REGIONAL PRIORITY PROJECT PRIORITIZATION PROCESS

PROJECT INFORMATION FORM

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PROJECT NAME:

Vergennes North

TYPE OF PROJECT:

- [x] Infrastructure:
  - [x] Water
  - [x] Wastewater
  - [x] Broadband
  - [x] Transportation
  - [x] Public Facility
  - [x] Other: City street with municipal water, wastewater, broadband communications
- [x] General Development:
  - [ ] Industrial
  - [ ] Commercial
  - [x] Residential
  - [ ] Mixed
- [ ] Site/Facility Development for Specific Business
- [x] Workforce Development
- [ ] Business Development
- [ ] Other:

PROJECT SPONSOR:

Organization Name	Vergennes Housing Partners, LLC
Organization Mailing Address	25 Armory Lane, Vergennes, VT 05491
Organization Email	peterskahn@live.com
Organization Phone	(802) 734-8124

Contact info for the person submitting project information:

Name	Peter Kahn
Title	Managing Member
Mailing Address	250 Palmer Lane, Charlotte, VT 05445
Email	peterskahn@live.com
Phone	8027348124

PROJECT PRINCIPAL(S) (if different than above):

Person 1:

Name	Christopher Lapierre
Title	Member
Organization	Vergennes Housing Partners, LLC
Mailing Address	PO Box 247, Vergennes, VT 05491
Email	topper_6@hotmail.com
Phone	(802) 343-6415

Person 2:

Name	
Title	
Organization	
Mailing Address	
Email	
Phone	

PROJECT DESCRIPTION - Provide a brief (2-3 sentence) description of the project. (500 character limit):

Vergennes North will ultimately be 130 units of “missing middle” workforce housing, which is desperately needed in the area. Project will be built in phases, with the first phase being 74 units. The missing middle demographic cannot qualify for low-income housing, yet can’t afford the high price of most existing and new housing. Units will be built in both multi-household dwellings of 10-14 units each, and reasonably sized single-family homes.

DETAILED PROJECT DESCRIPTION (5000 Characters):

The effects of the housing crises are acute in Vergennes for area employers and residents alike. Job vacancies at our schools, medical facilities, and businesses, both large and small, go unfilled because potential employees cannot find housing. Much of our housing stock is historic and large multi-dwelling buildings do not exist, other than for affordable housing. And those affordable buildings have waitlists of more than a year. Our schools are losing enrollment as our population ages and growth stagnates. Young residents often move out of the city in search of a place to live. Primary goals for the city, as stated in our municipal plan, are to increase housing opportunities for residents and grow the population by five percent. More housing is needed to meet these goals and maintain the vibrancy of Vergennes.

Phase I of Vergennes North will create 74 workforce housing units in several, multi-dwelling buildings, and several single-family homes. Phase II will add 56 more units of workforce housing. Buildings are designed to enhance their surroundings with a clean, classic style, gable pitched roofs, and covered porches at both the front and rear. The units are spacious and include exterior balconies accessed from large common areas. Kitchens feature quartz counters, islands, and full-size Energy Star appliances in stainless steel. Full baths are private from living areas and each unit has its own side-by-side washer and dryer.

Ground floor units are ADA compliant and fully wheelchair accessible right from the parking area. Every unit meets all conditions defined in the Universal Design Code for accessibility. Energy systems and insulation, designed in consultation with Efficiency Vermont, exceed the commercial code, utilizing continuous insulation, energy star windows and appliances, air exchange systems, and heat pumps. These construction techniques, materials, energy systems, and appliances will result in increased durability, less maintenance, and decreased utility bills for residents when compared to standard-construction buildings.

High construction costs are well known, as is the high borrowing cost of capital. In addition to the housing, about 1,500 feet of city street and sidewalks needs to be constructed. Private development and conventional borrowing alone cannot bring this project to fruition. Middle-income residents would not be able to afford the rents necessary to make a conventionally financed project like this work. There are well established funding sources to subsidize construction of low-income housing, chief among these is the Low-Income-Housing-Tax-Credit program (LIHTC). Much of the rental housing in Vergennes results from this program. That said, middle-income residents do not qualify for LIHTC housing. Vermont has acknowledged the need for funding assistance for workforce housing, termed the missing middle. A low interest loan program for missing-middle housing administered by the Vermont Housing Financing Agency (VHFA) received funding and has been fully subscribed.

To make the first 74 units of workforce housing in Vergennes North a reality, The City of Vergennes has applied for both a Congressionally Designated Spending (CDS) allocation and a Northern Borders Regional Commission (NBRC) allocation. We are requesting additional funding for project infrastructure to be administered by ACEDC. With this funding, we expect construction can start in the spring of 2025.

PROJECT LOCATION (3000 characters):

Provide the physical location of the project and/or the area to be served by the project

Vergennes is fortunate that a 14-acre parcel of land exists at the northern entrance to the city, with access to municipal water and sewer. A zoning regulation amendment enabling 130 units of housing on this property is now complete. The land is on North Main Street next to and behind the police station. City sidewalks already connect the police station to downtown. Residents of the Vergennes North project will be able to walk to everyday services such as groceries, drug stores, health care, restaurants, banks, and shops, limiting the need for automobiles. Vergennes North is also walkable to the new Ferrisburgh-Vergennes train station. The station, a beautifully restored depot from 1851, offers rail service to Burlington, Middlebury, Albany, and New York with stops along the way. The attached park-and-ride facility offers regional and intercity bus service. National and State planning efforts are underway to increase use of public transportation hubs by creating housing in close proximity. Vergennes North will be on the leading edge of this movement.

PROJECT PURPOSE AND BENEFITS (3000 Characters):

Describe the purpose and benefits to the region of the project. Describe if/how the project builds capacity within the region for improved economic development or community development, builds capacity in the region for improved economic and community development, and/or advances the goals and objectives of the region's Comprehensive Economic Development Strategy (CEDS) and/or regional plans, and addresses the most pressing needs of the region.

Vergennes City plan has a goal of a 5% increase in population to maintain and increase the viability of the City. The major impediment to that goal is a lack of viable housing. Recent surveys of local employers reveal that job openings go unfilled because potential employees cannot find a place to live.

Economic and community development depend on the ability of people to live in proximity of where that economic and community development will occur. Housing shortages in Vergennes and its surrounding communities are a direct hindrance to economic expansion in the area.

Because of high construction and financing costs, most new housing is out of reach for people of middle income. Vergennes North will produce housing attainable to people of middle income, providing a place to live and leaving income in the hands of consumers to spend at local businesses.

PROJECT TIMELINE, MILESTONES, AND STATUS (3000 Characters):

Describe the project timeline, the current status, and impediments to proceeding. Include factors such as site control, engineering and design, financing/funding identification and commitment, and permitting. Clearly identify where the project is within the project timeline and what work remains.

Developers have a purchase contract on the property. A jurisdictional opinion from the state has been received, indicating that the project is exempt from Act 250.

Local development review approval is the next step. Vergennes officials have strongly supported the concept of Vergennes North, including unanimous approval of the project CDS application. City residents recognize the need for more housing, so opposition is not expected. Local approval should be obtained in the winter of 2024/2025.

Vergennes North will need State wastewater, stormwater, and fire safety permits. The wastewater permit is routine as the project is served by municipal water and sewer, both of which have excess capacity. Project engineers confirm that Vergennes North has adequate area and grade to accomodate a stormwater system. The Division of Fire Safety has already reviewed and approved similar buildings constructed by the applicant.

Formal application for Bank financing will occur this winter in step with local development approval. Provided all these timelines work as described, groundbreaking would occur in the early spring of 2025.

PROJECT PRINCIPAL EXPERIENCE/PARTNERSHIPS (3000 Characters):

Describe project principals' experience managing federal or state grants, and/or successfully developed similar business models, their ability to complete the project, and describe any partnerships that will help ensure success.

Peter Kahn, managing member of Vergennes Housing Partners, is in his twenty-fifth year of developing and building housing in Vermont. Peter is experienced in project management, budgeting, and general contracting, successfully building in both up and down markets. Peter is currently building out Claybrook, a 50 single-family-home neighborhood in Vergennes. Claybrook has proven an economic boon for Vergennes, increasing tax revenue, school enrollment, and support of local businesses.

Peter also built Armory House in Vergennes, the 10-unit multi-household dwelling that serves as the model for the buildings to be constructed at Vergennes North. Armory House recieved a CRRP grant from the Agency of Commerce and Community Development. The CCRP is funded with Federal money. Peter oversees accounting, reporting, and compliance for this grant.

Chris Lapierre has been a community bank commercial lender for nearly 20 years. He has extensive experience in financing multiple construction projects, including housing projects. Many of those financed projects included layered funding sources similar to the project planned here.

In addition, Chris is a part-time builder, being involved in the construction of several residential and commercial buildings. As a result, he is adept at working with and managing contractors, suppliers, and inspectors. The mix of finance and construction experience make Chris uniquely qualified to manage project budgets and ensure that projects are completed as scheduled and on budget.

PROJECT SUPPORT AND REGIONAL NEED (4000 Characters):

Describe how the project is consistent with identified local and regional goals, advances regional needs identified in the region's CEDS and/or regional plans or is supported by reports or public forums. Describe the community support for the project and any community engagement that has occurred. Include reference and link to region's CEDS, the municipal and/or regional plan, and reports, or forums identified. Also describe how the project leverages regional human, social, financial, cultural, and/or physical capital, and supports, compliments, or enhances existing efforts.

Our regional CEDS lists as its first goal the need to "attract new workers and expand labor force". The first described action within that plan is to "implement actions in partner regional plans that support increases in housing supply through the development of perpetually affordable, workforce, and market rate housing in geographic areas designated for growth and located near public transit". Vergennes North is designed to achieve these goals.

> Vergennes North is located within the recently designated Neigborhood Development Area (NDA), giving state recognition that this property is a site where housing construction should occur.
> Vergennes North qualifies for a density bonus from the City of Vergennes, which results in the units being designated for workforce housing in perpetuity.
> Vergennes North will "attract new workers and expand labor force" by providing housing to employees filling open positions with existing and new employers.

Community support for this project is strong. At a recent public forum on housing with the City, residents voiced support for more housing in the northern gateway of the City, especially housing affordable to those of middle income. Vergennes City Council unanimously approved the CDS application for Vergennes North. Both of our State Representatives as well as the chair of the Vergennes Planning Commission, and the executive director of the ACEDC supported the CDS application.

PROJECT COST, IDENTIFIED AND COMMITED FUNDS/FINANCING, AND FUNDING GAP:

Provide the total project cost and complete the simple sources and uses chart.

Total Project Cost: $ 20,000,000

Sources:

Source	Amount
NBRC	$ 0
CDS	$ 0
Bank Financing	$ 13,483,000
Community Partnerships	$ 300,000
Total Sources:	$ 13,783,000

Uses:

Use	Amount
Land & Closing Costs	$ 1,125,000
Permits, Engineering, Other soft costs	$ 833,000
Road & Infrastructure	$ 1,000,000
Site Work	$ 825,000
Hard Construction Costs	$ 16,000,000
Total Uses:	$ 19,783,000

Funding Gap: **$ 6,000,000**

Note: Uses must exceed sources or there is no funding gap

Budget Narrative (3000 Characters):

Describe the amount of funds/financing that have been identified and include a clear status of the funds (Received, committed, applied for, identified, etc.) including the dates of receipt, commitment, application, expected distribution, etc. Clearly identify any funding gap. Also, identify the type of resource (cash, grant, loan, sponsor in-kind, third party in-kind, etc.) and describe which resources can serve as a match, noting that, for example, some grant sources do not allow matching federal funding with other federal funds. Clearly identify any funding gap and identify the state or federal resources that you expect might help fill the gap.

The City of Vergennes has applied for CDS grant funding, which was not awarded in Fiscal 24 The City was encouraged to apply again, as the program is very competitive. CDS funding is awarded when the annual Federal budget is approved. If the CDS funding is not approved, applicant will pursue gap financing through VHFA programs targeting missing middle housing. Application will be for $5 million.

The City will also apply again for a $1 million NBRC grant.

Noted above as "Community Partnership" is a local employer committing $300,000 in soft debt to the project. In return for the investment, a number of the units are reserved for employees of that company. Two additional local employers are considering similar investments.

Vergennes North has begun working on conventional bank financing for the balance of project costs. Based on preliminary discussions, and hinging on the approval of the grant funds, the applicant is confident that conventional financing will be secured.

JOB CREATION (4000 Characters):

Provide an estimate of the number of permanent and temporary jobs to be retained and/or created by the project, including the period of time over which new jobs will be created.

Vergennes North will create job opportunity during its construction as a result of hiring contractors and purchasing materials. Based on peer construction projects, more than 500 local individuals will be involved throughout the construction process.

That said, the project's larger contribution to job creation is providing necessary housing in the City for employees of new and existing businesses. This missing middle demographic cannot qualify for low income housing, yet can't afford the high price of most new construction. This housing will be perpetually available for citizen employees with incomes in the 80-120% of AMI range.

CLEAR FORM

PRINT FORM