



MEMORANDUM

Date: July 31, 2023

To: The House Committees on Human Services and on General and Housing; the Senate Committees on Health and Welfare and on Economic Development, Housing and General Affairs; and the Joint Fiscal Committee

From: Gus Seelig and Pollaidh Major, Vermont Housing & Conservation Board

Cc: Commissioner Josh Hanford, DHCD; David Riegel, AHS
Secretary Board Designee

RE: VHCB Report on Initiatives to Increase Homes for Vermonters Exiting Homelessness

The Vermont Housing & Conservation Board (VHCB) is pleased to be asked to play a role in continuing to address Vermont’s housing needs across a wide array of housing types. The flooding experienced by communities across our state has further highlighted the need to ensure that Vermonters have access to safe and affordable housing and, simultaneously, made meeting the housing needs of Vermonters harder. We look forward to working with the Joint Fiscal Committee and Commissioner Hanford’s department to deploy resources in a manner that will have a measurable impact on the lives of Vermonters. Act 81 of 2023 (H.171), requires VHCB to report to the Legislature on initiatives to increase the supply of affordable homes and shelter beds available to Vermonters experiencing homelessness. What follows is a report of the Board’s efforts since the June 20 passage of the bill and a spreadsheet detailing VHCB-funded new rental homes and shelter beds projected to become available in the coming months and years.

On July 17th, VHCB’s Board met and approved two sub-grants facilitating the transfer of funds to support the Vermont Housing Improvement Program (VHIP) and the Manufactured Home Improvement and Repair (MHIR) Program as required under Act 81. The current structure of the MHIR program has DHCD acting as the program administrator and the Vermont State Housing Authority (VSHA) acting as the program manager. In order to allow the current program structure to remain in place and ensure administrative efficiency, VHCB intends to enter into a grant agreement with DHCD and VSHA to provide support to the MHIR program. The Board required the following criteria for the award: 1) cost effective use of funds; 2) funds will be used

as provided in Act 81 to prevent homelessness; and 3) funds will not be invested in sites at high risk of flooding.

Act 81 requires that VHCB direct \$10,000,000 to infill development in Vermont's manufactured home communities to provide rental housing for Vermonters experiencing homelessness. During the July 17 meeting, the Board authorized a special committee of the board to approve the program structure for a Manufactured Home Community Infill program to allow VHCB to swiftly stand up the program and deploy funds. VHCB has already begun surveying 42 parks in which it already has investment for available vacant lots. VHCB had already provided funding for more than 20 such new homes in recent years.

We will work with the Department on the structure of this program to address a variety of issues including location to assure access to public transit, flood resilience, and long-term affordability. Two partners have already signaled their intent to seek funding to replace approximately 25 homes.

The FY 24 Budget directs VHCB to invest \$10,000,000 in expanding the state's shelter capacity and VHCB is working to expand its pipeline of shelter projects. The Board has contacted Evernorth, our statewide housing developer and tax credit syndicator, which has agreed to provide technical support to experienced shelter providers seeking to build or renovate shelter facilities. Evernorth brings professional capacity to undertake permitting, site development, and project development and financing to future shelter expansion projects. Evernorth's development expertise can help enhance the capacity of Vermont's shelter providers to take on new projects to meet the state's expanded need for temporary emergency shelter.

As the Board prepares for its September board meeting, we can report we are in receipt of three projects that will provide additional shelter capacity in Hartford, St. Johnsbury and Barre. We are pleased to report that an appeal for a new shelter we had previously funded in Lamoille County has been settled so construction can begin later this summer with a planned opening this winter with 21 new beds, the first such shelter in Hyde Park.

We continue actively consulting with the Office of Economic Opportunity and the Department of Children and Families on all recommendations for funding units designated for the homeless, utilization of coordinated entry, and resident service plans. We are in the midst of close collaboration with OEO to arrange a transfer of the Champlain Inn to the Champlain Housing Trust. The Champlain Inn was purchased and modestly improved with \$2.9 million in Coronavirus Relief Funding (CRF) funding to ANEW at the request of the City as a low-barrier

shelter. ANEW has found that they do not have the staff capacity to maintain the facility over the long term. Champlain Housing Trust has agreed to be the owner provided they can secure funding to improve the quality of the facility and that the Champlain Valley Office of Economic Opportunity would agree to operate the shelter. This will preserve 33 units.

Act 81 requires VHCB to increase the number of units provided to households experiencing homelessness to 30 percent over the coming year. Staff have conducted one-on-one meetings across the state with housing providers to assess the feasibility of this target. For the units coming online in FY24, there are already legally binding agreements in place and investment made by tax credit investors on a basis of a variety of representations that call for setting aside apartments for persons experiencing homelessness at levels below the 30 percent level cited in statute. We recognize the need to make additional units available over the coming months as the state seeks to transition households out of the pandemic-era emergency housing program. To ensure units are available for this effort, we ask that VHCB and its funded partners approach this requirement as a goal for making at least 30 percent of new units and units available at turnover available to households exiting homelessness. This interpretation will have two results that support the state's efforts: first, it will expand the number of units available to this effort from just the new units coming online to encompasses all units that become available within VHCB's broader rental portfolio of permanently affordable rental homes; second, it will result in units available over the coming months, whereas placing this requirement on FY24 funded projects will result in units available after construction is complete, a process that typically takes several years.

We have been met with a positive reception from our nonprofit community-based partners with two caveats: that persons entering those apartments will need rental assistance for the capacity to pay rent; and, for many, a commitment from a service provider to support those households as they transition from homelessness to housing to ensure successful housing retention.

As we consider this challenge and talk with partners, the recipients of this report should be aware that over the last six years our partners have almost doubled the number of apartments they are providing to households that have experienced homelessness. This has put a severe strain on property management and maintenance budgets particularly when a household fails as a successful tenant, often leaving apartments damaged with high turnover costs.

There are, of course, many more successes to discuss than failures, but it is best practice to integrate households into mixed-income settings in order to provide for what HUD and others call "moving to opportunity" and to have a strong service component for those people who need

it. This is important to assure: 1) community acceptance of affordable housing; and 2) to reduce the potential need for eviction, which is a failure both for our partners and for the affected households.

Across the state, our partners report higher turnover in property management staff than they have ever experienced as well as a shortage of maintenance technicians. As we consider more forcefully addressing the issue of homelessness, we ask the Joint Fiscal Committee and the Agency of Human Services to consider funding at least one FTE as a resident services coordinator at each of our nine regional non-profit partners. We will be working with our partners and will report to you next month on the potential costs of this initiative and we will seek philanthropic help to support this effort. Our goal here in making this suggestion is to assure the maximum level of success in housing.

In interpreting the language in Act 81, because the Board is mandated to meet a number of other needs that include homeownership and farmworker housing, we assume that the 30 percent goal was intended to be specific to rental housing development. With that in mind, we will make a good faith effort to achieve that marker.

Finally, we are providing AHS and the Department with the schedule for when properties already funded are likely to open in the coming years. It should be noted that a number of issues in the last two years have caused delays for anticipated openings. Common issues such as supply chain disruptions or labor force availability will be exacerbated by the recent flooding. As we strive to provide committee member with timely data, we will note that estimates of units coming online for the current month are based on past forecasts and may be adjusted as we reconcile our data following the end of the month reporting from our partner developers.

The catastrophic flooding experienced across our state has layered on another challenge to our already stressed housing system. VHCB reached out to its core non-profit housing partners in the wake of the flooding. What we heard is that the portfolio of over 15,000 perpetually affordable homes was largely spared, although providers in key flooded areas have sustained damages. The flooding has, by necessity, shifted the focus of housing providers who must ensure the safety of their tenants and make vacant units available to impacted households in their communities. Across the housing market, efforts to rebuild homes and businesses will further tighten supply chains impacting buildings underway that had been seeking to accelerate their development timeline to bring much needed units online. Vermonters whose lives were upended by the flood will require support from a social services sector that has been struggling to meet the needs of the population prior to the flooding. We understand the Joint Fiscal Committee will need to

balance these new community needs as it works to transition Vermonters out of the pandemic-era emergency housing program. VHCB seeks to be a strong and responsive partner in helping the state tackle the dual challenges of homelessness and flood recovery.

We look forward to continuing to work with the General Assembly and the Administration to maximize success in the development of housing across the state.

#####

VHCB Rental and Shelter Projects by Anticipated Occupancy - July 31, 2023

Summary of New Units Coming Online as of June 30, 2023

	<u>Homeless Units</u>	<u>New Units</u>	<u>New Shelter Beds</u>
Prior Months (n/a)	0	0	0
Current Month (July)	13	46	0
Next Month (August)	4	23	0
Remainder of FY24 (Sept - June)	102	328	29
Total Units Coming Online FY24	119	397	29
Total Units Coming Online FY25+	143	623	25
TOTAL	262	1020	54

VHCB Rental and Shelter Projects by Anticipated Occupancy - July 31, 2023

Rental Housing

	<u>Project Name</u>	<u>Primary Applicant</u>	<u>Town</u>	<u>County</u>	<u>Total Homeless Units</u>	<u>New Units</u>	<u>Anticipated Occupancy</u>
FY2024	River Bend Apartments	Lamoille Housing Partnership	Morristown	Lamoille	6	16	07/01/2023
	Village Center Apartments	Lamoille Housing Partnership	Morristown	Lamoille	4	24	07/01/2023
	East Calais General Store	East Calais Community Trust Incorporated	Calais	Washington County		3	07/10/2023
	Tuttle Block	Housing Trust of Rutland County	Rutland City	Rutland	3	3	07/31/2023
	West Burke Housing	Gilman Housing Trust dba RuralEdge	Burke	Caledonia	4	23	08/31/2023
	Firehouse Apartments	Addison County Community Trust	Bristol	Addison	4	20	09/01/2023
	Braeburn Apartments	Champlain Housing Trust, Inc.	South Burlington	Chittenden County	20	20	09/15/2023
	47 Flat Street	Windham & Windsor Housing Trust	Brattleboro	Windham	5	15	10/01/2023
	Willows Mobile Home Park	Shires Housing	Bennington	Bennington		7	01/01/2024
	61 North Pleasant	61 N Pleasant Development LLC	Bradford	Orange	1	6	01/01/2024
	Main Street Family Housing	Committee on Temporary Shelter	Burlington	Chittenden County	16	16	01/15/2024
	O'Brien Farms Lot 11 9%	Summit Lot 11, LP	South Burlington	Chittenden County	8	47	02/01/2024
	O'Brien Lot 10	Summit Lot 10, LP	South Burlington	Chittenden County	12	47	02/01/2024
Recovery Housing	Champlain Housing Trust, Inc.	Essex	Chittenden County		32	03/01/2024	

VHCB Rental and Shelter Projects by Anticipated Occupancy - July 31, 2023

	Riverwalk Apartments	Twin Pines Housing Trust	Hartford	Windsor	8	42	04/01/2024
	Squire Recovery Housing Project	Shires Housing	Bennington	Bennington		7	04/14/2024
	612 Gage Street	Shires Housing	Bennington	Bennington	2	9	06/01/2024
	747 Hartford Avenue	Twin Pines Housing Trust	Hartford	Windsor	18	18	06/01/2024
	Mountainvale Apartments	Twin Pines Housing Trust	Hartford	Windsor	8	40	06/30/2024
	Green Mountain Support Services Transitional Housing Expansion	Green Mountain Support Services Inc.	Wolcott	Lamoille		2	06/30/2024
FY 2025	Kelley's Field II	Cathedral Square Corporation	Hinesburg	Chittenden County	5	24	07/23/2024
	Granite City Apartments	Downstreet Housing & Community Development	Barre City	Washington County	3	9	09/01/2024
	Salisbury Square	Randolph Area Community Development Corporation	Randolph	Orange	3	12	10/02/2024
	Lakeview Housing	Gilman Housing Trust dba RuralEdge	Newport City	Orleans		16	10/31/2024
	Newport Crossing	Gilman Housing Trust dba RuralEdge	Newport City	Orleans	12	43	11/30/2024
	Lake and Maple Apartments	Lake and Maple Apartments L.P.	St. Albans City	Franklin	11	72	12/15/2024
	Alice Holway Drive, Putney	Windham & Windsor Housing Trust	Putney	Windham	5	25	04/01/2025
	10th Cavalry Apartments	Champlain Housing Trust, Inc.	Colchester	Chittenden County	11	65	04/01/2025
	Central & Main	Windham & Windsor Housing Trust	Windsor	Windsor	6	30	04/01/2025

VHCB Rental and Shelter Projects by Anticipated Occupancy - July 31, 2023

	Marble Village	Housing Trust of Rutland County	West Rutland	Rutland	5	24	04/01/2025
	Fox Run 9% allocated	Downstreet Housing & Community Development	Berlin	Washington County	6	30	05/01/2025
	East Creek Commons	Housing Trust of Rutland County	Rutland City	Rutland	4	13	05/01/2025
	Reid Commons	Cathedral Square Corporation	St. Albans City	Franklin	6	33	05/01/2025
	Post Apartments - VFW	Champlain Housing Trust, Inc.	Burlington	Chittenden County	8	38	05/01/2025
FY2026	Bay Ridge	Champlain Housing Trust, Inc.	Shelburne	Chittenden County	30	68	07/01/2025
	51 South Main Street	Downstreet Housing & Community Development	Waterbury	Washington County	5	26	07/01/2025
	Pine at CityPlace	Champlain Housing Trust, Inc.	Burlington	Chittenden County	17	85	08/01/2025
	Packard Court	Gilman Housing Trust dba RuralEdge	St. Johnsbury	Caledonia	6	30	08/31/2025
	TOTAL RENTAL APARTMENTS				262	1040	

VHCB Rental and Shelter Projects by Anticipated Occupancy - July 31, 2023

Emergency Shelters				<u>Total Shelter</u>	<u>New Shelter Beds</u>	
Emergency Shelter Exterior Rehab	John W. Graham Emergency Shelter	Vergennes	Addison	36	0	occupied rehab
NewStory Center Campus Expansion	NewStory Center	Rutland City	Rutland	8	8	11/01/2023
Forest Hill Emergency Housing	Lamoille Housing Partnership	Hyde Park	Lamoille	21	21	11/15/2023
Tim's House	Champlain Housing Trust, Inc.	St. Albans City	Franklin	16	0	occupied rehab
Upper Valley Haven Shelter Expansion & Day Station	Upper Valley Haven	Hartford	Windsor	25	25	09/01/2024
Good Samaritan Shelter Upgrade	Good Samaritan Haven	Barre City	Washington County	22	0	occupied rehab
TOTAL SHELTER BEDS				128	54	