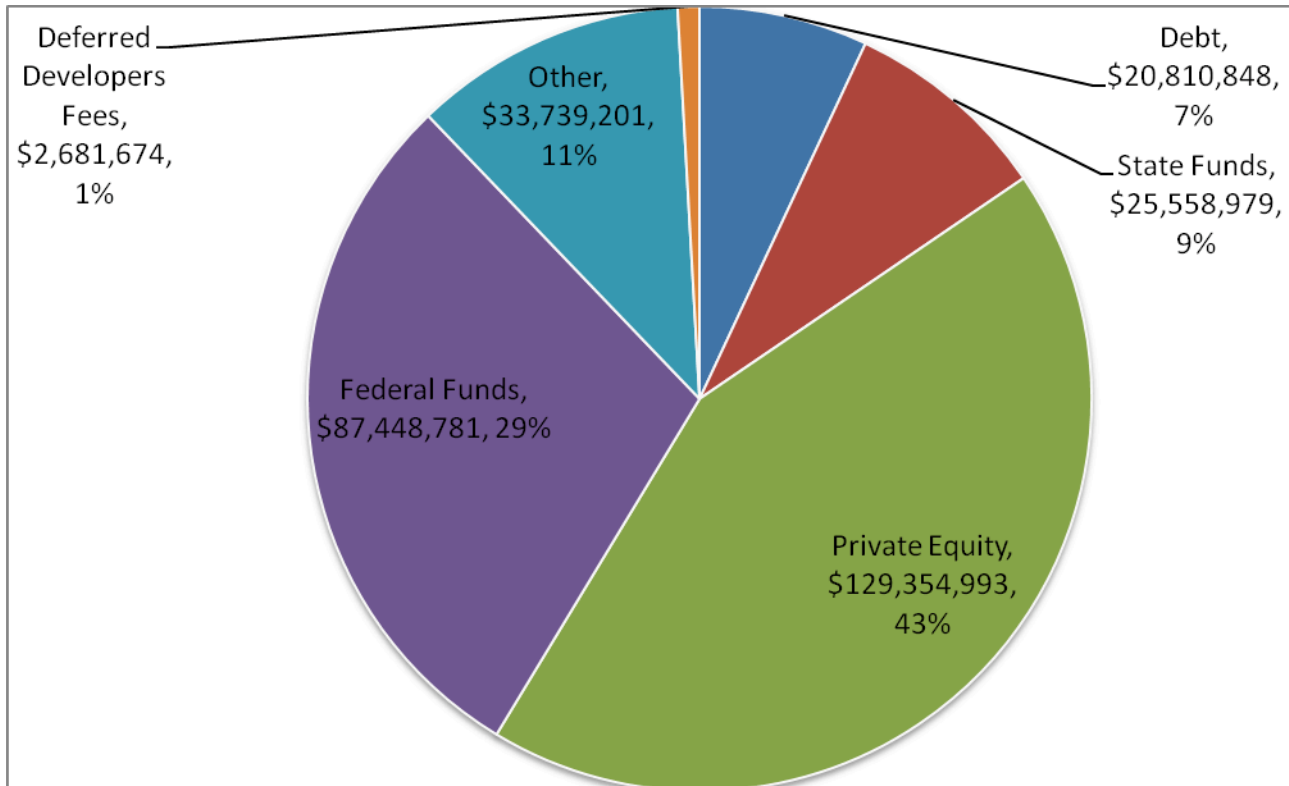
Many of the units represented in the rows above also appear in other rows since typically projects meet several priorities. In fact, on average projects met seven statewide priorities, in addition to the threshold criteria listed on the previous page. The table below shows the distribution of how many priorities each housing project met.

# of Priorities	# of Projects	% of all projects
10+	12	18%
7 to 9	24	35%

4 to 6	30	44%
1 to 3	4	6%
0	0	0%

Attachment B: Sources of Permanent Multifamily Financing

As is the trend nationally, there are several sources of funding for each housing project funded. Below is a pie chart showing the relative contributions based on various sources of funding for FY2008 through FY2010:



In addition to the \$300 million represented above, VHFA also provided \$87.7 million in construction loan financing to 34 projects with 1,106 units. These construction loans are typically paid off with other sources of funds already included in the above chart, so to add them in would overly inflate the investments.

Additional housing initiatives that didn't result in permanent financing and funding for non-multifamily units like mobile home park units and newly built single family units were not included in this chart and can be provided if needed. This includes some: home rehabilitation funds, energy efficiency grants, lead paint hazard reduction funding, and home access grants.

Program funds were grouped into the following categories:

- Debt:

- VHFA permanent loans
- Restructuring existing VHFA loans
- 0% VHFA loans

- State Funds:
 - Housing and Conservation Trust funds (housing only)
 - VHCB Feasibility funding

- Private Equity:
 - Bond Housing Credit (4% credits) equity
 - Allocated Housing Credit (9% credits) equity
 - Vermont State Housing Credit equity
 - Historic Tax Credit equity
 - Efficiency Vermont/REEP funding
 - Sales proceeds

- Federal Funds:
 - Tax Credit Assistance Program (TCAP)
 - Tax Credit Exchange credits (1602 funds)
 - HOME Investment Partnerships program
 - Neighborhood Stabilization Program funding*
 - Lead Hazard Reduction Program (VHCB)
 - HUD Economic Development Initiative funds
 - Section 202
 - Community Development Block Grant funds*
 - Rural Development 515 funding
 - Neighborworks funding

- Other:
 - Federal Home Loan Bank funds
 - Miscellaneous other funding

*May be additional projects funded by DEHCD not included in this tally if the projects didn't come to VHFA and/or VHCB for funding.

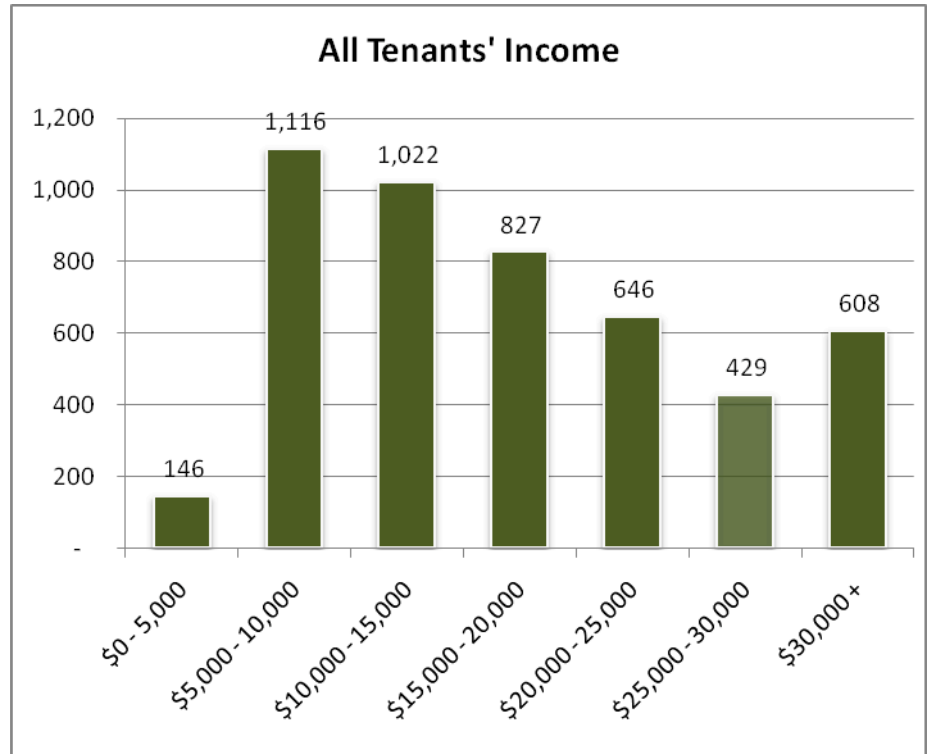
Attachment C: Memo on Tenant Incomes

The Weidner Group consultants requested of VHCB detailed tenant information for its assisted housing projects. Because VHCB is not required to track this information, VHFA's staff went through 5,068 individual tenant files to determine their incomes as of the year ending December 2009. (6% of the records were excluded due to reporting errors.)

The results of that work are summarized below:

Incomes of Tenants

As can be seen in the chart to the right, 61% of tenants have incomes below \$20,000; 74% have incomes below \$25,000. Not surprisingly, the incomes of households in Section 8 assisted housing were dramatically less than non-Section 8 housing. Income for purposes of this review was gross income with no adjustments for medical, disability, or other HUD eligible expenses; or reductions in family income because of out lays for child support or alimony.



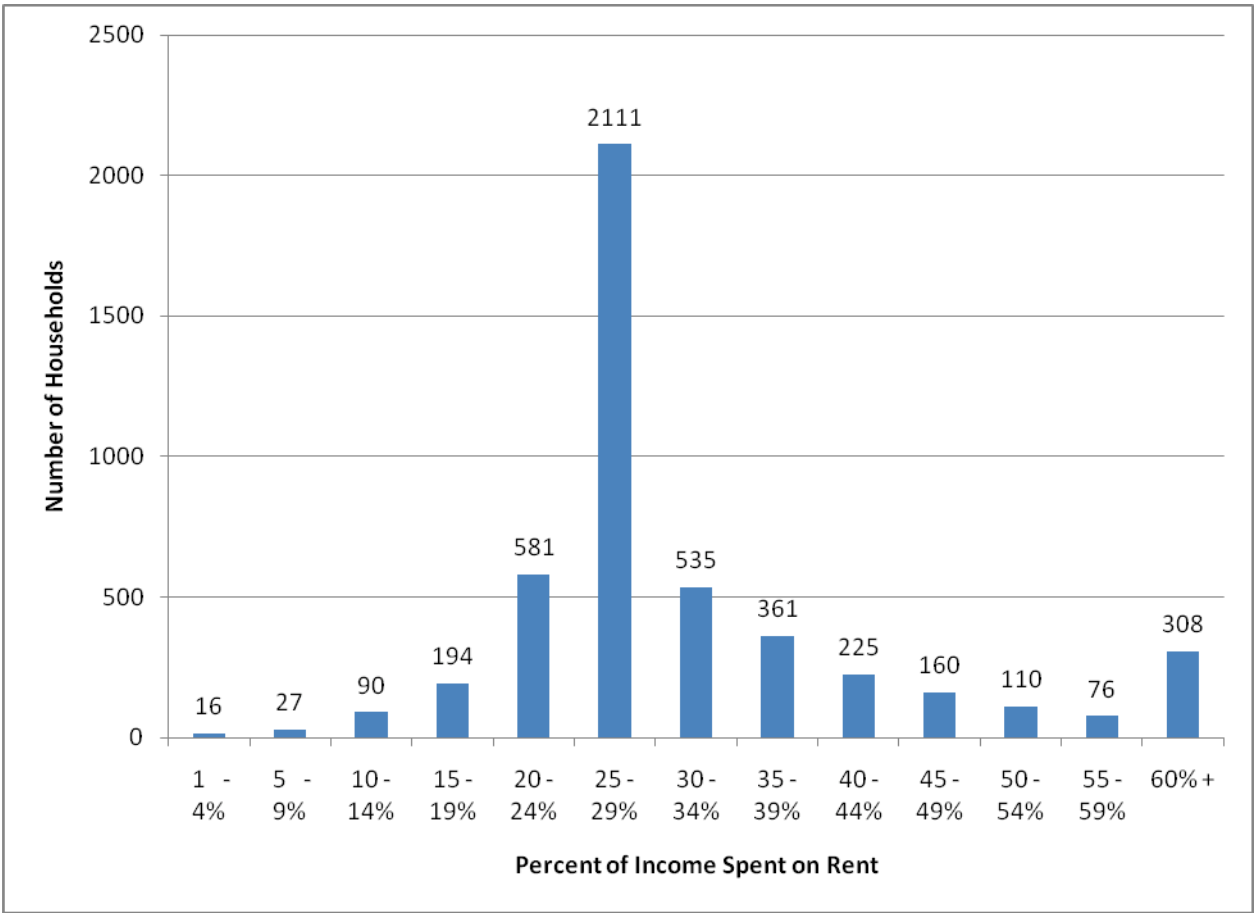
Income Compared to Area Median

48% of all tenants' incomes in these assisted units earned less than 30% of the area's median income. Despite the fact that all of these units were funded with Federal Housing Tax Credit funding, which allows tenants to earn up to 60% of Area Median, only 8% of tenants actually earned that much. *Interestingly, the results of this work matched almost exactly with a similar exercise done in 2002 of 1,500 VHFA and VHCB funded projects as can be seen in the table below.*

% of Area Median	2009 (Based on 4,765 units)		2003 (Based on 1,576 units)	
	Number of Units	% of Total	Number of Units	% of Total
1% to 29%	2,308	48%	768	49%
30% to 49%	1,581	33%	501	32%
50% to 79%	761	16%	258	16%
80%+	115	2%	49	3%

Rent Burden

The majority of residents are paying just about 30% of their income for rent. 879 residents (17%) are paying over 40% of their income for rent, while 327 (6%) are paying less than 20% of their income for rent. For both sets of extremes, there are often situational reasons for these outliers. **69% of the households who are paying less than 30% of their income for rent are Section 8 tenants. That program sets rents based on adjusted income which allows a tenant to pay less than 30% of their gross income for rent.** Other programs such as VHCB funding and Federal Tax Credits use a gross income figure.



Attachment D: Spreadsheet of Funding Activity for FY2008 through Committed FY2010

Below are the list of fields tracked in a new database created by VHCB and VHFA that was provided to the Weidner team a few times throughout the summer. The agencies have discussed how to keep this information up to date and intend to incorporate this into our ongoing work flow. **Attached is a summary spreadsheet.**

Field Name	Description (format of field in parenthesis)
1. Stage of project	Identifying information
2. Year funded	
3. Project name	
4. Project sponsor	
5. County	
6. Residential square footage	Cost of construction (square footage and dollars) *with more precise policies going forward VHCB and VHFA can have identical square footage totals, but existing reporting and timing in the design/funding process is a factor
7. Commercial square footage	
8. VHFA total square footage* (sum of rows 6 and 7)	
9. VHFA cost/square foot	
10. VHCB square footage*	Type of construction (Units)
11. VHCB cost/square foot	
12. Preservation	
13. Adaptive re-use (New to DOARH)	
14. New units	
15. Rehab of Housing (New to DOARH)	Total of rows 12-15
16. Total units	
17. Project type	VHFA's internal tracking of projects (Dates)
18. Bond intent memo date	
19. Bond intent memo created	
20. Date committed	
21. Date loan closed	
22. VHFA funded project	VHFA administered funding programs (Dollars) Total funding does not count: 1. Construction or predevelopment loans since both are often paid off with permanent loan proceeds 2. Tax Credit award amounts since the equity is really the amount of funding required by a project for construction
23. VHFA construction	
24. VHFA construction/permanent	
25. VHFA permanent	
26. VHFA restructuring existing	
27. VHFA 0% loan	
28. VHFA predevelopment loans	
29. VHFA out-of-cap credits	
30. 4% credit equity	
31. VHFA allocated credits	
32. 9% credits equity	
33. VHFA state credits	
34. State credit equity	
35. VHFA Tax Credit Assistance Program	
36. VHFA 1602 exchange credits	
37. VHCB funded	VHCB administered funding programs (Dollars)
38. HOME	

39. VHCB		
40. VHCB Neighborhood Stabilization Program		
41. VHCB feasibility		
42. VHCB lead		
43. Historic Tax Credit Equity (credits are direct from State and Federal agencies with standards for historic preservation)		
44. HUD Economic Development Initiative		
45. Section 202		
46. Vermont Community Development Program	Other sources of funding administered by other agencies. With exception of deferred developers fees the totals came from VHFA/VHCB's project budgets and were not confirmed with other agencies. (Dollars)	
47. Rural Development		
48. FHLB Boston		
49. Neighborworks		
50. Deferred developers fees		
51. Efficiency Vermont/Retrofit for Energy and Environmental Performance		
52. Sales proceeds		
53. Other funding		
54. Total funding sources		Sum of rows 24-53 minus rows 28, 29, 31, and 33 (Dollars)
55. Total development cost		
56. Variance total funding vs total development costs		
57. VHFA's development officer	(Name of VHFA staff)	
58. Total development costs per unit	Row 55 divided by row 16 (Dollars)	
59. Rehab or new with vacancies <3.5%	Number of units meeting existing state priorities and statutory requirements (Units)	
60. General occupancy		
61. Downtown or village center		
62. Removal of blight		
63. Special needs and/or universal design		
64. Mixed income		
65. Universal design		
66. <30% or targets homeless		
67. Public housing		
68. Downtown revitalization		
69. Historic preservation		
70. Energy Star or Leadership in Energy and Environmental Design certified		
71. Environmental clean-up or hazard remediation		
72. Difficult site		
73. Replacement of sub-standard housing		
74. Readiness to proceed (Permits and funding)		
75. Leveraging of funding from outside Vermont		
76. Number of priorities met	Total of the number of priorities from rows 59 to 75	