

Randolph Area Community Development Corporation



Senate Economic Development,
Housing & General Affairs
Office of Legislative Operations
c/o Scott Moore, Committee Assistant
Vermont General Assembly
115 State Street
Montpelier, VT 05633-5301

Re: Testimony regarding VHFA Proposed Home Ownership Gap Funding to the VT Senate Economic Development, Housing & General Affairs Committee

Dear Committee Members,

Please accept these written remarks on behalf of our organization concerning the Home Ownership Gap Funding proposal submitted by VHFA, on behalf of the Randolph Area Community Development Corporation (RACDC).

RACDC is a nonprofit community development organization that serves the greater Randolph area of central Vermont. It has been working closely with VHCB and VHFA for nearly 30 years to create and preserve affordable apartments, mobile home parks, and service-enriched senior housing. RACDC also manages Randolph's Designated Downtown and other community development programs.

It is now inescapable that demand for safe, affordable and energy efficient housing of all kinds is a critical need for low and middle income families in our region. As housing organizations, we are accustomed to answering calls from individuals looking for housing for themselves and their families. That's normal. Increasingly, though, we are fielding calls from employers asking about housing for valued workers who are homeless, living in their cars or home insecure. That's new.

We believe that our Salisbury Square project is a good example of the kind of project that could benefit from the Home Ownership funding your Committee is considering now, as it can begin to fill our region's need for affordable rental and single-family homes that are not only affordable, but an investment in forward-looking answers to community energy resilience.

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We attach a site plan of our proposed Salisbury Square development. Salisbury Square is located on 4.4 acres of the former Salisbury Furniture Company (later Ethan Allen) in downtown Randolph, just 2 blocks west of Main Street.

When RACDC acquired the site from Ethan Allen, the buildings had been vacant for almost 20 years. We wanted the redevelopment to reflect the values of our community, so we went to the public through charrettes, public meetings, and surveys to ask what they'd like to see at this site.

What people said they wanted was basically an updated version of the downtown neighborhoods we already had and loved. They wanted this new neighborhood to be pedestrian-friendly, and to offer a mix of apartments and single-family homes affordable to a mix of incomes and family sizes, but they also wanted these homes to be very energy efficient, something our older housing stock often isn't. This was a very ambitious goal for a small community, but the site created a perfect location, and the vision generated a lot of enthusiasm.

Between 2007 and 2011, we cleaned up the entire site through the VT Brownfields Program, and built 14 affordable low-income apartments. In 2013 we were asked to build the first single-family home for a couple eager to move closer to family. We weren't ready to build out Phase II, but we said 'yes' to test-drive our process: that was a 1600+ sq ft, 3-bedroom Energy Star modular home with a 2-car garage and full finished basement. We were able to sell that home with the land for \$285k. The same home would likely cost at least twice that amount to build today.

The economic crisis that stalled the housing market put a hold on our original development plans for the second phase of this project. But as the market recovered, we also realized that we needed to take another look at the site plan and unit mix in light of changing market needs, advances in energy efficiency, and to inject more common space into the design.

We are very excited about the new site plan and designs. This phase would add at least 20 new all-electric, High Performance or "Net Zero" units: twelve 1 & 2-bedroom apartments and 8 new single-family homes. These would be built with solar panels sized to provide the energy needed to energize, heat and cool the homes, and to power Electric Vehicle charging ports, meaning that not only would the homes be affordable to buy or rent but affordable to live in. At a time when so many face 'energy poverty' - choosing between paying the mortgage and the oil bill - this is a game-changing feature for low and moderate income households, and one which we estimate adds only 5-10% to the home cost.

What happens to electric homes in a power outage? Individual battery storage units can provide backup power to a single solar-powered, all-electric home. But a microgrid can store and share the combined power of an entire development of solar-powered homes.

Both Senators Leahy and Sanders proposed funding for this development to their committees through Congressionally Directed Spending to help us build a microgrid to enhance the resiliency of the community.

Salisbury Square has been awarded a \$475,000 grant from the Northern Borders Regional Commission for road infrastructure, because they understood that the additional cost to develop roads and underground utilities presents a huge barrier to affordable housing development.

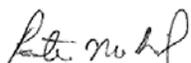
In truth, though, our organization has struggled to implement the community's preference for a mix of homes and apartments at a mix of income levels. We continue despite the challenges that holding the property have presented to our organization because we believe that it is in the best interest of our community and our downtown vitality to do so. We need apartments, but we also need people to invest in homes and to put down roots in our community. This is an important value to our community and many others.

Homes and neighborhoods are part of the bedrock of small community life. But funding available to affordable rental projects aren't always available to affordable home ownership projects. With rising costs, the limited home development programs aren't able to fully fund the gap between the cost of new development and the price affordable to middle income households. And despite the undeniable cost of investing in home development now, the opportunity cost of NOT investing is even greater in human, community and economic terms.

That's why this Home Ownership gap funding you are considering now is so important, and be may be the key to successful home development at Salisbury Square and elsewhere around the state with the same community goals.

We are very grateful for the opportunity to submit these comments and would be happy to answer your questions. Thank you very much for your time and consideration of this important proposal.

Sincerely,



Peter Reed
Board VP & Treasurer



Julie Iffland
Executive Director

/attachments: Salisbury Square Site Plan

