

Bristol Family Housing Feasibility Summary

In 2016 HOPE applied for a VCDP feasibility grant for Bristol Family Housing to determine rehabilitation needs, assess the ability to add units to the property, and to remove legal hurdles to re-syndicating the property. This document serves as a summary of the activities undertaken as part of the feasibility study of Bristol Family Housing.

Findings

1. Housing Market

A market analysis for Bristol Family Housing was conducted by Doug Kennedy Advisors in the spring of 2017. The analysis found that the market currently has a low vacancy rate (2% for Bristol) and that there is adequate demand for the units. Occupancy is high and demand exceeds supply as indicated by waitlists. The study also found that 81% of Bristol's renter households are composed of one, two or three people, suggesting that demand for large units is limited.

2. Analysis of Additional Units

While the market study found that there is a market-basis for increasing the number of units on the site, it is not clear that adding units on the site is practical given the private water and sewer system. There was also indication by Town employees that the original permit for the development was contingent on not adding additional units to the site.

3. Assessment of Water and Waste Water Systems

Bristol Family Housing is served by two wells that were drilled in 1989 (only one of the wells is currently active, the second well requires a new pump) and three leach field septic systems.

Housing Vermont contracted with Waite-Heindel Environmental Management to assess the water and wastewater systems at Bristol Family Housing. The assessment included on site analysis by Chevalier Drilling (who drilled the original wells in 1989) and Dundon (who currently services the septic system).

Waite-Hendel confirmed that the water system is, "considered a Non-Public system" (less than 25 bedrooms). The assessment found no major deficiencies in either the water or septic systems and identified a number of issues to address in the redevelopment of the property.

4. Site and Building Improvements

Bristol Family Housing consists of two buildings - #2066, "the Farmhouse" with three (3) 3-bedroom units and #2070, "the Barn" with three (3) 2-bedroom units and three (3) 3-bedroom units. The buildings, constructed in 1993, are located on approximately 25 acres of land located approximately 3.5 miles from downtown Bristol.

The site and buildings are suffering from deferred maintenance and the project is at risk of having HAP payments discontinued due to required maintenance items not being addressed.

Housing Vermont contracted with Joel Page of Scott + Partners Architecture to evaluate the existing conditions of the property and develop a rehabilitation scope of work. In addition to general site visit evaluations, the building assessment included a Code Analysis, VHFA Universal Design Standards Analysis and preliminary energy analysis by 3E Thermal.

The assessment of existing building conditions found no major structural deficiencies. Working with the existing condition assessments we have developed a scope of work that would replace worn or improperly working items and finishes with the goal to improve and update the building and site to improve occupant comfort and reduce maintenance costs.

The recommended scope of work includes:

- Site Improvements to address failing retaining walls, accessibility, overgrown plantings, lighting, and trash collection and storage;
- Envelope upgrades including all new doors and windows, insulation and air sealing in attics, insulation and air sealing at basement rim joists and the replacement of all siding, trim, flashing, and exterior insulation at the Barn building (2070);
- New covered entry landings, stairs, handrails at the Barn building (2070);
- New high efficiency oil-fired boiler;
- Upgrades to ADA unit to meet current accessibility guidelines;
- Replacement of all existing lighting fixtures with LED fixtures;
- Replacement of interior finishes and fixtures as needed.

A cost estimate was generated by Tom Barden based on the scope of work developed by Scott + Partners. The current financial analysis is based on Barden's cost estimate.

5. Property Management

Addison County Community Trust (ACCT) has been contracted by HOPE to manage the property. Both ACCT and HOPE agree that the existing property management structure and results are not working. In October 2017 ACCT made the decision that they would no longer manage Bristol Family Housing due to the location of the property, ACCT's staff capacity, and the operating budget of the project.

E.P. Management will take over property management on January 1, 2018.

The ability to effectively manage nine units in a fairly remote location serves as a major challenge to the success of the redevelopment and continuing operations of Bristol Family Housing.

Housing Vermont's Asset Management department feels that having an on-site office is key to the property management being successful at this property. Scott and Partners has identified several options for locating a site office and the budget is currently carrying a \$30,000 allowance for adding the site office. Asset Management has also requested an as-built CNA to ensure that the reserves are adequately funded for the project.

6. Financial Analysis

Housing Vermont has completed a financial analysis of the feasibility of redeveloping Bristol Family Housing using the Low Income Housing Tax Credit and other affordable housing resources. Several scenarios were analyzed including redeveloping the property with another property in Addison County as both a 4% and 9% project and redeveloping the property on its own as both a 4% and 9% project.

Combining Bristol Family Housing with another Addison County Property

Based on Housing Vermont's Addison County pipeline, we evaluated the redevelopment of Bristol Family with new construction on Armory Lane in Vergennes (a 9% project) and with the redevelopment of Pleasant Hills in Bristol (a 4%) project. The benefits of combining Bristol Family with another project are very limited, including increased distribution of some development soft costs (legal, loan/lender fees) and a distribution of the Audit fee.

Combining Bristol Family Housing with Armory Lane would decrease the competitiveness of Armory Lane in the 2018 tax credit round.

Combining Bristol Family Housing with Pleasant Hills may not be possible given the two different types of HAP contracts; even if it is possible the two projects would require separate accounting which would drive the Audit fee back up.

Redeveloping Bristol Family Housing as standalone project

Because there appeared to be little advantage, and a number of challenges, to combining Bristol Family Housing with another project we then evaluated redeveloping Bristol Family as a standalone project.

	Bristol Family 4%	Bristol Family 9%	Bristol Family & Armory Lane 9%	Bristol Family & Pleasant Hills 4%	Pleasant Hills 4%	Armory Lane 9%
Total Uses	1,980,896	1,986,930	8,564,119	4,943,846	3,004,072	6,610,665
Total Sources	1,637,009	2,054,209	8,596,709	4,711,781	3,004,072	6,534,000
<i>Gap</i>	<i>-343,887</i>	<i>67,279</i>	<i>32,590</i>	<i>-232,065</i>	<i>0</i>	<i>-76,665</i>
9% Tax Credits	0	135,000	530,000	0	0	405,000
4% Tax Credits	63,000	0	0	135,000	82,000	0
State Tax Credits	140,800	0	0	430,050	289,250	0
Permanent Debt	50,000	50,000	475,000	700,000	650,000	425,000
Total Soft Money	867,709	802,709	3,457,709	2,202,731	1,335,022	2,545,000
VHCB (new + forgiven)	426,047	426,047	2,106,047	826,047	400,000	1,680,000
HOME	180,000	115,000	630,000	645,000	465,000	405,000
NHTF	252,662	252,662	252,662	252,662	0	
Energy	9,000	9,000	69,000	25,000	16,000	60,000
Other (AHP, VCDP, Cash)			400,000	454,022	454,022	400,000

7. Legal Work

Bristol Family Housing Limited Partnership originally consisted of 26 investors. HOPE has been working to assist the partners in exiting the partnership. The feasibility grant included funds for legal work to reassign partnership interests of two deceased partners. HOPE was not successful in having the remaining partners sign over their interest. HOPE will need to exercise the Right of First Refusal to purchase the property before it can be conveyed to a new partnership.

Enclosures:

Bristol Family Housing Market Study
Bristol Family Housing Water Septic Assessment Report
Bristol Family Housing Architect Report
Bristol Family Housing Architect Drawings
Cost Estimate