



Directors' Award Recognizes Michael Richardson

IN THE MID 1980S, FEW OPTIONS EXISTED for building affordable housing in Vermont. One or two federal agencies directed financial resources with "cookie cutter" and "one size fits all" regulations and limited dollars. This produced limited housing. When the Vermont Housing Finance Agency created Housing Vermont in 1988, new housing began to be designed, financed and built according to Vermont-specific criteria. As the organization's first president, Michael Richardson played a prominent role in leading Housing Vermont during its critical early years from 1988 to 1993. At the fifteenth annual meeting, Mike was awarded the 2003 Directors' Award in recognition of his tremendous achievements in guiding Housing Vermont into a prominent financial resource for affordable rental housing throughout Vermont.

Mark Snelling, former Housing Vermont Board chair, presented the award, "Housing Vermont has a terrific track record and the respect of investors and partners alike, which began under Mike Richardson's tenure." Mike brought a "wonderful and rare combination" of technical expertise, familiarity with Vermont, and interest in establishing a

DIRECTORS' AWARD *continued on p. 4*

"Preparing for Year 15" Workshop

Thursday, April 8
Montpelier, Vermont

Housing Vermont is co-sponsoring a workshop for owners and managers of housing tax credit properties about "year 15" issues and procedures. For more information, please contact Kenn Sassorossi at 802-863-8424.

VHCB Founder Receives Miles Jensen Award

A STATEWIDE LEADER IN AFFORDABLE housing received Housing Vermont's 2003 Miles Jensen award which spot-



Gus Seelig and Mike Richardson receive awards.

lights excellence in affordable housing. Gustave Seelig of East Calais was recognized for his outstanding achievements advancing affordable housing through the Vermont Housing and Conservation Board.

Gus worked successfully with the Vermont legislature to create VHCB in 1987 and has served as its sole Executive Director. While VHCB funding was expected to play a critical role in financing affordable housing projects throughout the state, Gus' passion and dedication sparked tremendous success, well surpassing original targets.

Since its inception, the Vermont Housing & Conservation Board (VHCB) has awarded in excess of \$150 million to more than 750 land conservation and affordable housing initiatives in 205 Vermont communities. VHCB has directly leveraged over \$500 million -- resulting in the creation of over 6,700 units of affordable housing and the conservation of more than 328,000 acres of agricultural and recreational lands and natural areas.

"Gus has served in a pivotal position requiring vision, political agility and administrative acuity, and the wisdom to know when to use each," noted Joe Boutin,

President of the Merchants Band, in presenting the award on behalf of Housing Vermont. "Gus' ability to work effectively within many worlds has generated a collaboration that embodies the goals of affordable housing with land and historic preservation, a unique combination that is exclusively Vermont's."

Miles Jensen, Housing Vermont's first board chair, was Gus' colleague and friend. "To be recognized in Miles' memory is a true compliment. This award means a great deal to me," said Gus. In his role as a Vermont Housing

Finance Agency board member, Gus

JENSEN AWARD *continued on p. 3*

First Tax Credit Development in Grand Isle Breaks Ground

Vermont's scenic Grand Isle County will have its first housing tax credit development. Housing Vermont and the Lake Champlain Housing Development Corporation began construction of the 16-unit Grand Isle Housing on January 15, 2004. The newly constructed family housing will offer 5 one-bedroom, 8 two-bedroom and 3 three-bedroom apartments in five buildings off Hyde Road in the center of the Town of Grand Isle.

A mix of tax credit equity, a small amortizing loan, and deferred loans from the Vermont Housing and Conservation Board and the HOME program provide funding for this \$2.2 million project. Housing Vermont's newly created Green Mountain Housing Equity Fund will provide the tax credit equity while the Merchants Bank is providing construction and permanent financing. Project Manager Chris Lyon will supervise the work of DEW Construction and its subcontractors. The apartments will welcome the first residents in the fall.



PLANS & SPECS

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HOUSING VERMONT is a private nonprofit affordable housing development corporation founded in 1988. HOUSING VERMONT's mission is to produce permanently affordable housing for Vermonters through partnerships with communities and the private sector. Our partnerships support state and local development goals, particularly downtown revitalization, and create safe living conditions for our residents.

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A LETTER FROM OUR PRESIDENT

JANUARY 2004

The Housing Vermont Community Development Corporation.

No, Housing Vermont is not changing our name. But maybe we should. Calling ourselves Housing Vermont misses much of what we and our partners actually accomplish through the affordable housing we rehabilitate and construct.

Certainly, Housing Vermont is a real estate development firm. In the past 15 years, we have worked with investors, public agencies and local nonprofit housing corporations to create in excess of 3,200 affordable apartments throughout the state. To put that in perspective, the number of persons living in Housing Vermont apartments exceeds the population of Shelburne. That's a record of accomplishment in which we all can take pride.

But this tells only half of the story, for it's not just a matter of how many affordable homes we've created, but how and where those homes are located that signal the added value.

Just a few months ago, Housing Vermont and the Rockingham Area Community Land Trust renovated the Howard Block in downtown Bellows Falls. This handsome structure retains 13 cen-

trally-located apartments to the area's supply of affordable housing. Is that significant? Just ask the families who live there.

At the same time that we created sorely needed housing in the Connecticut River Valley, we also added vitality to the downtown by providing over 6,600 square feet of commercial space. What once was a dark, dismal edifice at the foot of downtown Bellows Falls has now become a bright, busy block of commercial activity. Has that helped the downtown? Just ask the merchants who work there.

In Waterbury Center, Central Vermont Community Land Trust and Housing Vermont renovated a dilapidated seminary and created 16 affordable apartments and a satellite location for the town library and a community ball field. In Burlington, we joined with Burlington Community Land Trust to transform a bus garage and property into 25 apartments and created a beautiful new expanded home for the Good News Garage and several businesses.

The list goes on. In large cities and small villages, with the help of our partners, we've shown time and again that housing development means community development. Just ask our neighbors. ■

Shelburne Family Housing Construction Underway

IN RESPONSE TO A PERSISTENT LACK OF affordable housing, a group of dedicated Shelburne residents launched an extensive community effort to bring affordable rental housing resources to the community. A special ground breaking in October marked the beginning of construction for Shelburne Family Housing and the preservation of a local historic landmark, known as the Noonan House.

Shelburne Family Housing is creating a new neighborhood on Shelburne Road just south of Shelburne village — with nine duplex structures. The Noonan House, located adjacent to the Town offices in the village center, is being renovated into two residential apartments on the second floor and commercial space on the first floor.

The total development cost for the new construction and the Noonan House rehabilitation phases is close to



Noonan House

\$3.6 million. Funding is through a combination of State and federal grants, loans, tax credit equity, and local investments. The Lake Champlain Housing Development Corporation is Housing Vermont's local partner. Equity will be provided by the Housing Vermont's new Green Mountain Housing Equity Fund.

The Noonan House rehabilitation will be completed in April 2004 and the new construction by August 2004. ■

DEVELOPMENT UPDATE

MOUNTAIN VIEW APARTMENTS



Rehabilitation of this 48-apartment complex began in October. Built in 1975 on the outskirts of St. Johnsbury, Mountain View Apartments provides 16 one-bedroom and 32 two-bedroom apartments with rental assistance from

USDA/Rural Development. The Gilman Housing Trust is our local partner and the equity investors are Union Bank and Passumpsic Savings Bank. Rehabilitation will be done in phases with completion in January 2005.

SMALLEST CITY APARTMENTS



The renaissance of downtown Vergennes received a strong boost in December when Housing Vermont and the Addison County Community Action Group (ACCAG) began the rehabilitation of two historic buildings at 206 and

224 Main Street into 19 apartments and one commercial space. The rehabilitation will bring both buildings up to current codes, increase energy efficiency, reduce on-going maintenance needs, and extend the useful life of the properties. The Green Mountain Housing Equity Fund is the tax credit investor. Occupancy is slated for summer.

WALL STREET APARTMENTS



Rehabilitation began in December on this 13-unit building located in downtown Springfield. The scope of work includes reconfiguring the unit mix, installing an elevator, upgrading the electrical and mechanical systems, and rebuilding the historic porches. The Rockingham Area Community Land Trust is the local partner and the equity investors are the Connecticut River Bank and the Mascoma Bank. The rehabilitation is slated to be completed this fall.

WATERFRONT APARTMENTS



Construction began in August 2003 for the first apartments along the Burlington waterfront. The 4-story, L-shaped building will provide 40 market-rate and affordable apartments. The complex, co-developed by the Burlington Community Land Trust, features a covered parking

garage, stunning views of Lake Champlain, and easy access to Waterfront Park and the bike path. Waterfront Apartments will be ready for occupancy this fall.

SPOTLIGHT ON MANAGEMENT

THOSE OF US WHO WORK WITH FEDERAL low income housing tax credit (LIHTC) properties are facing a major milestone—year 15 in the life of the first tax credit partnerships. This affects both our investor and nonprofit partners.

While the LIHTC program provides investors with a ten-year stream of tax credits, the partnership must comply with the tax credit regulations for a total of 15 years to avoid tax credit recapture. Nationally, LIHTC properties that received their tax credit allocation after 1989 must continue to satisfy the federal low-income requirements for another 15 years. Vermont goes even further. State agencies—particularly the Vermont Housing and Conservation Board—which invest public funds in LIHTC projects have set standards regarding low income occupancy and rent restric-

tions which will run perpetually with the property, regardless of ownership. Housing Vermont's partnerships are structured to offer local nonprofit sponsor a first option to acquire the properties and continue to provide affordable housing under the original restrictions.

The year 15 challenge is threefold: (1) ensure that the investors have received their promised return; (2) provide a means to meet the property's capital improvement and replacement needs; and (3) create a financing plan to successfully transition the property to its next phase.

Housing Vermont has created a protocol that begins with a notice to investors and local partners a year in advance of the expiration of the 15-year recapture period. During the next 12 months, Housing Vermont will work

with the parties to meet the three goals previously listed. Each property will present its own unique set of circumstances regarding the financial structure, condition of the real estate, and plans of the local partner.

The first properties to reach the year 15 milestone are Cummings Street Apartments (Montpelier), Northgate (Burlington), Winchester Apartments (Colchester), Village Apartments (Swanton), and Heineberg Senior Housing (Burlington). In every case, we will work with our investor and nonprofit partners as well as the public funders to ensure that properties remain healthy.

Housing Vermont is working with several state agencies to host a workshop on April 8 on the year 15 transition. Look for further details soon. ■

new network with nonprofit organizations and private lenders.

At the same time that Housing Vermont began offering tax credit syndication and housing development services, a number of other events took place that shaped a new affordable housing landscape in Vermont. The Vermont Housing and Conservation Board was created, a new generation of local land trusts emerged, and new grant and loan programs were rolled out. Mike said, "These new resources combined to provide a fresh approach so that most of the housing today can be built by community nonprofits with help from funders and private investors."

For Mike, the crowning achievement in Vermont's affordable housing delivery system is the partnership between nonprofit developers and private sector investors and funders. Through tax credit equity and direct loans, investments from the private sector can represent 50 to 60 percent of a housing project's total financial package. The level of tax credit equity in Vermont is larger proportionally than in many other states. "The private sector investment is critical to creating affordable housing," Mike said. "This strong level of institutional investor support emerged

over time. Investors experienced firsthand the professionalism of nonprofit developers, who worked tirelessly to prove the importance of a given project and used more sophisticated financial models than bankers typically saw with their commercial borrowers." Mike added, "Today, lenders are eager to invest in local affordable housing initiatives with Housing Vermont and its local nonprofit partners because they know the financial investment is sound and that everyday people will benefit."

In other states, housing resources are used as political leverage, a decision-making dynamic that often leaves out the best interests of communities or the very persons who need affordable housing. Mike pointed out that, in Vermont, there is no question of politics. "Governors who have served during Housing Vermont's existence – Snelling, Kunin, Dean, and currently Douglas – have not politicized the delivery of housing. Vermont is special in that way."

Before joining Housing Vermont, Mike worked for the Vermont Housing Finance Agency and the City of Winooski. He currently serves as President of Capital Ideas, a private firm that links investors with affordable housing initiatives throughout New England. ■

participated in forming the first Housing Vermont board and appointing Miles.

Virtually all of Housing Vermont's projects receive VHCB funding, so Gus and his staff are often in the position of scrutinizing the pros and cons of each proposal – assessing the benefits to a given community and allocating limited state resources to only the most deserving affordable housing initiatives. Gus said, "Seeing that Vermonters most in need actually receive our scarce State and federal resources is very important to me. Housing Vermont's depth of experience, professionalism, and sense of mission are always evident in the proposals brought forward for funding."

Prior to joining VHCB, Gus served as the Executive Director of the Central Vermont Community Action Council, capping a 10-year career in the community action network. The passion that Gus brings to his work today is an extension of his dedication to social justice that has exemplified his public service career since its beginning. ■

