

Champlain Housing Trust

The Champlain Housing Trust is a community land trust that supports the people of northwest Vermont and strengthens their communities through the development and stewardship of permanently affordable homes and related community assets.

Our portfolio includes around 2,400 apartments and 635 shared-equity homes providing homes for around 7,000 people.

We own a variety of real estate: SRO's, group homes, senior housing, coops, NOAHS, LIHTC, commercial and dozens of community facilities.

Over 50% of our LIHTC portfolio serves less than 30% of income; 20% of our renters are formerly homeless.



Motel Uses

SINCE 2013, WE HAVE PURCHASED 6 MOTELS/HOTELS, ALL DIRECTED AT SERVING THE HOMELESS. AND ARE ABOUT TO PURCHASE TWO MORE...

1. We operate two motels providing shelter overflow and low-cost temporary accommodation
2. One motel was converted for Medical respite – short and longer term
3. And several have been converted for other uses:
 - ❑ permanent housing
 - ❑ permanent supportive housing
 - ❑ non-congregate shelters

Operating Motels as Motels: Motel #1

A motel model that provides low cost accommodation and onsite guest services

- First motel purchase November 2013: 59-room motel.
- Lower cost, better services
- State of Vermont and Medical Center Hospital prebook rooms, the balance available for the state, the hospital, mental health agencies and self-paying guests.
- Onsite guest services available through local partners and through in-house social work staff
- Original 2013 TDC: \$2.4M. CDFI financed, with some grant sources and some seller financing. Breaks even every year.

Income	840,547
Expense	<u>611,156</u>
Operating Income	229,391
Debt	166,661
Reserve Contribution	<u>39,252</u>
Net Cash Flow	23,478

Motels as Permanent Supportive Housing Project #1: 20-unit project, opened in 2016

- TCD = \$3.6M, TDC/unit = \$179,762
- Development time: Permitting started January 2015, construction loan August 2015, started leasing up January 2016
- 15-year lease/purchase agreement with below market value purchase price
- Local housing authority provides tenant-based subsidy (PSH and NEDS)
- Hospital pays the local FQHC for onsite support services 7 days a week, 8 hours a day



Motels as Permanent Supportive Housing Project #2: 8 apartments, opened in 2017

- TDC = \$1.6M
- 3 apartments (7 beds) leased to hospital for more intensive med respite. Hospital pays FQHC for 24/7 onsite supportive services
- 5 permanent supportive apartments with subsidy from local housing authority
- Development time – P&S agreement November 2016, leasing up August 2017
- \$6M grant from the hospital for purchase, capital improvements and operating



CRF \$\$ to Create Permanently Affordable Housing

- By April, shelters were unable to meet CDC safety protocols, most traditional Vermont shelters had closed and more than 2,000 Vermonters were reported homeless. Hotels and motels were used to provide safe emergency shelter.
- We and other Non-profit housing developers and service providers had already tested the idea of converting hotel and motel properties
- Within six weeks of the legislation's enactment, VHCB had committed CRF to shelters and to Vermont's network of nonprofit housing developers

VHCB requests Letters of Interest from potential applicants	May 2020
Legislation creating program signed into law	June 19, 2020
VHCB invites full applications	June 30, 2020
VHCB announces awards	August – October, 2020
Work completed on most projects	December 30, 2020

\$32.9M CRF

26 sites in 20 towns

247 new homes

250 shelter beds in 12 shelters

New housing acquired and/or rehabbed to become permanently affordable housing.

Shelters: Health and safety improvements to **12 emergency shelters** to ensure compliance with CDC guidelines.

Motel Operating as Motels #2: 2020

- COVID ISOLATION AND QUARENTINE
- 36 ROOMS
- TDC = \$2M.
- STATE CONTRACT PAYS FOR ALL OPERATING EXPENSES (\$646K) AND RESERVE CONTRIBUTIONS
- PER NIGHT RATE = \$51



Motels Converted to Permanent Housing for People Experiencing Homelessness

- Not Permanent Supportive Housing, but permanent housing with onsite support available
- September 2020: 113 room Hotel, converted to 68 Apartments for homeless individuals and families. Combination of project-based (14) and tenant-based (30) Section 8 plus temporary CARES Act vouchers.
- \$188,000 TDC per unit. TDC: \$12.8M
- No Debt. CARES Act funding.
- Average 800 sq. ft., fully furnished.
- Development time – permitting started July, purchased in September, move-ins started in November



Income	840,123
Expenses	<u>718,296</u>
Operating Income	121,827
Reserve Contribution	<u>40,800</u>
Net Cash Flow	81,027

Motels Converted to Non-Congregate Shelters

- 28 suite Motel, converted to Shelter for Victims for Domestic Violence, highest users of motel system. 21 suites plus offices.
- Average 500 sq. ft., fully furnished. “Break even” lease agreement.
- TDC = \$3.8M
- Development time – 3 months from purchase to move in.





The Vermont Legislature has passed a budget with **\$190 million**
IN AFFORDABLE HOUSING INVESTMENTS



- **\$94,000,000** to provide housing and increase shelter capacity, with priority given to populations who may be displaced from the hotel/motel voucher problem or are currently without housing
- **\$5,000,000** for landlords who will make repairs and house homeless.
- **\$40,000,000** for affordable housing initiatives.
- **\$36,000,000** for Emergency Housing Assistance Program
- **\$15,000,000** for Emergency Rental Assistance Program.

Plan to purchase two additional motels and convert others

1. 99-room suite hotel to be converted to 78 apartments, half for people experiencing homelessness.
 - ❑ TDC: \$18.4, \$255,000 per unit
 - ❑ ARPA, VHCB and 4%LIHTC
2. 58-room motel to replace original 2013 operating motel
 - ❑ TDC \$7.2M
3. The original operating motel will be converted to housing
 - ❑ 20 units now for people experiencing homelessness
 - ❑ TDC" \$3.5, \$175,000 per unit
 - ❑ Additional tax credit units (up to 80) in next 18 months.
4. Covid Motel will be converted to 20 apartments as permanent housing for homeless.



Biggest Issues as a Motel Operator

- Staffing – front desk v. property managers, housekeeping, hours of operations, adding resident/guest services staff
- Security - third party overnight for motel operations, lots of cameras
- Services – third party providers not sufficient support for resident and guests
- Neighbor and Municipal Relations – is seller willing to let us do pre-purchase outreach?
- Receivables – slow state turnaround on motel operations
- Slow coordinated entry process - increases vacancy

Lessons and Opportunities For Permanent Housing

- Rapid Development time
- Lower Development costs
- Willing Sellers
- Cautious Buyers
- Plan A, Plan B,...
- Neighbor and Municipal Relations – and confidentiality of the deal.
- Close coordination with existing service providers

ACQUISITION

- ▶ Zoning – limits # units on conversion to housing
- ▶ Condition, Building Codes, energy and level of rehab work
- ▶ Location
- ▶ Configuration
- ▶ Shorter time horizon
- ▶ Typical Financial Analysis
- ▶ Type of Owner and franchise issues
- ▶ Time it took to acquire

Rehabilitation, Reuse, Management

- ▶ Doors are doors
- ▶ Typical capital needs for residential
- ▶ Offices, meeting rooms, gyms, pools need repurposing
- ▶ Energy issues
- ▶ Property management
- ▶ Resident Services
- ▶ Tenant identification –waiting lists, coordinated entry, partnership with other providers
- ▶ Asset management

Access to Capital:

- ▶ Sources of long-term capital
 - ▶ Owner Financing
 - ▶ Shorter time frames
 - ▶ Hospital
 - ▶ CRF
 - ▶ Kresge, CDFI
 - ▶ Community Foundation
 - ▶ State Treasurer
 - ▶ VHCB
- ▶ Use of rental subsidies