

Vermont Housing & Conservation Board

MINUTES

Tuesday, January 22, 2019

Central Vermont Chamber of Commerce

963 Paine Turnpike Road, Berlin, Vermont

Board Members: Neil Mickenberg, David Marvin, Emily Wadhams, Maura Collins (VHFA), Billy Coster (designee of Julie Moore; Secretary of ANR), Tom Yahn, Diane Bothfeld (designee of Anson Tebbetts, VAAFM), Kate McCarthy, Martha Maksym (Deputy Secretary of Human Services – designee of Al Gobeille; Secretary of AHS)

VHCB Staff: Gus Seelig, Elizabeth Egan, Anne Duffy, Marcy Christian, Larry Mires, Martin Hahn, Jen Hollar, Jenny Hyslop, Pam Boyd, Rick DeAngelis, Kathleen Kanz, Ariane Kissam, Craig Peltier, Gretchen Rittenhouse, Leah Sare, Beth Schwarz, Ela Chapin, Liz Gleason; Ron Rupp; Hannah Phillips

Others Present: Amy Demetrowitz, Robert Leuchs (Champlain Housing Trust); Nancy Owens, Matt Moore (Housing Vermont); Eileen Peltier (Downstreet Housing & Community Development); Cindy Reid (Cathedral Square Corporation); John Adams (VCGI); Dana Dwinell-Yardley (President of Franklin Square Condo Board); Dominic Cloud (City of St. Albans)

Neil Mickenberg called the meeting to order at 10:00 am.

PROJECT PRESENTATIONS

Maiden Lane Apartments, St. Albans – Champlain Housing Trust & Housing Vermont 2019-047-001

Champlain Housing Trust and Housing Vermont are requesting \$1,200,000 in Housing for All Revenue Bond funds (HRB) and \$400,000 in HOME funds to support Maiden Lane Apartments, a new 30-unit mixed-income rental property.

Maiden Lane Apartments will be the first Low Income Housing Tax Credit project in St. Albans City in nearly a decade. Vacancy rates at comparable projects in the St. Albans area are 3.3%; CHT has a significant waiting list for their existing affordable units in St. Albans. The housing will be a mix of one and two bedroom apartments that will be affordable to residents at a range of income levels, from six apartments reserved for homeless families and individuals to eight apartments serving residents with incomes up to 100% of median. The units will be energy efficient, with high-quality finishes and elevator access. There are two fully accessible apartments.

Amy Demetrowitz from Champlain Housing Trust, Matt Moore from Housing Vermont and Dominic Cloud, St. Albans City Manager, presented the project. Gretchen Rittenhouse updated the board that staff and the private developers are still working on some of the conditions of the Congress and Main portion of this project and plan to come to the March Board Meeting. Dominic explained that Maiden Lane Apartments are one component of a mixed-use downtown redevelopment effort spearheaded by

the City of St. Albans. This redevelopment plan increases downtown commercial space for CCV and Northwestern Medical Center as well as addressing housing needs. Amy talked about the project being close to services and jobs. It is a very walkable area with a very strong rental market. Champlain Housing Trust has not done a project in St. Albans since 2007. It will be a turnkey project with Snyder Construction, who has proved to be an excellent partner on several projects over the past few years. The site is permitted and they would like to start building by August. There will be relocation of tenants during construction. Maura asked if there are project-based vouchers for the project and Amy explained that there are not at this time. Emily asked about the demolition of a building knowing that it is located in a historic district. Dominic explained that they are working on the historic issues and that demolition has been approved on the existing properties. There continues to be discussion about the facades of the new buildings. Neil asked if this project could continue if the Congress and Main project did not proceed. Amy explained that Maiden Lane can go forward without Congress & Main, but it is a better project with it.

**Franklin Square Condominiums, Montpelier – Downstreet Housing & Community Development
2019-052-001**

Downstreet is requesting a total of \$440,000 in VHCB funds. This project proposes a workout plan for the Franklin Square Condominiums in Montpelier, which consists of 18 units in six buildings organized in two condominium associations. Eileen Peltier from Downstreet and Dana Dwinell-Yardley, President of the Board of Franklin Square Condominium Association 1 presented the project. Downstreet first became involved with the Franklin Square Associations in 2000 when the City asked them to take over responsibility for managing resales of the 18 units. It has taken several years for both associations to recognize that the current status of the two condo associations is untenable and they are very far behind in addressing the capital needs of the buildings; like most condo and co-op associations, assessing increased common fees is difficult. With VHCB's assistance, DHCD has met regularly with both associations over the past several years to develop a plan for long-term sustainability of one new condominium association. This process has been an exhaustive one that is now close to resolution.

Eileen outlined the goals for the project including; combining the associations, addressing capital needs, resetting the reserves, and improving the marketability of the units. Downstreet & the Condominium Association will work together. Dana talked about the community of people who live at Franklin Square and their love of their homes. There was a brief discussion about the location of the buildings and how the Association will prioritize the work. The owners have agreed upon the scope of work. Downstreet will manage the funds for the rehabilitation project.

**Juniper House, Burlington – Cathedral Square Corporation
2018-026-001 & 2018-026-002**

Cathedral Square Corporation is requesting \$2,349,278 in VHCB and \$1,180,200 in National Housing Trust funds. Juniper House at Cambrian Way is a 70-unit new construction senior housing development, to be located on the former site of Burlington College.

There is a strong pipeline of multi-family development projects statewide, creating pressure on both VHCB resources and on 9% tax credits. In order to make the project competitive in this environment,

the developers have proposed using a blend of 4% and 9% tax credits. This makes the project somewhat more complicated, as there will be two tax credit partnerships, which necessitates VHCB making separate awards to each entity. Staff believe this approach will allow VHCB to maximize the resources available and fund this project in a single phase. The two projects would receive the following awards:

- 2018-026-001: \$674,529 in Housing Revenue Bond and up to \$1,180,200 in National Housing Trust Funds for the development of 22 units of housing.
- 2018-026-002: \$1,674,749 in Housing Revenue Bond for the development of 48 units of housing.

Cindy Reid from Cathedral Square Corporation presented the project. She briefly touched on the overall Cambrian Rise project, including affordable homes developed by Champlain Housing Trust, market-rate housing, and conserved land along the lakefront. There is a soft commitment from Burlington Housing Authority for 20 project base vouchers. They have a market study and a waiting list that demonstrate that the project will be fully leased very quickly. City of Burlington has already committed HOME and HTF funding and through a previous VHCB land bank loan the land has already been purchased (this loan will be repaid when the construction phase begins). They would like to start building by September of this year. There will SASH services will be on site. Neil asked why there were seven two bedrooms and Cindy explained that there is sometimes a caregiver involved and some couples prefer two bedrooms. These units are market units and can bring in more rent. CSC will manage the construction of the project.

Homeownership Initiative – Windham & Windsor Housing Trust and Housing Vermont 2019-004-000

Windham & Windsor Housing Trust and Housing Vermont are requesting \$300,000 in VHCB funding. They plan to purchase, rehab and resell four single-family homes in WWHT's service area. The project is intended to address the problem of old housing stock in disrepair as well as the high cost of maintenance and utility expenses of homeowners. It will create higher quality, energy efficient homeownership opportunities.

Nancy Owens from Housing Vermont and Eileen Peltier from Downstreet presented the project. Nancy explained that this program is the same model as the project that the Board funded last March, which was called the Central Vermont Neighborhood Housing Fund. HVT will purchase the homes, manage the rehab work, and develop the pricing for the sale of the homes. WWHT will analyze the communities in their service area to identify the best location for the homes and be responsible for marketing and selling the homes.

They are planning to purchase four homes in Windsor County. Emily asked about the Downstreet project and Eileen explained that it is a hot market in Central Vermont right now and they have needed to be quick to find appropriate properties. They are looking in Barre Town and have purchased one home in Barre City. Maura had several questions about their budget. Arianne Kissam explained that some of the money would come from the existing Homeland Pool. Gus mentioned the editorial in the Times Argus about the French Block and thanked Eileen and Nancy for their good work on that project.

Consent Agenda

Emily made the motion to approve the Consent Agenda. David seconded the motion. All voted in favor of the motion.

The Consent Agenda consisted of:

- 1) Updated Standard Conditions for Rental Projects
- 2) Varley-Miller Farm (2017-056-001)
- 3) Decommittments

Vermont Settlement Patterns and Act 250 at 50 - John Adams, VCGI

Jen Hollar welcomed John Adams from the Vermont Center for Geographic Information. He provided a presentation about Vermont settlement patterns over the past 50 years. There was a brief discussion about the presentation with questions and comments from Board members.

Farm & Forest Viability Update

Ela Chapin and Liz Gleason presented the Viability Update. Ela explained that the program works to support farms, food & forest products enterprises. She highlighted the work from the past year, referencing the recently completed 2018 Viability Annual Report. Business succession is a very important theme for clients right now and the program is helping to plan these transitions. Clients are facing challenging economic times for both farm and forest products in global market place. Liz talked about several grant opportunities including the Dairy Grant and Water Quality programs. Finally, she informed the board of a new program called the Rural Economic Development Initiative Program (REDI) and the projects that were funded this past year.

Lunch

Neil read from an email from Hannah Sessions reflecting on her time on the board. She was unable to be at the meeting and wanted everyone to know how much she enjoyed participating in VHCB's work over the past four years.

Director's Report

Gus had several updates to his written report to the Board. He acknowledged the tremendous contributions that both Josh Laughlin and Hannah Sessions have made to the Board. He reported that he has had good initial contact with our new board members, Allyson Laackman, the Executive Director of the Burlington Housing Authority and Marie Audet, of Blue Spruce Farm. They will be at our next board meeting in March.

Legislative session is off and running and both Gus and Jen are involved with presentations to many committees. The governor's budget address is scheduled for this Thursday, January 24.

Gus described the need and intent of the supplemental award of Housing Revenue Bond funds; a resolution related to the award will be considered by the board later in the meeting.

Gus commented on the community events that have happened in the past month. Both Downstreet's French Block opening in Montpelier and the Rise up Bakery's celebration in Barre were great successes.

There was a brief discussion about the federal shut down and whether it has affected VHCB. Staff have not seen an affect yet but are concerned that closings could be delayed if it continues much longer.

Minutes

Diane moved approval of the minutes from the December 13, 2018 meeting. Billy seconded the motion. There was no discussion. All voted in favor. Maura abstained from the vote since she did not attend the meeting.

Financials

Anne Duffy reported on the Financials that went to the Board. Six months into the fiscal year the budget looks on track. These financials will go to the legislature. She plans to do a presentation on the board financials at the March board meeting.

IT Report

Marcy Christian reported that staff is continuing to work in the database and training has begun for Tech Team and other members of staff on reporting. She anticipates that completion of the implementation stage of the IT plan will be this spring.

Cambrian Rise Homeownership, Burlington – Champlain Housing Trust 2018-004-001

VHCB awarded CHT \$2,114,189 Housing Revenue Bond funds in September of 2017 to provide down payment grants for 30 condominium units on the Cambrian Rise site in Burlington. The builder of the condominiums, Eric Farrell, has now changed the plan for the building substantially and there will be 21 affordable condominium units in this phase. CHT is now requesting that we decommit \$532,817 of our initial award, but also increase the amount of VHCB funding per unit, from \$70,473 to \$75,303.

A VHCB subcommittee has reviewed the new project structure as well as a proposed purchase and sales agreement between Eric Farrell, the developer of the condominium units, and Champlain Housing Trust as the purchaser of the units. They have suggested further special conditions for the project.

Rob Leuchs from Champlain Housing Trust presented their request to the board. The project is slated to start construction in the spring. Martha Maksym asked about the decrease in affordable units and he explained that the need for additional storage and parking space were considerations. The decrease in affordable units makes the project work by having more market rate units to cover increased costs. There was a brief discussion about the total number of affordable units required by the City of Burlington for the project.

Public Comment

No public comment

Policy Matters

Jen presented an update on Act 250. She explained that in 2017 a commission was created by the Legislature to review and recommend updates to Act 250. There has been a three-phase effort including information gathering, public engagement, and finally a deliberation phase. This completed report with recommendations for amending the Act has now gone to the legislature. It is anticipated that major work will be done on this issue during the session. The House will take the lead. The Commission concluded that Act 250's success was limited and that it needs to be strengthened. There was a discussion about the Commission's conclusions with Billy Coster and Diane Bothfeld voicing some concerns from their respective agencies. Billy thought that due to the complicated nature of the issue it would probably be a two-year conversation. Gus shared that he agreed that this conversation will take more than a year to work through and there is room for compromise on all sides.

Neil asked Diane about milk prices and dairy farming and wondered if the board could help during this turbulent time for farmers. She mentioned Chuck Ross and Ela's paper on dairy farming as a good resource and continued support for conservation of farms and support for the Viability program is vital.

Deliberations:

Housing Projects

Housing Projects

Maiden Lane Apartments	2019-047-001
Franklin Square Condominiums	2019-052-001
Juniper House	2018-026-001 & 2018-026-002
Homeownership Initiative	2019-004-001
Cambrian Rise Homeownership	2018-004-001

Emily made a motion to approve the resolutions as a block. David seconded the motion. Discussion. Jenny mentioned Juniper House resolution had added special condition #7 since the board mailing. Maiden Lane had also had a small change to the affordability since the mailing. Emily asked about the Homeownership Initiative observing that these projects seem very staff intensive. Gus explained that these pilots are still determining project feasibility. It may or may not be a successful strategy.

There was a brief discussion about the affordable units at Cambrian Rise. Gus thanked to Rick for all of his hard work on the Franklin Square Condominiums project. Maura spoke about the Juniper House project and financing plan using 9% & 4% tax credits. She also wondered about timing on Maiden Lane without the Congress & Main portion of the project. Gretchen explained that there is a condition that says the money can be decommitted if they do not get the funding they need. Gus said it was important to support the City of St. Albans's hard work on this redevelopment plan.

All voted in favor of the motion.

Housing Revenue Bond supplemental award

2019-054-001

Gus presented the proposal to the board. He explained that there are five projects that the VHCB board has funded or will fund this winter that may need additional money. VHFA will not enough 9% tax credit funding for them to start the projects within the year.

David made a motion to approve the resolution. Diane seconded the motion. There was a brief discussion. All voted in favor of the motion. Maura abstained.

Other business:

David made a motion to formally thank Hannah Sessions & Josh Laughlin for their work on the VHCB board. Kate seconded the motion. All voted in favor of the motion.

Meeting adjourned at 2:55 pm.

Respectfully submitted,
Marcy Christian

Resolutions

Juniper House at Cambrian Way ♦ Burlington, Vermont Cathedral Square Corporation 2018-026-001

Resolution:

To score the application “9” for need, 9 for impact and “10” for quality, and to award Cathedral Square Corporation Housing For All Revenue Bond (HRB) funds in the amount of up to Six Hundred and Seventy Four Thousand, Five Hundred and Twenty Nine Dollars (\$674,529) for acquisition, new construction, and related expenses, and HTF funds in the amount of up to One Million, One Hundred and Eighty Thousand and Two Hundred Dollars (\$1,180,200) for acquisition, new construction, and related expenses. This project involves property located at 329 North Avenue in Burlington and consists of a total of 22 rental units in 1 building. Seven (7) units are designated as HTF units.

This award is subject to the following restrictions and conditions:

Affordability and Conveyance Restrictions:

Developer shall execute a VHCB Housing Subsidy Covenant of perpetual duration that restricts twenty two (22) units, which will be prepared by VHCB general counsel and will contain restrictions substantially as follows:

VHCB and/or HRB:

Developer shall lease twenty two (22) units to persons whose household income, at their date of initial occupancy, is less than or equal to 80% of area median income. The annualized rent charged for each such unit shall not exceed 30% of 70% of area median income for a household consisting of one and one-half persons per bedroom.

Developer shall target and make every reasonable effort to lease sixteen (16) of these twenty two units to persons whose household income, at their date of initial occupancy, is at or below 50% of area median income. Initially, the annualized rent charged for these units shall not exceed 30% of 50% of area median income for a household consisting of one and one half persons per bedroom. Developer shall make every reasonable effort to maintain the initial level of affordability on said units.

Developer shall make every reasonable effort to lease any seven (7) of the sixteen units to persons whose household income, at their date of initial occupancy, is less than or equal to 30% of area median income, OR, to persons with special needs. In addition, Developer shall make every reasonable effort to ensure that the annualized rents for all units are "affordable" to the occupying households, as described further in section 7 of the VHCB Housing Subsidy Covenant.

Any conveyance of the property shall require the prior written consent of VHCB, which consent shall not be unreasonably withheld if the proposed transferee is an eligible applicant to receive funds from VHCB.

HTF:

Seven (7) units on the property shall be designated as HTF units and the following restrictions shall apply during the HTF Program affordability period of thirty (30) years. Initially, the HTF units shall consist of seven (7) one-bedroom units, but the designation may float with prior approval from HTF staff to units of equal or greater size in order to maintain HTF compliance. The owner shall lease the HTF units to persons whose initial household income is less than or equal to 30% of the median family income of the geographic area, as determined by HUD with adjustments for smaller and larger families. The rent plus utilities charged for each such unit shall not exceed the greater of 30 percent of the federal poverty line or 30 percent of the income of a family whose annual income equals 30 percent of median income for the area, as determined by HUD, with adjustments for the number of bedrooms in the unit. If the unit receives Federal or State project-based rental subsidy, however, and the tenant pays as a contribution toward rent not more than 30 percent of the tenant's adjusted income, the maximum rent is the rent allowable under the Federal or State project-based rental subsidy program. The owner shall also comply with HTF requirements regarding annual tenant income certifications and over-income tenants.

Special VHCB / HRB Conditions:

1. Prior to closing, if Cathedral Square Corporation, Inc. has not achieved the goal (established by Executive Order No. 3-73) of having 15% of its permanent rental apartments occupied by formerly homeless households at the time of the most recent progress (HART) report required by the State, they will provide a plan for making progress toward or achieving that goal.
2. Developer shall make every reasonable effort to fully fund, on a monthly basis, all replacement and other reserves shown in the pro forma operating budget for the project which has been approved by VHCB. Replacement, operating and any other reserves shown in the development budget or pro forma operating budget which have been approved by VHCB shall not be used for purposes other than the purposes designated in said budgets without the prior consent of VHCB. Project reserves and other project obligations shall be fully funded as required by VHCB prior to the payment of distributions to the Developer, its Partner/s and/or their Successors.
3. If all project reserves and other project obligations have been met as required by VHCB and if the Developer, its General Partner/s or their Successors receive for three consecutive years distributions such as incentive management fees, asset management fees, or return-on-equity equal to more than 20% of the operating expenses, plus reserves, plus debt service, then payments of principal on the VHCB Loan shall commence and be in an amount equal to 20% of the distribution paid to the Developer, its General Partner/s and/or their Successors.
4. In the event that financing with a 40-year term becomes available prior to closing, VHCB will reduce the amount of this award, to the extent that more favorable financing terms enable the project to take on additional debt.

5. The Developer shall share the results of any decision related to Project Based Voucher commitments to this project with VHCB staff. Any modifications to budget assumptions must be reviewed and approved by VHCB staff.
6. By June 1, 2019, if 9% Low Income Housing Tax Credits have not been awarded, and it is likely that the project will not be able to begin construction during 2019, the VHCB / HRB award may be de-committed and returned to the available pool of funds to be awarded to projects at subsequent VHCB board meetings.
7. Prior to closing, provided that the total number of restricted units for the two partnerships and overall levels and numbers of affordability restrictions for all 70 units in 2018-026-001 and 2018-026-002 remain the same, VHCB staff are authorized to transfer affordability restrictions between the two partnerships.

Special HTF Conditions:

1. By June 1, 2019, if 9% Low Income Housing Tax Credits have not been awarded, and it is likely that the project will not be able to begin construction during 2019, the HTF award may be de-committed and returned to the available pool of funds to be awarded to projects at subsequent VHCB board meetings.
2. This project may limit eligibility and/or give preference to homeless families or individuals in accordance with 93.303(d)(3). Prior to closing, Recipient shall submit documentation to VHCB staff to verify compliance with this part.
3. Prior to closing, Recipient shall submit documentation that the project complies with Section 504 of the Rehabilitation Act of 1973. For new construction, the project is required to have at minimum two (2) physically accessible units, and at least one (1) additional unit is required to be made accessible to people with sensory impairments.

Fair Housing Act (FHA) design requirements for new construction projects also apply. Prior to closing, Recipient shall submit documentation that the project meets FHA accessibility requirements for all 22 units, common spaces, parking, and routes throughout the building and its grounds.
4. In order to meet HUD's grant-year specific deadlines, the project's legal closing must occur within 24 months of the date VHCB executed a FFY18 HTF funding agreement with HUD (9/12/18). In addition, HTF funds must be fully expended within 5 years of that date. If, after 18 months of the execution of the HTF agreement, it appears unlikely that the project will meet these deadlines, VHCB reserves the right to de-commit the HTF award.
5. Prior to closing, in accordance with 93.303 (b)(9), Recipient shall provide documentation to VHCB staff for review and approval that supportive services are not mandatory for the occupants of HTF units, and that participation in services is not a requirement of tenancy.
6. If all project reserves and other project obligations have been met as required by VHCB and if the Developer, its General Partner/s or their Successors receive for three consecutive years

distributions such as incentive management fees, asset management fees, or return-on-equity equal to more than 20% of the operating expenses, plus reserves, plus debt service, then payments of principal on the HTF Loan shall commence and be in an amount equal to 20% of the distribution paid to the Developer, its General Partner/s and/or their Successors.

7. In the event that financing with a 40-year term becomes available prior to closing, VHCB may reduce the amount of this award to the extent that more favorable financing terms enable the project to take on additional debt.
8. Within one year of project completion, Recipient will submit to VHCB a cost certification performed by a certified public accountant.
9. Recipient will submit to VHCB an annual financial audit of the project beginning the first year following the cost certification and continuing through the last year of the affordability period

This award is also subject to Standard VHCB Conditions for LIHTC Housing Projects and Standard HTF Conditions.

Juniper House at Cambrian Way ♦ Burlington, Vermont
Cathedral Square Corporation
2018-026-002

Resolution:

To score the application “9” for need, “9” for impact and “10” for quality, and to award Cathedral Square Corporation, Inc. (the "Developer") Housing For All Revenue Bond (HRB) funds in the amount of up to One Million, Six Hundred and Seventy Four Thousand, Seven Hundred and Forty Nine dollars (\$1,674,749) for acquisition, new construction, and related expenses. This project involves property located 329 North Avenue in Burlington, and consists of a total of forty eight rental units in one building.

This award is subject to the following restrictions and conditions:

Affordability and Conveyance Restrictions:

Developer shall execute a VHCB Housing Subsidy Covenant of perpetual duration that restricts forty eight (48) units, which will be prepared by VHCB general counsel and will contain restrictions substantially as follows:

VHCB and/or HRB:

Developer shall target and make every reasonable effort to lease ten (10) units to persons whose household income, at their date of initial occupancy, is between 80% and 120% of area median income. Developers shall lease said units on the Property to persons whose household income, at their date of initial occupancy, is less than or equal to 120% of median income. The annualized rent charged for each such unit shall not be lower than the lesser of 30% of 80% of area median income for a household consisting of one and one-half persons per bedroom, OR, the HUD published Fair

Market Rent for the applicable unit size, OR, another measure of project area market rent approved by VHCB staff. The rent may not exceed 30% of 100% of median income for a household consisting of one and one-half persons per bedroom.

Developer shall lease thirty eight (38) units to persons whose household income, at their date of initial occupancy, is less than or equal to 80% of area median income. The annualized rent charged for each such unit shall not exceed 30% of 70% of area median income for a household consisting of one and one-half persons per bedroom.

Developer shall target and make every reasonable effort to lease ten (10) of these thirty eight units to persons whose household income, at their date of initial occupancy, is at or below 50% of area median income. Initially, the annualized rent charged for these units shall not exceed 30% of 50% of area median income for a household consisting of one and one half persons per bedroom. Developer shall make every reasonable effort to maintain the initial level of affordability on said units.

Any conveyance of the property shall require the prior written consent of VHCB, which consent shall not be unreasonably withheld if the proposed transferee is an eligible applicant to receive funds from VHCB.

Special VHCB / HRB Conditions:

1. Prior to closing, if Cathedral Square Corporation, Inc. has not achieved the goal (established by Executive Order No. 3-73) of having 15% of its permanent rental apartments occupied by formerly homeless households at the time of the most recent progress (HART) report required by the State, they will provide a plan for making progress toward or achieving that goal.
2. Developer shall make every reasonable effort to fully fund, on a monthly basis, all replacement and other reserves shown in the pro forma operating budget for the project which has been approved by VHCB. Replacement, operating and any other reserves shown in the development budget or pro forma operating budget which have been approved by VHCB shall not be used for purposes other than the purposes designated in said budgets without the prior consent of VHCB. Project reserves and other project obligations shall be fully funded as required by VHCB prior to the payment of distributions to the Developer, its Partner/s and/or their Successors.
3. If all project reserves and other project obligations have been met as required by VHCB and if the Developer, its General Partner/s or their Successors receive for three consecutive years distributions such as incentive management fees, asset management fees, or return-on-equity equal to more than 20% of the operating expenses, plus reserves, plus debt service, then payments of principal on the VHCB Loan shall commence and be in an amount equal to 20% of the distribution paid to the Developer, its General Partner/s and/or their Successors.
4. In the event that financing with a 40-year term becomes available prior to closing, VHCB will reduce the amount of this award, to the extent that more favorable financing terms enable the project to take on additional debt.

5. The Developer shall share the results of any decision related to Project Based Voucher commitments to this project with VHCB staff. Any modifications to budget assumptions must be reviewed and approved by VHCB staff.
6. By June 1, 2019, if 9% Low Income Housing Tax Credits have not been awarded, and it is likely that the project will not be able to begin construction during 2019, the VHCB / HRB award may be de-committed and returned to the available pool of funds to be awarded to projects at subsequent VHCB board meetings.
7. Prior to closing, provided that the total number of restricted units for the two partnerships and overall levels and numbers of affordability restrictions for all 70 units in 2018-026-001 and 2018-026-002 remain the same, VHCB staff are authorized to transfer affordability restrictions between the two partnerships.

This award is also subject to Standard VHCB Conditions for LIHTC Housing Projects.

Cambrian Rise Condominiums ♦ Burlington, Vermont
Champlain Housing Trust
2018-004-001

Resolution:

The Board votes to decommit a portion of the outstanding award balance on the above project, in the total amount of \$532,817. This project involves property located at Cambrian Way in Burlington and consists of a total of one hundred fifteen (115) homeownership units in one (1) building. Twenty-one (21) units are designated as VHCB restricted units.

The conditions set forth in this resolution supersede and replace the previous conditions set forth in the resolution approved on September 21, 2017.

This award is subject to the following restrictions and conditions:

Affordability Restrictions:

The initial purchaser(s) of a unit subsidized shall be an “Eligible Household” as defined below. Grantee and the purchaser(s) shall execute a Housing Subsidy Covenant of perpetual duration. This Covenant will be prepared or reviewed by VHCB counsel and shall contain restrictions on conveyance. With respect to the improvements, the Covenant shall include a requirement that whenever an owner intends to sell the unit, the Grantee shall have a right to repurchase the unit at a price determined pursuant to a limited appreciation formula approved by VHCB staff. The Covenant shall also restrict resale, whether by the owner or by Grantee, so that the improvements may only be resold to Eligible Households.

Grantee shall target and make every reasonable effort to sell twenty-one (21) units to persons whose Household Income, at their date of initial occupancy, is between 80% to 100% of Median Income.

Definitions

“Eligible Household” shall mean a person or group of persons whose Household Income, at the date of their initial occupancy, is less than or equal to 120% of Median Income, adjusted for family size.

“Household Income” shall mean annual income determined in accordance with Title 24, §813.106, of the Code of Federal Regulations.

“Median Income” shall mean median income for (i) the Burlington MSA, or (ii) the State of Vermont, whichever is greater, as determined from time to time and published in the Federal Register by the United States Department of Housing and Urban Development.

Special VHCB Conditions:

1. Prior to VHCB’s disbursement of the deposit to the project described in a Purchase and Sale Agreement between BC Community Housing, LLC and Champlain Housing Trust, Inc. (Grantee), Grantee shall provide VHCB with a revised Purchase and Sale Agreement prior to VHCB’s disbursement of the deposit that:
 - a. provides Grantee and VHCB the right to review and approve the building plans and specifications; and,
 - b. states that the project shall be built in accordance with the plans and specifications; and,
 - c. provides Grantee the right to review and approve any value engineering to the condominium building during construction; and,
 - d. ensures that the common areas will be completed when the 21 units funded by VHCB are completed; and,
 - e. provides Grantee and VHCB the right to conduct periodic project inspections during construction and review and third party construction inspection reports.
2. Prior to disbursement of VHCB’s deposit:
 - a. Grantee will demonstrate to VHCB’s satisfaction that the condominium building will register and enroll in Burlington Electric Department’s efficiency program and meet their energy standards.
 - b. Grantee will provide VHCB with copies of both the title opinion referenced in Section 4(a)(1) and governing documents referenced in Section 4(a)(5) of the Purchase and Sale Agreement between BC Community Housing, LLC and Champlain Housing Trust, Inc. (Grantee), for VHCB’s review and approval.
 - c. Grantee will confirm that per Vermont Statute Title 27A, Article 004, there is no agreement to reduce the warranty period of six years.
 - d. Grantee will demonstrate that the \$500,000 security deposit will be held in two separate accounts. Each account will have \$250,000 deposited in it and both accounts will be

insured by the FDIC. These two accounts will be solely for the security deposit and other funds will not be commingled within these accounts.

3. If Grantee earns interest on the \$500,000 deposit, said interest will be considered VHCB funds and will reduce the amount of VHCB award accordingly.
4. VHCB reserves the right to ensure that the use of funds in this project is compatible with the required uses of VHCB funding sources. Grantee shall use VHCB funds exclusively for eligible expenses approved by VHCB. Prior to disbursement of VHCB funds, Grantee shall not acquire title to the property or incur capital expenses for which it will seek reimbursement from VHCB funds, without prior written approval by VHCB.
5. Prior to disbursement, Grantee shall obtain commitments for all other funds necessary to complete the project, and Grantee shall demonstrate to the satisfaction of VHCB that the committed funds make the project financially viable.
6. Prior to closing, Grantee shall submit an updated budget for the development.
7. If this project receives funding from the Housing for All Revenue Bond, Grantee agrees to submit to VHCB staff, without demand, a completed HRB Occupancy and Project Status Report as follows: (i) 60 days after project completion; (ii) 1 year after project completion; and, (iii) thereafter, within 30 days after requested by VHCB. Information and data shall be provided in a form and manner to be determined by VHCB.

This award is also subject to VHCB standard conditions for homeownership and housing revenue bond projects.

**Maiden Lane Apartments ♦ St Albans, Vermont
Champlain Housing Trust & Housing Vermont
2019-047-001**

Resolution:

To score the application “8” for need, “9” for impact and “9” for quality, and to award Champlain Housing Trust and Housing Vermont (the "Developers") Housing For All Revenue Bond (HRB) funds in the amount of up to One Million Two Hundred Thousand dollars (\$1,200,000) for acquisition, new construction, and related expenses, and HOME funds in the amount of up to Four Hundred Thousand dollars (\$400,000) for new construction and related expenses. This project involves property located at Maiden Lane in St Albans and consists of a total of 30 rental units in 1 building. Five (5) units are designated as HOME units.

This award is subject to the following restrictions and conditions:

Affordability and Conveyance Restrictions:

Developer shall execute a VHCB Housing Subsidy Covenant of perpetual duration that restricts thirty (30) units, which will be prepared by VHCB General Counsel and will contain restrictions substantially as follows:

VHCB and/or HRB:

Developer shall target and make every reasonable effort to lease eight (8) units to persons whose household income, at their date of initial occupancy, is between 80% and 120% of area median income. Developers shall lease said units on the Property to persons whose household income, at their date of initial occupancy, is less than or equal to 120% of median income. The annualized rent charged for each such unit shall not be lower than the lesser of 30% of 80% of area median income for a household consisting of one and one-half persons per bedroom, OR, the HUD published Fair Market Rent for the applicable unit size, OR, another measure of project area market rent approved by VHCB staff. The rent may not exceed 30% of 100% of median income for a household consisting of one and one-half persons per bedroom.

Developer shall lease twenty-two (22) units to persons whose household income, at their date of initial occupancy, is less than or equal to 80% of area median income. The annualized rent charged for each such unit shall not exceed 30% of 70% of area median income for a household consisting of one and one-half persons per bedroom.

Developer shall target and make every reasonable effort to lease seven (7) of these twenty-two units to persons whose household income, at their date of initial occupancy, is at or below 50% of area median income. Initially, the annualized rent charged for these units shall not exceed 30% of 50% of area median income for a household consisting of one and one half persons per bedroom. Developer shall make every reasonable effort to maintain the initial level of affordability on said units.

Developer shall make every reasonable effort to lease any four (4) of the seven units to persons whose household income, at their date of initial occupancy, is less than or equal to 30% of area median income, OR, to persons with special needs. In addition, Developer shall make every reasonable effort to ensure that the annualized rents for all units are "affordable" to the occupying households, as described further in section 7 of the VHCB Housing Subsidy Covenant.

Any conveyance of the property shall require the prior written consent of VHCB, which consent shall not be unreasonably withheld if the proposed transferee is an eligible applicant to receive funds from VHCB.

HOME:

Five (5) units on the property shall be designated as HOME units and the following restrictions shall apply during the HOME Program affordability period of twenty (20) years. Initially, the HOME units shall consist of three (3) one-bedroom units, and two (2) two-bedroom units, but the designation may float with prior approval from HOME staff to units of equal or greater size in order to maintain HOME compliance. The owner shall lease at least one (1) of the HOME units to persons whose household income is less than or equal to 50% of area median income and the annualized rent charged for each such unit shall not exceed the lesser of the applicable HUD fair market rent, or 30% of 50% of area median income for a household consisting of one and one-half persons per bedroom. The owner shall lease the remaining four (4) HOME units to persons whose household income is less than or equal to 60% of area median income and the annualized rent charged for each such unit shall not exceed the lesser of the applicable HUD fair market rent, or 30% of 65% of area median income for a household

consisting of one and one-half persons per bedroom. The owner shall also comply with HOME Program requirements regarding calculation of rents, annual tenant income certifications, and payment of additional rent if a tenant's household income increases to more than 80% of area median income.

Special HRB Conditions:

1. By June 1, 2019, if 9% Low Income Housing Tax Credits have not been awarded, and it is likely that the project will not be able to begin construction during 2019, the HRB award may be de-committed and returned to the available pool of funds to be awarded to projects at subsequent VHCB Board meetings.
2. Prior to closing or distribution of funds, the Developers shall provide a copy of the Option Agreement with Snyder Construction LLC for review and approval by VHCB.
3. If the Developers have not been able to assemble the financing necessary to fulfill the Option Agreement to be developed with Snyder Construction Company LLC and/or the Option is terminated for any reason by either party, the HRB award may be de-committed.
4. Prior to closing or disbursement of funds, Developers shall obtain commitments for all funds needed to complete the project, and Developers shall demonstrate to the satisfaction of VHCB that the committed funds make the project financially viable.
5. Developer shall make every reasonable effort to fully fund, on a monthly basis, all replacement and other reserves shown in the pro forma operating budget for the project which has been approved by VHCB. Replacement, operating and any other reserves shown in the development budget or pro forma operating budget which have been approved by VHCB shall not be used for purposes other than the purposes designated in said budgets without the prior consent of VHCB. Project reserves and other project obligations shall be fully funded as required by VHCB prior to the payment of distributions to the Developer, its Partner/s and/or their Successors.
6. If all project reserves and other project obligations have been met as required by VHCB and if the Developer, its General Partner/s or their Successors receive for three consecutive years distributions such as incentive management fees, asset management fees, or return-on-equity equal to more than 20% of the operating expenses, plus reserves, plus debt service, then payments of principal on the VHCB Loan shall commence and be in an amount equal to 20% of the distribution paid to the Developer, its General Partner/s and/or their Successors.
7. In the event that financing with a 40-year term becomes available prior to closing, VHCB may reduce the amount of this award to the extent that more favorable financing terms enable the project to take on additional debt.

Special HOME Conditions:

1. This award is contingent upon Vermont's receipt of FFY2019 HOME funds in the minimum amount of at least \$3,000,000.

2. By June 1, 2019 if 9% Low Income Housing Tax Credits have not been awarded, and it is likely that the project will not be able to begin construction during 2019, the HOME award may be de-committed and returned to the available pool of funds to be awarded to projects at subsequent VHCB board meetings.
3. If the Developers have not been able to assemble the financing necessary to fulfill the Option Agreement to be developed with Snyder Construction Company LLC and/or the Option is terminated for any reason by either party, the HOME award may be de-committed.
4. Prior to closing, Developer shall submit documentation that the project complies with Section 504 of the Rehabilitation Act of 1973. For new construction, the project is required to have at minimum two (2) physically accessible units, and at least one (1) additional unit is required to be made accessible to people with sensory impairments.

Fair Housing Act (FHA) design requirements for new construction projects also apply. Prior to closing, Developer shall submit documentation that the project meets FHA accessibility requirements for all 30 units, common spaces, parking, and routes throughout the building and its grounds.

5. Prior to closing, Developers shall submit to VHCB staff for review and approval documentation that the project is in compliance with federal Section 104(d) one-for-one replacement requirements, including, if necessary, the publication of a one-for-one replacement plan.
6. The project's legal closing must occur within 24 months of the date HUD executed a FFY19 HOME funding agreement with the State of Vermont (date TBD). In addition, HOME funds must be fully expended within 4 years of that date. If, after 18 months of the execution of the HOME agreement, it appears unlikely that the project will meet these deadlines, VHCB reserves the right to de-commit the HOME award.
7. If all project reserves and other project obligations have been met as required by VHCB and if the Developer, its General Partner/s or their Successors receive for three consecutive years distributions such as incentive management fees, asset management fees, or return-on-equity equal to more than 20% of the operating expenses, plus reserves, plus debt service, then payments of principal on the HOME Loan shall commence and be in an amount equal to 20% of the distribution paid to the Developer, its General Partner/s and/or their Successors.
8. In the event that financing with a 40-year term becomes available prior to closing, VHCB may reduce the amount of this award to the extent that more favorable financing terms enable the project to take on additional debt.

This award is also subject to Standard VHCB Conditions for LIHTC Housing Projects and Standard HOME Conditions.

Decommitment Resolution

Resolution:

The Board votes to decommit the outstanding award balances on the above projects, in the total amount of \$33,000.

<u>Project #</u>	<u>Name</u>	<u>Grantee</u>	<u>Reason</u>	<u>Funding Source</u>	<u>Amount to Decommit</u>
2017-042-001	Housing the Homeless Project Capacity Grant	HTRC	Project not moving forward	Trust 17	30,000
2017-072-001	Butler Farm	VLT	Survey funds not needed	Trust 18	3,000
			TOTAL		\$ 33,000

Housing Revenue Bond Supplemental Award 2019-054-000

Resolution:

VHCB commits up to \$1,200,000 of Housing Revenue Bond funds for supplemental awards to five housing development projects: Armory Lane, Lake Paran, Juniper House, Maiden Lane, and/or New Avenue. Staff is authorized to use these funds to make supplemental awards in any combination to the five referenced projects.

Funds shall be awarded only in the event there is a financing shortfall of Low Income Housing Tax Credits. If the VHFA Board does not partially fund the five projects in the manner described in the supplemental award memo, no additional HRB funds will be awarded without VHCB Board prior consent

All Board approved Special and Standard conditions for the above referenced projects shall apply to supplemental awards.

Franklin Square Condominiums ♦ Montpelier, Vermont Downstreet Housing and Community Development, Inc. 2019-052-001

Resolution:

To score the application “9” for need, “10” for impact and “9” for quality, and to award Downstreet Housing and Community Development, Inc. (the "Developer") VHCB funds in the amount of up to four hundred forty thousand dollars (\$440,000) for acquisition, rehabilitation and related expenses.

This project involves properties located at 4 Franklin Street, 9 Franklin Street, 13 Franklin Street, 158 Main Street, 160 Main Street, and 162 Main Street in Montpelier and consists of a total of 18 homeownership units, of which 10 units will be restricted and perpetually affordable.

This award is subject to the following restrictions and conditions:

Affordability and Conveyance Restrictions:

Existing homeowners in Franklin Square have mortgages with resale restrictions. Ten existing homeowners shall execute a VHCB Mortgage of perpetual duration, which will be prepared by VHCB counsel and will contain restrictions substantially as follows:

The initial purchaser(s) of 10 units subsidized shall be an “Eligible Household” as defined below. Upon resale of the restricted units, Developer and the purchaser(s) shall execute a Condominium Housing Subsidy Covenant of perpetual duration (known herein as the “Covenant”). This Covenant will be prepared by Developer’s counsel, reviewed and approved by VHCB counsel, and shall contain restrictions on conveyance. With respect to the restricted units, the Covenant shall include a requirement that whenever an owner intends to sell the unit, the Developer shall have a right to repurchase the unit at a price determined pursuant to a limited appreciation formula approved by VHCB staff. The Covenant shall also restrict resale, whether by the owner or by Developer, so that the unit may only be resold to Eligible Households.

Definitions:

“Eligible Household” shall mean a person or group of persons whose Household Income, at the date of their initial occupancy, is less than or equal to 120% of Median Income, adjusted for family size.

“Household Income” shall mean annual income determined in accordance with Title 24, §813.106, of the Code of Federal Regulations.

“Median Income” shall mean median income for (i) Washington County, or (ii) the State of Vermont Nonmetro, whichever is greater, as determined from time to time and published in the Federal Register by the United States Department of Housing and Urban Development.

Special VHCB Conditions:

1. This award is contingent on VHCB receiving a minimum of \$14.3 million in FY2020 State appropriation. The disbursement of these funds is subject to the State of Vermont releasing these funds to VHCB.
2. Prior to closing, VHCB will review and approve Downstreet’s plan for initial and ongoing training for Franklin Square condominium owners and the association, related to governance and property and asset management. Downstreet will provide ongoing training and support for the Franklin Square condominiums.
3. Downstreet will agree to reserve up to \$75,000 from future loan repayments to the Franklin Square loan fund to assist with any needed interior renovation for units that may require it before resale, or for other needs for the Franklin Square condominiums.

4. Prior to closing, Downstreet will provide VHCB with updated Franklin Square Condominium bylaws and other governing documents. These documents shall prohibit unit occupancy by non-owners.
5. Prior to disbursement, VHCB will secure its award with mortgages on the ten restricted units in the condominium association.

This award is also subject to VHCB standard homeownership conditions.

**Affordable Homeownership Initiative ♦ Windham & Windsor Counties, Vermont
Housing Vermont and Windham & Windsor Housing Trust
2019-004-001**

Resolution:

To score the application “9” for need, “8” for impact and “9” for quality, and to award Housing Vermont and Windham & Windsor Housing Trust (the "Developers") VHCB funds in the amount of up to three hundred thousand dollars (\$300,000) for acquisition, rehabilitation and related expenses; One thousand twenty-four five hundred four and eight cents (\$124,504.08) from the current homeownership pool 2002-068-000 and one hundred seventy-five thousand four hundred ninety-five and ninety-two cents (\$175,495.92) from other VHCB funds for acquisition, rehabilitation and related expenses for the development and sale of four (4) permanently affordable homeownership units.

This award is subject to the following restrictions and conditions:

Affordability and Conveyance Restrictions:

Developer shall execute a VHCB Housing Subsidy Covenant of perpetual duration that restricts four (4) units, which will be prepared by VHCB counsel and will contain restrictions substantially as follows:

The initial purchaser(s) of 4 units subsidized shall be an “Eligible Household” as defined below. Grantee and the purchaser(s) shall execute a VHCB Housing Subsidy Covenant of perpetual duration. This Covenant will be prepared and reviewed by VHCB counsel and shall contain restrictions on conveyance. With respect to the improvements, the Covenant shall include a requirement that whenever an owner intends to sell the unit, the Grantee shall have a right to repurchase the unit at a price determined pursuant to a limited appreciation formula approved by VHCB staff. The Covenant shall also restrict resale, whether by the owner or by Grantee, so that the improvements may only be resold to Eligible Households.

Definitions

“Eligible Household” shall mean a person or group of persons whose Household Income, at the date of their initial occupancy, is less than or equal to 120% of Median Income, adjusted for family size.

“Household Income” shall mean annual income determined in accordance with Title 24, §813.106, of the Code of Federal Regulations.

“Median Income” shall mean median income for (i) Windsor or Windham County, or (ii) the State of Vermont, whichever is greater, as determined from time to time and published in the Federal Register by the United States Department of Housing and Urban Development.

Developer shall execute a VHCB Housing Subsidy Covenant of perpetual duration that restricts ## (#) units, which will be prepared by VHCB general counsel and will contain restrictions substantially as follows:

Special VHCB Conditions:

1. This award is contingent on VHCB receiving a minimum of \$14.3 million in FY2020 State appropriation. The disbursement of these funds is subject to the State of Vermont releasing these funds to VHCB.
2. VHCB staff will review and approve the selection of town where these units will be located, and will review and approve the location of each home prior to purchase.
3. Prior to disbursement, VHCB will review and approve the proposed purchase price and proposed rehab budget of each home.
4. VHCB reserves the right to place any VHCB money unsecured upon first sale to the initial homeowner in a resale security agreement, to be secured on future resales if there is appreciation.
5. VHCB funds will not be used to pay a realtor fee.
6. If VHCB funds have not been disbursed within a year, VHCB reserves the right to decommit the entire award.
7. The developers will pledge up to \$5,000 of their development fee per home to enhance the VHCB grant should there be a cost overrun during rehab or a shortage of expected value at time of sale.
8. Prior to disbursement, Developers will provide us with a document that outlines the contingency plan if the units do not sell in more detail, including the respective responsibilities of Windham & Windsor Housing Trust and Housing Vermont to reduce their development fees.
9. Prior to disbursement, Developers shall obtain commitments for all other funds necessary to complete the project, and Developers shall demonstrate to the satisfaction of VHCB that the committed funds make the project financially viable.

This project is also subject to standard conditions for homeownership projects.

**Vermont Land Trust
Varley-Miller
2017-056-001**

Resolution:

To amend special condition (3) of grant agreement #2017-056-001 (VLT—Varley-Miller farm), to read as follows:

(3) The easement will include the following special environmental protections, all as depicted on the farm plan and reviewed and approved by VHCB staff:

a. A 50-foot riparian buffer along portions of the West Branch of the Ompompanoosuc River frontage as depicted on Grantee’s orthophoto map dated 12-17-2018, and submitted to the VHCB Board on January 22, 2019, which shows a total of 5.2 acres of Riparian Protection Zone.

- All other conditions to remain the same.

Housing Standard Conditions

Resolution:

1a. To revise the Housing Standard Condition listed below by adding the sentence highlighted in italics:

Developer shall make every reasonable effort to fully fund, on a monthly basis, all replacement and other reserves shown in the pro forma operating budget for the project which has been approved by VHCB. Replacement, operating and any other reserves shown in the development budget or pro forma operating budget which have been approved by VHCB shall not be used for purposes other than the purposes designated in said budgets without the prior consent of VHCB. *Project reserves and other project obligations shall be fully funded as required by VHCB prior to the payment of distributions to the Developer, its General Partner/s and/or their Successors.*

1b. To adopt the award condition below to the VHCB, HOME and HTF Standard Conditions:

If all project reserves and other project obligations have been met as required by VHCB and if the Developer, its General Partner/s or their Successors receive for three consecutive years distributions such as incentive management fees, asset management fees, or return-on-equity equal to more than 20% of the operating expenses, plus reserves, plus debt service, then payments of principal on the VHCB Loan shall commence and be in an amount equal to 20% of the distribution paid to the Developer, its General Partner/s and/or their Successors.

2. To adopt the two new Standard HTF conditions:

3. Within one year of project completion, Recipient will submit to VHCB a cost certification performed by a certified public accountant.

Recipient will submit to VHCB an annual financial audit of the project beginning the first year following the cost certification and continuing through the last year of the affordability period.