

# Champlain Housing Trust

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- Non-profit affordable housing organization since 1984 serving northwestern Vermont
- Our mission is creating and preserving affordable housing
- We develop affordable apartments and homes for sale
- Everything we do is permanently affordable
- We are governed by a board of directors elected by the membership
  - 1/3 residents
  - 1/3 municipal members
  - 1/3 community members

# Richmond Apartments - 1999

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- 16 apartments:
  - 1 one-bedroom
  - 14 two-bedroom
  - 1 three-bedroom

# Richmond Apartments

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- The only permanently affordable family rental housing in Richmond
- Housing for households of modest income – less than 60% median income
- Has provided stable, long-term community asset for 27 years
- Many long-term Richmond residents - Average tenancy is 10.6 years

Rents range from \$1,280 - \$1,875 including heat; hot water

# Community Development Block Grants

## Vermont Community Development Program

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- Federal HUD funding for community development projects including affordable housing.
- Administered by Vermont Community Development Program at the Agency of Commerce and Community Development
  - Requires non-profit to request funds through the Town
  - Supports development that serves low-income residents including affordable housing.
- Richmond served as the sponsor of the grant for Richmond Apartments

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If the VCDP funds were a grant why does Richmond have a loan?

# Low-Income Housing Tax Credits

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- IRS funding program for affordable housing through tax credits
- Very complex financing that requires a for-profit investor/partner who benefits from federal tax credits.
- **In 1999, required all other funding sources including grants to be structured as loans and bear interest. This guidance changed over the years – VCDP is now structured as a grant.**
- Restricts rents and incomes to be affordable to households earning less than 60% median income for 30 years – other funders including the Vermont Housing and Conservation Board, require permanent affordability. The rents at Richmond Apartments will always be restricted.

# Tax Credit Partnerships

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Investor – The Limited Partner is the 99.99% owner, so received tax benefits, but has no role in management. TD Bank was the investor in Richmond Apartments.

Housing Vermont (now Evernorth)– General Partner for Investor Relations

Champlain Housing Trust – Managing General Partner

Richmond Apartments was developed in 1999. The investor has exited the Partnership and CHT is now the Limited and General Partners.

Because CHT is a non-profit and the investor received the federal tax credits – there are no longer any tax benefits.

# VCDP - Richmond

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**In 1999**, the Town of Richmond sponsored the request for \$300,000 federal VCDP grant and loaned it to Richmond Apartments at 2.5% for 30 years with payments to begin in 2014.

**In 2014**, the Town agreed to defer payments until the due date in 2029 and reduce the interest rate to 0% in order to stop accruing interest. Accrued interest at that point brought the total balance to \$412,500.

**In 2021**, CHT requested that the Town sign a new Priority Agreement to keep the loan in position behind a new refinanced primary amortizing loan with TD Bank.

**In 2026**, CHT requested the Town sign a new Priority Agreement to keep the loan in position with a new lender – Mascoma Bank.

**At the direction of the State, CHT is now requesting forgiveness of the loan.**

# VCDP Program Guidance from the State

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- The Town has a Close-out Agreement with the State that manages the funds.
- The Project meets the 7 conditions for loan termination.
- The priority is to ensure the long-term viability of the affordable housing.
- The State is urging municipalities to discharge these old loans in order to maintain the affordable housing and simplify ongoing compliance.

# 7 Conditions for Forgiveness

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- 1) The initial 15-year LIHTC compliance period has been satisfied.
- 2) The LIHTC investing General and Limited partners have exited the partnership.
- 3) Richmond Village Housing LP is now wholly owned by Champlain Housing Trust and its affiliates, and the property will be maintained as affordable housing in perpetuity.
- 4) Champlain Housing has reviewed this request with VCDP, who has indicated that this loan is eligible for forgiveness.
- 5) The property does not have the ability to repay this loan.
- 6) The property rents are restricted by a Housing Subsidy Covenant and cannot be raised for the purpose of repaying the loan.
- 7) The property has significant capital needs, which will most likely require a major refinancing within the next 5-10 years.

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But Richmond was expecting the loan  
would be repaid!

# The project has not performed as projected – Challenges:

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- LP Propane for heat and hot water were high and led to high turn-over and vacancy rates in the early years.
- Flooding in 2011 led to flood insurance requirement – elevation certificates were redone and a portion of the property was found to be in the flood plain.
- Water rates were significantly higher than originally projected.
- Covid inflation of all operating and maintenance expenses.

# 6-Year Operating Summary

## Operating Statement, 6-year

| Richmond Village Housing   | 2020/21       | 2021/22       | 2022/23       | 2023/24       | 2024/25       | 2025/26       |
|----------------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Total Income               | 190,470       | 193,506       | 191,377       | 218,022       | 238,508       | 259,326       |
| Operating Expenses         | 133,602       | 136,812       | 180,231       | 173,371       | 202,965       | 188,156       |
| <u>Replacement Reserve</u> | <u>17,484</u> | <u>18,012</u> | <u>19,116</u> | <u>24,434</u> | <u>24,544</u> | <u>37,244</u> |
| Net Cash Flow              | 14,736        | 15,092        | (28,564)      | (605)         | (10,498)      | 12,736        |

Five year Total Cash Flow \$2,867

# Balance Sheet Summary

Balance Sheet Summary, 06/30/2026

## Richomond Village Housing - Assets

### Current

|                     |    |               |
|---------------------|----|---------------|
| Cash                | \$ | 15,447        |
| Security Deposits   | \$ | 14,017        |
| Replacement Reserve | \$ | 32,686        |
| Operating Reserve   | \$ | 2,809         |
| Aged Receivables    | \$ | 3,143         |
| Prepaid Expense     | \$ | 5,745         |
|                     | \$ | <u>73,847</u> |

## Richomond Village Housing - Liabilities

### Current

|                   |    |               |
|-------------------|----|---------------|
| Aged Payables     | \$ | 5,168         |
| Aged Payables CHT | \$ | 39,320        |
| Accrued Exp       | \$ | 3,667         |
| Security Deposit  | \$ | 14,315        |
| Prepaid Rent      | \$ | <u>1,649</u>  |
|                   | \$ | <b>64,119</b> |

### Long Term

|                      |    |                  |
|----------------------|----|------------------|
| Mascoma              | \$ | 284,991          |
| VHCB                 | \$ | 265,000          |
| VHCB HOME            | \$ | 205,000          |
| VCDP - Richmond Towr | \$ | 412,500          |
| LIFT Loan            | \$ | 60,000           |
|                      |    | <b>1,227,491</b> |

# Impact of repayment

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- Resources would be diverted from operations and reserves.
- Reduced ability to address future capital needs.
- Would increase pressure on affordable rents.
- Refinancing outstanding VCDP loan at 6.25%; 30 year amortization would have a payment of \$30,478 = rent increase of \$160/unit/month. For most units, this increase would not be allowed by rent restrictions.

# Upcoming Work Ahead

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- The project includes 7 wood-sided buildings
- Each apartment has individual boilers for heat and hot water tanks
- Current projected long-term expenses outpace reserve contributions
- Upcoming expenses:
  - Replacing boilers and HW tank with combined units
  - Selective flooring and appliance replacement
  - Paving and sidewalk repairs/maintenance
  - Selective kitchen upgrades
  - Repaint all exteriors in 2033

# Current request for forgiveness

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**Open to questions and discussion**