

June 14, 2024

Josh -

Below is an update on the Creamery's Rental Revolving Loan Fund (RRLF) application.

First, for historical accuracy, the RRLF program was presented to the Planning Commission by Chris Granda on April 3rd. In the meeting, Virginia Clarke asked if we (Buttermilk) had looked into the RRLF program. We stated that we had no knowledge of the RRLF program and said we would have to do due diligence to evaluate. This exchange is in the [publicly available recording](#).

After Richmond's request and to support progress, Buttermilk did the due diligence on the RRLF program with the Vermont Housing Finance Agency (VHFA). An email sent on April 18th (subject: 'Some guidance') to Chris, Virginia, and Keith identified that the program could help provide moderate-income housing in Richmond, but the VHFA's program required elements from the Town of Richmond. Those program requirements included 1) a financial commitment of up to 5% of total costs (\$450-550K), 2) zoning changes for more density, 3) a timeline to achieve zoning changes, and 4) a survey. We identified that these would be challenging for Richmond and stated that we are *'not interested in wasting time if Richmond isn't going to support.'*

After emails and conversations with Richmond public officials, the Letter of Support was signed by Selectboard Chair David Sanders on April 29th. That letter referenced the Richmond requirements to achieve the RRLF application but avoided any commitments due to the timeline. Only after receiving that Letter of Support, we applied for the RRLF program.

On May 15th, VFHA requested an update on Richmond's elements in the application. In turn, we asked for an update from the perceived leads on the Planning Commission - an email was sent to Chris, Virginia, and Keith titled: *JC Zoning and RRLF inputs*. Besides the scheduling of the June 5th 'brainstorming' meeting, no response or input was provided from Richmond. Regardless, VHFA's application process continued with the baseline assumptions (e.g. these assumptions were requirements for application viability).

Please note that we have been transparent with VHFA on Richmond's status and input. We shared that there have been limited discussions and no commitments from Richmond beyond the survey (#4). Earlier this week, we updated VHFA on the seemingly positive PC / SB 'brainstorm' session on June 5th to address the zoning changes. Throughout, VHFA encouraged us to continue with the application as our fees and time had already been committed. Additionally, they explained, that if we were successful, any award would have conditions to ensure commitments were achieved before closing on financing.

Current Status:

- 1. The RRLF application is finalized.** As per the email sent on May 15th, the application included details that were Richmond's scope and were the baseline requirements from VHFA. 1) Timeline for zoning changes (Sept), 2) a minimum number of units (45 units), and 3) financial contribution (5% of the total project as required by VHFA or \$500K). Again, we identified that none of these details were provided, nor approved, by Richmond. This status will likely impact the competitiveness of our application.
- 2. VHFA's final decision is on June 27th.**
 - If we awarded funding, conditions would be required to close on VHFA financing. A letter from VHFA this week stated: *'An award would be conditioned on the project's receiving a zoning change and municipal and/or employer investment at or above the levels shown in the current pro forma.'* This condition will be timebound (Date TBD).

- If we are not awarded, our application will not proceed. We are unlikely to participate in future rounds without fully approved, documented achievement of Richmond's requirements before the application.

Important Note: Discussions with VHFA on the pro forma have been humbling. Even if we are awarded the full amount, the viability of this project remains in question. VHFA has shared that recent moderate-income housing projects failed to close due to costs versus income projections. Therefore, any assumptions made in the application will be reviewed at the point of closing on the finance, and adjustments to the plans will likely be required (e.g. number of units, rent levels, types, etc). We are sharing this market condition to encourage Richmond to adopt realistic, pro-housing regulations.

Beyond providing an overview of the status, our goal today is to alert Richmond that *if* we are awarded RRLF funding, Richmond will need to immediately, and proactively, take steps to achieve the VFHA conditions. In the Letter of Support, it was agreed to 'discuss' the requirements with no further commitments. That was Richmond's creative way to achieve the short application deadline. However, the financing from VHFA will require Richmond's commitments. Or, the project will not receive their funding.

If the project is awarded, the origins of the RRLF program should be made clear as they have been wrongly conveyed in recent discussions. Richmond officials initiated and championed the RRLF program to help provide 'workforce / moderate income' housing. We, the developer, evaluated the opportunity, shared the VFHA requirements (not our requirements), received Richmond's Letter of Support, and only then did we incur the costs and time of the application.

Once the VHFA decision is known, we will provide an update and ask for clarity on Richmond's level of support, *if required*.

Regards,

Josi and Brendan