

# MADE IN VERMONT

HOUSING VERMONT Annual Report 2003



BRANCHWOOD APARTMENTS Randolph, Vermont 12 new residential apartments



NOONAN HOUSE Shelburne, Vermont 1 commercial space & 2 residential apartments



WATERFRONT HOUSING Burlington, Vermont 40 new residential apartments



**GENERAL PARTNERS**

Abbott Group, Inc.  
Applegate Housing, Inc.  
Brattleboro Area Community Land Trust  
Bristol Family Housing, Inc. a subsidiary of Addison County Community Action Group  
Bugbee Street Properties, Inc. a subsidiary of Twin Pines Housing Trust  
Burlington Community Land Trust and its subsidiary, BCLT Rental Development Inc.  
Burlington Housing Authority  
Capital City Housing Foundation, Inc. a subsidiary of Montpelier Housing Authority  
Central Vermont Housing Opportunities a subsidiary of Central Vermont Community Land Trust  
Joseph M. Cloutier  
CSC Partners, Inc. a subsidiary of Cathedral Square Corporation  
Gilman Housing Trust, Inc.  
Hardwick Nonprofit Housing Corporation  
Heineberg Senior Housing Corporation  
Highgate Housing, Inc.  
Holy Cross Senior Housing Corporation  
Housing Foundation, Inc. a subsidiary of Vermont State Housing Authority  
Interfaith Housing Corporation  
Lake Champlain Housing Ventures, Inc.  
LHP 1994, Inc. a subsidiary of Lamoille Housing Partnership  
McAuley Square, Inc.  
Northgate Housing, Inc.  
Peacham Community Housing, Inc.

**MISSION STATEMENT**

Housing Vermont is a private, non-profit development company founded in 1988. Our mission is to produce permanently affordable housing for Vermonters through partnerships with communities and the private sector. Our partnerships support state and local development goals, particularly downtown revitalization, and create safe living conditions for our residents.

Randolph Area Community Development Corporation  
Regional Affordable Housing Corporation  
Revitalizing Waterbury, Inc.  
Richford Renaissance Corporation  
Rockingham Area Community Land Trust  
Rutland County Community Land Trust  
Springfield Housing Unlimited a subsidiary of Springfield Housing Authority  
St. Johnsbury Housing Corporation  
Vermont Arts Realty Trust, Inc. a subsidiary of Vermont Arts Exchange  
Wells River Action Program  
Westgate Housing Inc.  
Williston Elder Housing, Inc.  
White River Area Housing Development Corp.

**LIMITED PARTNERS/INVESTORS**

CDC-Asbany Corp. a division of Charter One Bank  
Apollo Housing Capital, L.L.C.  
Arrow Financial Corporation  
The Bank of Bennington  
Banknorth NA  
Ben & Jerry’s Homemade, Inc.  
Brattleboro Savings & Loan Association  
Central Vermont Public Service Corporation  
Chittenden Bank  
Community National Bank  
Factory Point National Bank  
Fannie Mae  
Fleet National Bank  
Green Mountain Housing Equity Fund 2003  
Robert and Cynthia Hoehl  
Holstein Friesian Association of America  
Key Bank CDC  
Lyndonville Savings Bank & Trust  
Mascoma Savings Bank  
Merchants Bank  
Michel Associates, Ltd.  
National Bank of Middlebury  
National Life Insurance Company of Vermont  
Northfield Savings Bank  
Passumpsic Savings Bank  
The Richman Group, Inc.  
Union Bank  
Wells River Savings Bank  
Woodsville Guaranty Savings Bank



**“MADE IN VERMONT” MEANS QUALITY, RELIABILITY, PRACTICALITY.**

This reputation grows from the value Vermonters bring to what they do. Housing Vermont comfortably carries the “Made in Vermont” stamp. The affordable housing we create with our investor, nonprofit, and public partners is of the highest quality and will continue to house Vermonters through the 21st century. But Housing Vermont’s link to the economic vitality of the State goes deeper even than these shared values. Vermont businesses need affordable, attractive places for employees –

from entry level to executive staff – to live. For the “Made in Vermont” label to continue to mean what it does, the workers who create that value need safe, decent, and affordable homes for their families. And the profound scarcity of such housing has driven up costs leaving Vermonters with less money available to buy shoes for their kids, pay for their medications, or put gas in their car so they can get to work. The quality in our products begins with the quality created in our homes.

In this report, by acknowledging what we have accomplished with our partners, we also recognize the task ahead. We must redouble our efforts to create sufficient affordable, well-designed housing so that seniors, struggling families and workers can continue to create the quality that has become synonymous with life in Vermont as well as products from Vermont.



LETTER FROM THE BOARD CHAIR & PRESIDENT

Possibility. Housing Vermont and our partners embrace possibility. It is this response that makes our work unique, our jobs both so difficult and rewarding. It results in artists in firehouses in Bennington, a vibrant downtown in Bellow Falls, single mothers living in the Hill section of Burlington, frail elders able to stay in Franklin, blighted neighborhoods renewed in St. Johnsbury, and on and on. Our essential ethic is a unique mixture of this commitment to the possible with experienced construction management, sophisticated financing, and rigorous accounting and asset management.

As we look back on the year, we are struck by how much we and our partners have accomplished. The year's deals included new construction projects in Burlington's Old North End and on the waterfront, in downtown Randolph, Grand Isle, and Shelburne. We undertook historic rehabilitations in Shelburne, Springfield, Burlington, and Vergennes. And we had acquisition and rehabilitation projects in Essex Junction, Barre, and St. Johnsbury. Jobs finishing up ranged from a 6 unit historic rehab in St. Albans to 160 new apartments in South

Burlington. Stowe was dragged a little closer to reality, and new deals began to come together in Montpelier, Dorset, Burlington, Bennington, Vernon, and elsewhere. We had permit hearings, funding rounds, cost certifications, audits, carryovers, more audits, applications, contract signings, job meetings, and closings, closings, and more closings.

And that's just development. We did a lot more than just projects this past year. Thanks to the support of old and the emergence of new investment partners, the Green Mountain Housing Equity Fund went from an idea to reality, giving us a substantial new financing tool to use with our development partners. In accounting, the properties' myriad tax returns and audits were completed, carefully reviewed, and moved out to investors. Asset managers poked and prodded the portfolio, analyzed and re-analyzed, assuring that the work we have completed is well managed and protected, but also making sure that we have learned from what we have done. Recognizing that good governance can always be made better, the Board of Directors established an independent audit committee to further assure the quality

of our accounting. And of course we celebrated our 15th anniversary at Shelburne Farms. It was a wonderful tribute to where we have come from, and the strong foundation that sustains our work.

Yet, the challenge of all this possibility is that so much that could and should be done must be left undone. There are more strong projects, smart restructurings, and critical community work than we or our partners can get done in a year. But the "undone" from one year, joined with new opportunities, becomes the work plan for the next. 2003 was a busy, challenging, and good year for Housing Vermont. Our board, staff, and partners all worked very hard to turn "possibility" into homes. We had many successes.

*Stephen Pitkin*  
Stephen Pitkin

*Andrew Broderick*  
Andrew Broderick

BRANCHWOOD APARTMENTS - RANDOLPH



LOCATIONS:  
3 Randolph Avenue  
17 & 19 Pearl Street

NUMBER OF UNITS:  
12 residential

GENERAL PARTNERS:  
Randolph Area Community Development Corporation  
H.V. 2003, Inc.

LIMITED PARTNERS:  
Mascoma Savings Bank  
Randolph National Bank

FINANCING:  
Town of Randolph through the Vermont Community Development Program  
Vermont Community Loan Fund  
Vermont Housing & Conservation Board  
Vermont Housing Finance Agency  
U.S. Department of Housing & Urban Development - HOME Program  
Efficiency Vermont

ARCHITECT:  
Ylian Alfaro Snyder & Associates

GENERAL CONTRACTOR:  
Naylor & Breen Builders, Inc.

MANAGEMENT AGENT:  
Stewart Property Management

ECHO SCATTERED SITES - BURLINGTON



LOCATIONS:  
117 Archibald Street  
16 Decatur Street  
75 North Street  
58 North Champlain Street  
255 North Winooski Avenue  
259 North Winooski Avenue  
211 Park Street

NUMBER OF UNITS:  
20 residential

GENERAL PARTNERS:  
BCLT Rental Development, Inc.  
H.V. 2002, Inc.

LIMITED PARTNERS:  
CDC-Asbany Corporation  
Northfield Savings Bank

FINANCING:  
City of Burlington through the Housing Trust Fund and HOME Program  
Vermont Community Loan Fund  
Vermont Housing & Conservation Board  
U.S. Department of Housing & Urban Development - HOME and HOPWA Programs  
Neighborhood Reinvestment Corporation





FINANCING (continued):  
Burlington Electric Department  
Vermont Gas Systems

GENERAL CONTRACTOR:  
Randall Contracting, Inc.

MANAGEMENT AGENT:  
Burlington Community Land Trust



HIGHGATE APARTMENTS – BARRE



LOCATION:  
73 Highgate Drive

NUMBER OF UNITS:  
120 residential

GENERAL PARTNERS:  
H.V. Highgate, Inc.  
Highgate Non-Profit, Inc.

LIMITED PARTNERS:  
Chittenden Bank  
Community National Bank  
Merchants Bank  
Northfield Savings Bank  
Banknorth, N.A.



FINANCING:  
City of Barre through the Vermont Community Development Program  
Vermont Housing & Conservation Board  
Vermont Housing Finance Agency  
Efficiency Vermont  
U.S. Department of Housing & Urban Development – HOME Program  
Vermont Community Loan Fund

ARCHITECT:  
Williams & Frehsee, Inc.

GENERAL CONTRACTOR:  
Wesfield Construction Company, Inc.

MANAGEMENT AGENT:  
Maloney Properties, Inc.

MOUNTAINVIEW APARTMENTS – ST. JOHNSBURY



LOCATION:  
Mountain View Drive

NUMBER OF UNITS:  
48 residential

GENERAL PARTNERS:  
Gilman Housing Trust, Inc.  
H.V. 2003, Inc.

LIMITED PARTNERS:  
Passumpsic Savings Bank  
Union Bank

FINANCING:  
Town of St. Johnsbury through the Vermont Community Development Program  
Rural Housing Service – U.S. Department of Agriculture

FINANCING *(continued)*:  
Vermont Community Loan Fund  
Vermont Housing & Conservation Board  
Neighborhood Reinvestment Corporation  
U.S. Department of Housing & Urban Development – HOME Program  
Efficiency Vermont

ARCHITECT:  
Black River Design

GENERAL CONTRACTOR:  
Ruggco, Inc.

MANAGEMENT AGENT:  
Northern Community Management Corporation

GRAND ISLE HOUSING



LOCATION:  
Isle Lane

NUMBER OF UNITS:  
16 residential

GENERAL PARTNERS:  
Lake Champlain Housing Ventures, Inc.  
H.V. 2003, Inc.

LIMITED PARTNER:  
Green Mountain Housing Equity Fund 2003






FINANCING:  
Merchants Bank  
Vermont Housing & Conservation Board  
U.S. Department of Housing & Urban Development – HOME Program  
Efficiency Vermont

ARCHITECT:  
Ylian Alfaro Snyder & Associates

GENERAL CONTRACTOR:  
DEW Construction Corp.

MANAGEMENT AGENT:  
Lake Champlain Housing Ventures

SHELBURNE FAMILY HOUSING – SHELBURNE



LOCATIONS:  
Noonan House - 5404 Shelburne Road  
Ockert Lane - 2206 Shelburne Road

NUMBER OF UNITS:  
20 residential, 1 commercial

GENERAL PARTNERS:  
Lake Champlain Housing Ventures, Inc.  
H.V. 2003, Inc.

LIMITED PARTNER:  
Green Mountain Housing Equity Fund 2003

FINANCING:  
Town of Shelburne  
Town of Shelburne through the Vermont Community Development Program  
Banknorth, N.A.

FINANCING *(continued)*:  
Vermont Housing & Conservation Board  
Vermont Housing Finance Agency  
U.S. Department of Housing & Urban Development – HOME Program  
Lintilhac Foundation  
Robert Sincerbeaux Fund of Preservation Trust of Vermont  
Efficiency Vermont

ARCHITECT:  
Duncan-Wisniewski Architecture

GENERAL CONTRACTORS:  
DG Morin Construction - Noonan House  
Stewart Construction, Inc. - Ockert Lane

MANAGEMENT AGENT:  
Lake Champlain Housing Ventures



SMALLEST CITY – VERGENNES



LOCATIONS:  
206 Main Street  
224 Main Street

GENERAL PARTNERS:  
Bristol Affordable Housing, Inc.  
H.V. 2002, Inc.

NUMBER OF UNITS:  
19 residential  
1 commercial

FINANCING:  
Rural Housing Service –  
U.S. Department of Agriculture  
Vermont Housing & Conservation Board  
Vermont Housing Finance Agency  
U.S. Department of Housing & Urban  
Development – HOME and EDI Programs  
Efficiency Vermont

ARCHITECT:  
Scott & Partners Architects

GENERAL CONTRACTOR:  
Stewart Construction, Inc.

MANAGEMENT AGENT:  
Addison County Community Action Group

WATERFRONT HOUSING – BURLINGTON



LOCATION:  
300 Lake Street

NUMBER OF UNITS:  
40 residential

GENERAL PARTNERS:  
BCLT Depot, Inc.  
H.V. Waterfront, Inc.

LIMITED PARTNER:  
Apollo Housing Capital, LLC

FINANCING:  
City of Burlington through the Burlington  
Housing Trust Fund and the HOME Program  
Merchants Bank  
Vermont Housing & Conservation Board  
Vermont Housing Finance Agency  
U.S. Department of Housing & Urban  
Development – HOME and EDI Programs  
Neighborhood Reinvestment Corporation

ARCHITECT:  
Gossens Bachman Architects, Inc.

GENERAL CONTRACTOR:  
Wright & Morrissey, Inc.

MANAGEMENT AGENT:  
Burlington Community Land Trust

WALL STREET – SPRINGFIELD



LOCATION:  
1 Wall Street

NUMBER OF UNITS:  
13 residential

GENERAL PARTNERS:  
Rockingham Area  
Community Land Trust  
H.V. 2002, Inc.

LIMITED PARTNER:  
Mascoma Savings Bank

FINANCING:  
Rural Housing Service –  
U.S. Department of Agriculture  
Town of Springfield through its  
Revolving Loan Fund  
Vermont Housing & Conservation Board

FINANCING *(continued)*:  
Vermont Housing Finance Agency  
U.S. Department of Housing & Urban  
Development – HOME Program  
Neighborhood Reinvestment Corporation  
Efficiency Vermont

ARCHITECT:  
Williams & Frehsee, Inc.

GENERAL CONTRACTOR:  
Wesfield Construction Company, Inc.

MANAGEMENT AGENT:  
Northern Community Management  
Corporation

WHITCOMB WOODS – ESSEX JUNCTION



LOCATION:  
128 West Street

NUMBER OF UNITS:  
64 residential

GENERAL PARTNERS:  
CSC Partners, Inc.  
H.V. 2002, Inc.

LIMITED PARTNER:  
Merchants Bank

FINANCING:  
Federal Home Loan Bank through its  
Affordable Housing Program  
Vermont Housing & Conservation Board  
Vermont Housing Finance Agency  
U.S. Department of Housing & Urban  
Development – HOME and EDI Programs  
Efficiency Vermont

MECHANICAL ENGINEER:  
Bonhag Associates

GENERAL CONTRACTOR:  
Lakewind Construction Inc.

MANAGEMENT AGENT:  
Cathedral Square Corporation

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HOUSING VERMONT DEVELOPMENTS 1988-2003

Annual Production and Sources of Funds

						Partners' Equity		Loans and Grants						
Project (by year acquired)	Number of Units	Total Cost	Cost Per Apt. Unit	LIHTC Per Year	Historic Tax Credit	Limited	General	VHFA	VHCB	HUD	CDBG	Bank	RD	Other
1988														
1 Salmon Run - Burlington	80	7,485,332	93,567	113,287	—	1,315,243	2,748	2,528,579	270,000	2,900,000	—	—	—	468,762
2 Heineberg - Burlington	82	4,063,307	49,553	179,265	—	1,417,857	14,354	1,929,496	625,000	—	—	—	—	76,600
1988 totals	162	11,548,639	71,288	292,552	0	2,733,100	17,102	4,458,075	895,000	2,900,000	0	0	0	545,362
1989														
3 Winchester Place - Colchester	166	10,120,649	60,968	157,450	—	2,272,693	22,956	7,825,000	—	—	—	—	—	—
4 Swanton Village - Swanton	16	666,211	41,638	21,884	—	137,819	1,392	315,000	100,000	—	—	—	—	112,000
5 Cummings Street - Montpelier	20	935,637	46,782	25,386	—	112,515	1,136	750,078	—	—	—	—	—	71,908
6 Northgate Apartments - Burlington	336	19,801,873	58,934	422,280	—	3,376,402	34,105	6,080,378	3,049,500	6,407,488	—	—	—	854,000
1989 totals	538	31,524,370	58,595	627,000	0	5,899,429	59,589	14,970,456	3,149,500	6,407,488	0	0	0	1,037,908
1990														
7 Prospect Street - Montpelier	29	1,598,138	55,108	56,638	—	197,444	1,994	—	—	—	—	—	1,398,700	—
8 Pine Meadows - Middlebury	30	2,184,720	72,824	166,062	—	1,010,892	10,030	794,443	271,855	—	97,500	—	—	—
9 Middlebury Commons - Middlebury	64	3,861,212	60,331	133,901	—	877,845	8,867	—	—	—	—	—	2,974,500	—
10 Mountain View - Springfield	72	2,661,397	36,964	72,816	—	486,946	4,917	—	435,430	1,135,104	599,000	—	—	—
11 St. Johnsbury Scattered Sites	32	2,568,059	80,252	71,571	181,816	679,204	6,861	537,718	804,264	165,412	369,600	—	—	5,000
12 Highgate Apartments - Barre	120	8,307,393	69,228	233,968	—	1,599,840	16,160	776,007	950,000	3,629,579	657,500	—	—	678,307
1990 totals	347	21,180,919	61,040	734,956	181,816	4,852,171	48,829	2,108,168	2,461,549	4,930,095	1,723,600	0	4,373,200	683,307
1991														
13 Whitney Hill Homestead - Williston	44	2,780,390	63,191	160,462	—	1,111,655	11,342	1,375,700	281,693	—	—	—	—	—
14 Abbott Block - Brattleboro	17	1,132,640 (1)	66,626	16,409	181,394	267,290	2,700	—	—	580,900	256,750	25,000	—	—
1991 totals	61	3,913,030	64,148	176,871	181,394	1,378,945	14,042	1,375,700	281,693	580,900	256,750	25,000	0	0
1992														
15 Randolph House - Randolph	48	2,391,789	49,829	71,531	—	317,790	3,210	1,429,464	—	—	—	—	—	641,325
16 100 Main - Lyndonville	14	918,966	65,640	36,949	—	266,842	2,695	—	254,000	—	388,375	—	—	7,054
17 Peacham Academy Apartments - Peacham	10	183,780	18,378	6,197	—	36,630	500	—	75,000	—	—	—	—	71,650
18 Caswell Avenue - Derby	9	340,609	37,845	15,637	—	111,474	1,135	—	180,000	—	—	48,000	—	—
19 Rutland Scattered Sites	31	1,818,767	58,670	156,139	—	1,030,279	10,407	—	432,631	—	—	345,450	—	—
20 Caledonia Scattered Sites	28	2,123,098	75,825	66,173	—	409,372	4,135	—	1,050,821	—	650,195	710	—	7,865
21 Main Street Court - Newport	13	984,743 (1)	75,749	32,971	—	242,735	2,396	—	284,614	170,000	—	127,000	—	157,998
22 The Partnership Block - Hardwick	7	940,542 (1)	134,363	21,284	—	147,646	1,491	—	60,000	201,405	530,000	—	—	—
23 North Branch Apartments - Montpelier	39	2,704,482	69,346	195,497	—	1,171,665	11,835	—	570,000	300,000	276,000	238,582	—	136,400
1992 totals	199	12,406,776	62,346	602,378	0	3,734,433	37,805	1,429,464	2,907,066	671,405	1,844,570	759,742	0	1,022,292
1993														
24 Stimson Graves Building - Waterbury	14	1,756,604 (1)	125,472	93,194	290,074	895,840	9,049	—	93,400	202,500	535,000	—	—	20,823
25 Linden Terrace - Rutland (2)	19	1,025,389	53,968	N/A	—	103,500	779,868	—	—	—	—	—	129,000	—
26 Graystone Village - White River Junction	34	2,117,045	62,266	87,704	—	428,670	4,330	1,402,604	—	—	—	—	—	—
1993 totals	67	4,899,038	73,120	180,898	290,074	1,324,510	116,879	2,182,472	93,400	202,500	535,000	0	0	149,823

HOUSING VERMONT DEVELOPMENTS 1988-2003

Annual Production and Sources of Funds

Annual Production and Sources of Funds						Partners' Equity		Loans and Grants						
Project (by year acquired)	Number of Units	Total Cost	Cost Per Apt. Unit	LIHTC Per Year	Historic Tax Credit	Limited	General	VHFA	VHCB	HUD	CDBG	Bank	RD	Other
1994														
27 Thelma Maple Coop - Burlington	20	1,879,560	93,978	165,763	—	1,085,000	10,960	—	266,000	320,000				197,600
28 Erastus Thayer House - Brandon	9	697,680	77,520	31,810	82,862	314,542	3,177	—	191,906	174,055	—	—	—	14,000
29 Burlington Scattered Sites	20	1,461,213	73,061	92,926	—	599,321	6,054	210,000	367,000	242,812	28,000	—	—	8,026
30 Queensbury Coop - South Burlington	18	1,702,244	94,569	133,633	—	881,769	8,907	—	242,500	294,000	87,150	73,600	—	114,318
31 Olde Windsor Village - Windsor	77	4,216,072	54,754	165,945	—	989,004	9,990	2,802,822	—	—	—	—	—	414,256
32 School Street - Hartford	8	710,068	88,759	32,184	—	232,549	2,349	—	148,000	326,074	—	—	—	1,096
33 Bentley Farm - Arlington	8	735,473	91,934	42,881	95,055	373,510	3,773	—	185,890	128,000	—	35,000	—	9,300
34 Congress & Park - Morrisville	12	873,472	72,789	37,548	—	281,261	2,841	—	247,365	342,005	—	—	—	—
1994 totals	172	12,275,782	71,371	702,690	177,917	4,756,957	48,050	3,012,822	1,648,661	1,826,946	115,150	108,600	0	758,596
1995														
35 Fairfield & Lincoln - St. Albans	7	663,312	94,759	32,078	0	203,925	50	—	140,000	317,927	—	—	—	1,410
36 Adams House - Fair Haven	13	1,250,443	96,188	79,609	191,400	664,865	6,716	—	248,600	—	280,000	—	—	50,262
1995 totals	20	1,913,755	95,688	111,687	191,400	868,790	6,766	—	388,600	317,927	280,000	0	0	51,672
1996														
37 Addison - Middlebury, Vergennes	19	1,377,134	72,481	79,465	204,395	727,713	7,351	—	232,100	239,500	158,600	—	—	11,870
38 BRHIP - Burlington	33	2,129,235	64,522	92,616	—	653,892	6,605	541,531	458,848	263,045	—	—	—	205,314
39 Rose Street - Burlington	12	1,634,366 (1)	110,577	74,434	—	829,239	8,376	—	240,816	283,000	—	90,000	—	191,311
40 Fairfield Street School - St. Albans	14	1,220,454	87,175	57,956	185,889	503,935	50	—	289,014	359,040	—	—	—	68,415
1996 totals	78	6,361,189	81,554	304,471	390,284	2,714,779	22,382	541,531	1,220,778	1,144,585	158,600	90,000	0	476,910
1997														
41 Applegate Apartments - Bennington	104	6,285,001	60,433	230,000	0	1,712,700	17,300	50,000	385,000	3,115,000	625,000	—	—	380,000
42 Richmond Village Housing - Richmond	16	1,729,786	94,880	74,116	0	602,500	6,086	—	271,000	—	390,000	255,200	—	205,000
43 Park Place Housing Coop - Burlington	20	3,027,166 (1)	102,170	115,500	764,827	1,371,150	13,850	—	400,000	—	—	766,333	—	510,906
44 Hedding Drive - Randolph	16	1,060,440	66,278	42,000	0	341,488	3,449	—	373,477	—	—	—	—	342,026
45 South Square (101 College) - Burlington	65	2,594,450 (1)	39,915	83,208	0	589,050	5,950	1,850,000	—	—	—	—	—	149,449
46 1306/E. Spring Street - Colchester, Winooski	42	2,998,459	71,392	103,973	218,099	1,079,100	10,900	825,000	394,500	—	—	—	—	688,959
47 Wells River Rehab - Wells River	22	1,895,250 (1)	71,367	79,661	225,260	871,200	8,800	—	404,442	—	308,127	—	—	302,680
48 Holy Cross - Colchester	40	2,843,693	71,092	151,408	0	1,059,788	10,705	715,000	270,700	—	—	—	—	787,500
49 N. Pleasant Rehab - Middlebury	25	1,992,292 (1)	78,209	134,000	214,000	850,000	8,586	—	431,457	—	170,000	367,000	—	165,249
Tax Credit sub-totals	350	24,426,537	65,339	1,013,866	1,422,186	8,476,976	85,626	3,440,000	2,930,576	3,115,000	1,493,127	1,388,533	0	3,531,769
50 Bemis Block - Hardwick	14	<div>NCIC Portfolio</div> <div>In partnership with two local nonprofits, Housing Vermont acquired ownership of these eleven properties from the Northern Community Investment Corporation (NCIC).</div> <div>The properties are located in Vermont's Northeast Kingdom and in northern New Hampshire. The local partner for the Vermont properties is Gilman Housing Trust (Newport). The local partner for the New Hampshire properties is AHEAD, Inc. (Littleton, NH).</div> <div>The transaction also included NCIC's interests in four properties that had been developed with Housing Vermont in the early-1990s, plus two properties that have subsequently been redeveloped.</div> <div>Simultaneous with the real estate acquisitions, Housing Vermont and the two local partners acquired NCIC's property management company. Northern Community Management Company (NCMC) manages over 800 units of affordable rental housing, including these properties.</div>												
51 Canterbury North/South - St. Johnsbury	28													
52 Darling Inn - Lyndonville	27													
53 Gilman Housing - Lunenburg	10													
54 Governor Prouty Apartments - Newport	24													
55 Hardwick Family - Hardwick	8													
56 Groveton Housing - Northumberland, NH	10													
57 Lisbon Inn - Lisbon, NH	20													
58 Mckee Inn - Lancaster, NH	35													
59 Northern Lights Housing - Berlin, NH	63													
60 Opera Block - Woodsville, NH	34													
NCIC Acquisition sub-totals	273													
1997 totals	623													



HOUSING VERMONT DEVELOPMENTS 1988-2003

Annual Production and Sources of Funds

						Partners' Equity		Loans and Grants						
Project (by year acquired)	Number of Units	Total Cost	Cost Per Apt. Unit	LIHTC Per Year	Historic Tax Credit	Limited	General	VHFA	VHCB	HUD	CDBG	Bank	RD	Other
1998														
61 Park Place Phase II - Burlington	14	2,571,784 (1)	121,078	75,000	414,494	1,317,982	13,313	—	192,900	—	—	575,000	—	735,549
62 Pearl & Union - Burlington	21	1,128,450	53,736	57,300	127,173	746,841	7,544	—	147,700	—	—	155,000	—	193,056
63 Lakeview - Newport	16	1,392,733	87,046	35,534	168,517	471,000	24,790	—	82,969	—	—	—	760,000	96,650
64 Bennington Arts - Bennington	15	1,701,564	113,438	73,000	237,000	1,207,800	12,200	—	233,860	—	—	20,000	—	469,176
65 Bailey Baldwin Barre - Montpelier	15	1,491,890 (1)	88,464	50,000	190,497	747,450	7,550	85,000	270,500	—	—	—	—	435,598
66 Highland Hill - Hardwick	14	1,389,252	99,232	47,500	223,962	622,215	6,286	—	197,477	—	—	—	—	562,883
1998 totals	95	9,675,672	90,885	338,334	1,361,643	5,113,288	71,683	85,000	1,125,406	0	0	750,000	760,000	2,492,912
1999														
67 Exner Block - Bellows Falls	10	2,134,242 (1,3)	173,363	63,512	299,361	820,833	11,056	—	215,000	390,000	—	—	—	614,242
68 Millview Apartments - Burlington	12	1,332,969 (3)	111,081	85,779	—	881,000	8,900	—	240,000	—	—	115,000	—	217,600
69 Bus Barns - Burlington	25	5,940,584 (1,3)	136,607	246,456	612,602	2,889,992	29,192	—	597,000	—	50,000	550,000	—	1,824,400
70 Vergennes / Middlebury	14	1,605,193 (3)	114,657	85,471	244,522	1,250,461	12,630	—	433,880	—	—	58,000	—	54,000
71 McAuley Square - Burlington	74	9,304,535 (3)	125,737	354,366	—	3,467,970	35,030	3,931,500	730,000	367,000	—	—	—	773,035
72 Crystal Lake Apartments - Barton	15	1,723,136 (3)	114,876	59,553	249,209	815,505	8,238	—	178,768	—	—	—	708,626	105,000
73 Allen & Canal - Winooski	17	969,130 (3)	57,008	28,609	—	231,660	2,340	714,000	—	—	—	—	—	63,000
74 Portland Street - Morrisville	8	1,058,972 (3)	132,372	37,500	172,417	470,250	4,750	—	119,445	—	—	370,000	—	94,651
75 Swanton School - Swanton	16	2,368,927 (1,3)	115,057	51,988	—	1,079,363	10,902	—	326,000	—	—	570,000	—	534,027
76 Saxtons River Scattered Sites	17	1,899,746 (3)	111,750	68,677	215,264	883,279	8,922	816,000	240,000	—	—	—	—	79,000
77 Briars Apartments - Wilder	24	1,568,624 (3)	65,359	23,306	—	402,020	4,060	681,000	242,000	—	—	—	—	342,904
1999 totals	232	29,906,058	117,031	1,105,217	1,793,375	13,192,333	136,020	6,142,500	3,322,093	757,000	50,000	1,663,000	708,626	4,701,859
2000														
78 Franklin Carriage House - Franklin	18	2,919,824 (3)	162,212	174,091	—	1,567,012	15,828	—	649,403	—	498,000	190,000	—	—
79 Anderson Parkway - South Burlington	18	1,426,626 (3)	79,257	36,857	—	388,872	3,928	—	280,000	—	396,000	—	—	357,826
2000 totals	36	4,346,450	120,746	210,948	0	1,955,884	19,756	0	929,403	0	894,000	190,000	0	357,826
2001														
80 Lime Kiln Apartments - South Burlington	48	6,141,511	127,948	238,474	—	2,421,540	24,460	1,497,063	1,713,070	—	735,398	—	—	81,980
81 Ruggles House - Burlington	15	1,841,000	122,733	58,000	348,288	857,340	8,660	—	201,500	208,500	30,000	275,000	—	260,000
82 Westgate Apartments - Brattleboro	98	11,682,581	119,210	593,831	—	6,089,678	56,482	2,112,887	2,280,794	737,000	604,500	—	—	451,199
83 Maple Tree Place - Williston	50	6,341,897	126,838	135,367	—	1,504,800	15,200	1,658,938	1,624,000	491,500	750,000	—	—	442,459
84 O'Dell Apartments - South Burlington	160	17,186,980	107,419	752,098	—	6,215,442	62,782	5,572,000	3,500,000	715,250	750,000	—	—	371,506
85 Smith & Seminary - Middlebury	17	2,778,540	163,444	75,664	391,788	1,531,332	15,468	235,798	660,029	—	349,000	—	—	209,213
86 Jeffersonville Community Housing	32	3,491,448	109,108	206,897	—	2,177,951	22,000	167,000	734,397	—	524,000	—	—	16,300
87 Green Mtn. Seminary - Waterbury Center	16	2,913,257 (1)	174,389	81,965	539,189	1,636,096	16,526	—	637,823	196,500	346,700	—	—	252,112
88 Baldwin Block - Wells River	7	1,991,806 (1)	168,161	35,408	362,830	979,308	9,892	—	443,586	195,000	—	463,000	—	24,025
2001 totals	443	54,369,020 (3)	120,612	2,177,704	1,642,095	23,413,487	231,470	11,243,686	11,795,199	2,543,750	4,089,598	738,000	0	2,108,794

HOUSING VERMONT DEVELOPMENTS 1988-2003

Annual Production and Sources of Funds

						Partners' Equity		Loans and Grants						
Project (by year acquired)	Number of Units	Total Cost	Cost Per Apt. Unit	LIHTC Per Year	Historic Tax Credit	Limited	General	VHFA	VHCB	HUD	CDBG	Bank	RD	Other
2002														
89 Moose River Apartments - St Johnsbury	28	3,902,246	139,366	159,224	—	1,590,811	16,170	—	592,999	—	—	757,540	1,000,000	67,600
90 Overlook Apartments - White River Junction	13	1,679,718	129,209	81,198	—	840,806	8,494	—	520,000	250,032	170,000	—	7,950	—
91 Richford Community Housing - Richford	15	2,851,401 (1)	184,213	91,853	482,149	1,349,370	13,630	—	365,706	325,000	—	670,000	95,678	—
92 Butler House- St. Albans	6	1,269,218 (1)	191,422	36,223	197,196	641,520	6,480	—	167,475	105,000	360,000	—	—	53,625
93 Echo North & North - Burlington	12	2,287,538 (1)	167,650	127,000	—	1,144,440	11,560	—	300,000	210,000	—	470,000	—	176,476
94 Howard Block - Bellows Falls	13	2,977,815 (1)	175,658	129,954	566,003	1,609,029	15,252	—	358,000	150,000	475,000	—	—	278,714
2002 totals	87	14,967,936 (3)	158,495	625,452	1,245,348	7,175,976	71,586	0	2,304,180	1,040,032	835,000	1,397,540	1,670,000	680,043
2003														
95 Shelburne Housing - Shelburne	20	3,774,160 (1)	172,233	272,000	96,911	1,334,164	2,336	—	529,580	270,000	595,231	—	—	42,850
96 Mountain View St. Jay - St. Johnsbury	48	3,707,775	77,245	141,832	—	1,272,726	1,274	—	480,000	240,000	350,000	—	1,182,714	284,250
97 Grand Isle Housing - Grand Isle	16	2,216,200	138,513	183,000	—	1,425,972	1,428	—	400,000	130,000	—	250,000	—	8,800
98 Wall Street Housing - Springfield	13	2,325,875	178,913	75,671	394,445	1,088,400	1,088	—	322,382	179,693	—	—	700,000	122,150
99 Smallest City Apartments - Vergennes	19	3,765,771	198,198	122,230	511,513	1,538,160	1,540	—	537,071	727,500	—	—	950,000	11,500
100 Branchwood Apartments - Randolph	12	1,975,750	164,646	126,000	—	1,199,880	1,200	—	300,000	144,000	460,000	—	—	17,670
101 Whitcomb Woods - Essex Junction	64	4,688,900	73,264	147,796	—	1,208,790	1,210	1,908,000	640,000	—	—	—	—	930,900
102 Highgate Apartments Phase II - Barre	120	6,386,295	53,219	325,000	—	3,260,697	2,698	675,000	900,000	720,000	649,900	—	—	178,000
103 Waterfront Apartments - Burlington	40	7,210,470	180,262	485,000	—	4,000,000	4,000	—	800,000	821,470	—	1,210,000	—	375,000
104 Echo Scattered Sites - Burlington	20	1,806,596	90,330	85,000	89,910	746,460	7,540	—	513,999	263,050	—	130,000	—	145,547
2003 totals	372	37,857,792 (3)	100,883	1,963,529	1,092,779	17,075,249	24,314	2,583,000	5,423,032	3,495,713	2,055,131	1,590,000	2,832,714	2,116,667

ALL PROPERTIES

TOTAL PROPERTIES = 104	Number of Units	Total Cost	Cost Per Apt. Unit	LIHTC Per Year	Historic Tax Credit	Limited	General	VHFA	VHCB	HUD	CDBG	Bank	RD	Other
GRAND TOTALS	3,532	280,547,575	84,403	11,168,553	9,970,311	104,666,307	1,011,899	52,793,006	40,876,136	29,933,341	14,330,526	8,700,415	10,344,540	20,715,740
AVERAGE PER YEAR:	208	16,502,799	84,403	656,974	586,489	6,156,842	59,523	3,105,471	2,404,479	1,760,785	842,972	511,789	608,502	1,218,573

Unaudited - For Information Purposes Only

(1) Includes commercial space (2) Linden equity from HVT only (3) Development costs do not include equity bridge interest

LEFT TO RIGHT

Rita Markley  
Chip Hart  
Barbara Grimes  
Steve Pitkin  
Cynthia Borck  
Tom Thompson  
Bill Morlock  
Paul Costello  
Not pictured:  
Gloria Dawson  
Mary Houghton  
Ken Perine



HOUSING VERMONT  
BOARD OF DIRECTORS

Stephen Pitkin, *Chair*  
*Construction Consultant, Albany (VT)*

Thomas Thompson, *Vice Chair*  
*Re/Max North, Colchester*

Kenneth Perine, *Assistant Treasurer*  
*National Bank of Middlebury, Middlebury*

Barbara Grimes, *Secretary*  
*Burlington Electric Department, Burlington*

Cynthia Borck  
*Union Bank, Morrisville*

Paul Costello  
*Vermont Council on Rural Development, Montpelier*

Gloria Dawson  
*Southeastern Vermont Community Action Agency, Weston*

Chip Hart  
*Allen Agency, Burlington*

Mary Houghton  
*Burlington Community Land Trust, Burlington*

Rita Markley  
*Committee on Temporary Shelter, Burlington*

William Morlock  
*Springfield Housing Authority, Springfield*

STANDING LEFT TO RIGHT

Chris Lyon, Eric Schmitt,  
Eric Hoekstra, Sue Cobb,  
David Graves

MIDDLE ROW LEFT TO RIGHT

Lynn Mansfield, Chris Lee,  
Karen Allen, Martha Keenan,  
Martha Ibey, Amy Dohner

FRONT ROW LEFT TO RIGHT

Rich Wickman, Andy  
Broderick, Nancy Owens,  
Kenn Sassorossi, Dot  
Bechard, Kathy Cannon



HOUSING VERMONT  
STAFF

Andrew Broderick, *President*

Karen Allen, *Development Coordinator*

Dot Bechard, *Office Manager*

Kathleen Cannon, *Vice President, Finance*

Sue Cobb, *Senior Project Manager*

Amy Dohner, *Project Manager*

David Graves, *Accountant*

Erik Hoekstra, *Assistant Project Manager*

Martha Ibey, *Controller*

Martha Keenan, *Asset Manager*

Chris Lee, *Senior Asset Manager*

Chris Lyon, *Project Manager*

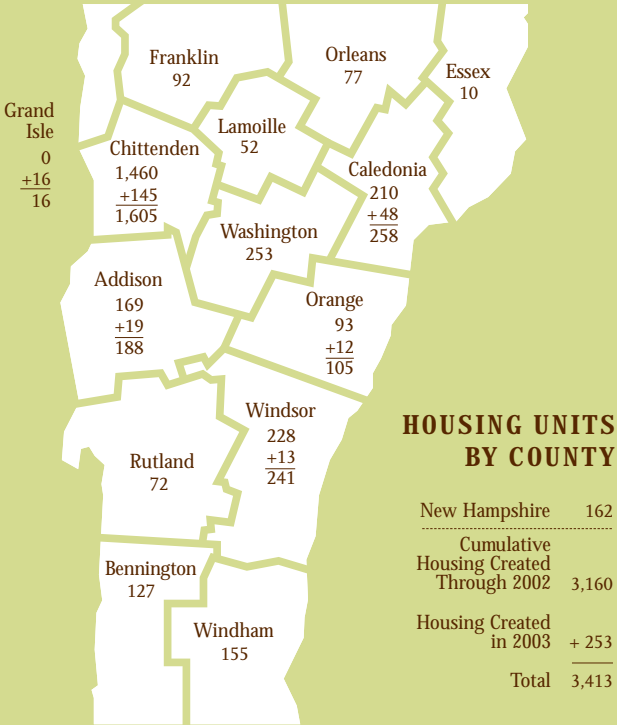
Lynn Mansfield, *Senior Project Manager*

Nancy Owens, *Vice President for Development*

Kenn Sassorossi, *Vice President for Program Development*

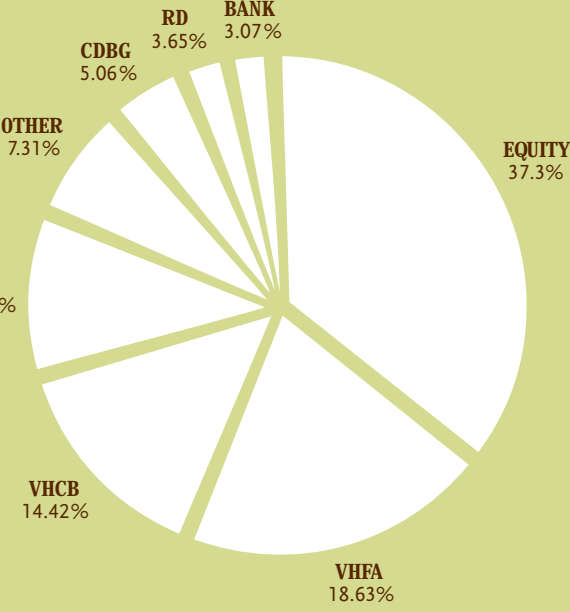
Eric Schmitt, *Asset Manager*

Rich Wickman, *Project Manager*

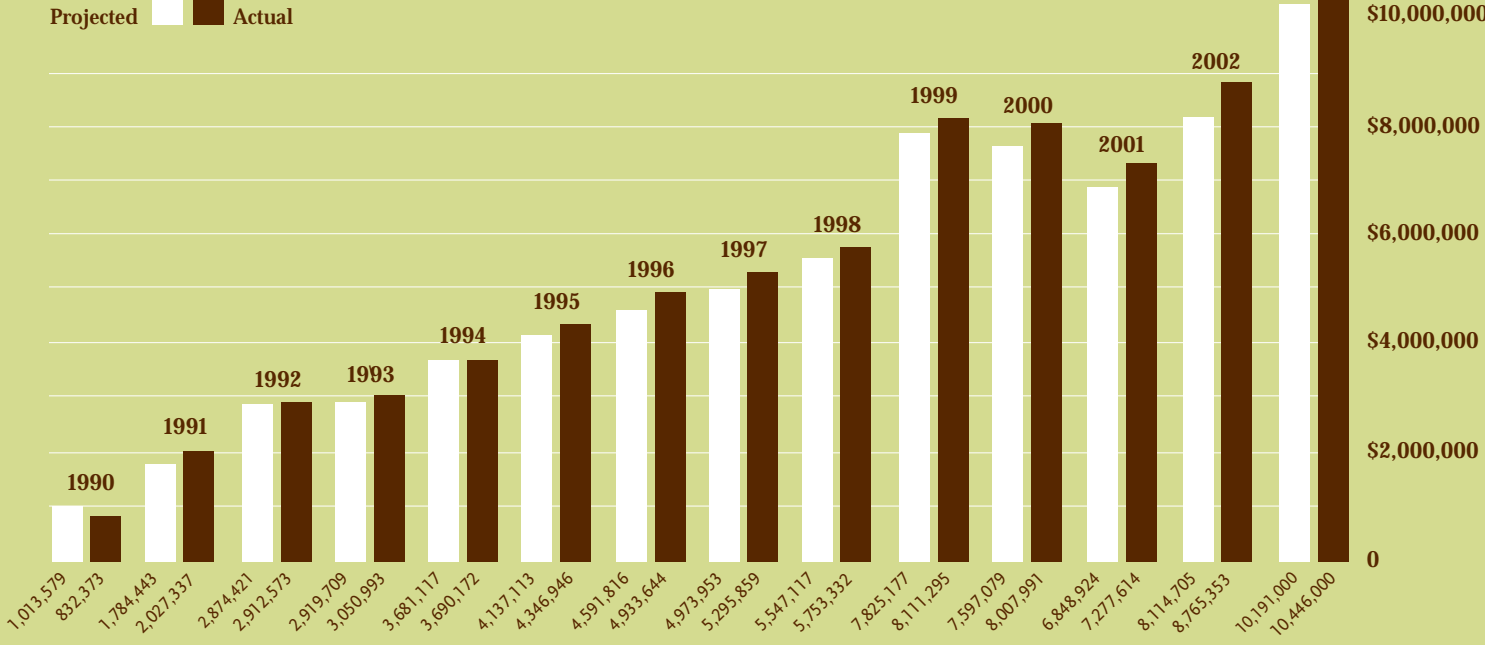


HOUSING UNITS  
BY COUNTY

SOURCES OF FUNDS



PORTFOLIO TAX BENEFITS





INDEPENDENT AUDITOR’S REPORT

To the Board of Directors  
Housing Vermont and Subsidiaries  
Burlington, Vermont

We have audited the accompanying consolidated statements of financial position of Housing Vermont and Subsidiaries (a non-profit organization) as of December 31, 2003 and 2002 and the related consolidated statements of activities and cash flows for the years then ended. These consolidated financial statements are the responsibility of Housing Vermont’s management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We did not audit the financial statements of H.V. Linden Terrace, Inc., a wholly-owned subsidiary, which statements reflect total assets of \$735,846 and \$755,630 as of December 31, 2003 and 2002, respectively, and total revenues of \$196,818 and \$197,398, respectively, for the years then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for H.V. Linden Terrace, Inc., is based solely on the report of the other auditors.

We conducted our audits in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on

a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the report of the other auditors provide a reasonable basis for our opinion.

As more fully described in Note 1 to the financial statements, the Organization has recorded certain investments in subsidiaries at cost. In our opinion, U.S. generally accepted accounting principles require that these investments be recorded under the consolidation or equity method. The effects on the consolidated financial statements of the preceding practice are not reasonably determinable.

In our opinion, except for the effects of recording certain investments at cost, as discussed in the preceding paragraph, based on our audits and the report of the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Housing Vermont and Subsidiaries as of December 31, 2003 and 2002, and the results of their operations and their cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

*A. M. Peisch & Company LLP*

April 30, 2004, except for Note 7,  
as to which the date is May 1, 2004  
Colchester, Vermont  
VT Reg. No. 92-0000102

Housing Vermont and Subsidiaries  
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
December 31, 2003 and 2002

ASSETS	2003	2002
Cash and cash equivalents	\$ 558,970	\$ 148,559
Due from affiliated entities	1,955,429	1,496,606
Prepaid expenses	30,906	32,818
Notes receivable from affiliated entities, net	2,925,234	3,628,227
Tenant accounts receivable	<u>611</u>	<u>3,156</u>
Total current assets	5,471,150	5,309,366
Cash - Reserved	84,994	93,163
Property and equipment, net	741,061	776,871
Notes receivable from affiliated entities, net	495,818	517,127
Investment in predevelopment project costs	328,201	274,801
Investment in subsidiaries, at cost	469,862	387,112
Other assets	<u>13,857</u>	<u>14,095</u>
	<u>\$ 7,604,943</u>	<u>\$ 7,372,535</u>

See accompanying notes.

Housing Vermont and Subsidiaries  
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
December 31, 2003 and 2002

LIABILITIES AND NET ASSETS	2003	2002
LIABILITIES		
Current liabilities		
Accounts payable and accrued expenses	\$ 132,803	\$ 70,636
Lines of credit	3,499,660	3,454,661
Current installments of long-term debt	<u>23,064</u>	<u>21,316</u>
Total current liabilities	3,655,527	3,546,613
Security deposits	8,515	8,427
Deferred income taxes	9,378	7,548
Long-term debt, excluding current installments	<u>601,221</u>	<u>664,285</u>
Total liabilities	<u>4,274,641</u>	<u>4,226,873</u>
Commitments and Contingencies		
NET ASSETS		
Unrestricted	<u>3,330,302</u>	<u>3,145,662</u>
	<u>\$ 7,604,943</u>	<u>\$ 7,372,535</u>

Housing Vermont and Subsidiaries  
CONSOLIDATED STATEMENTS OF ACTIVITIES  
December 31, 2003 and 2002

	2003	2002
Revenue		
Development fees	\$ 1,317,777	\$ 1,305,636
Asset management fees	330,305	264,152
Grant income	17,800	-0-
Rental income	194,809	195,043
Membership fees	15,480	15,515
Interest income	210,683	180,056
Other income	<u>-0-</u>	<u>20,173</u>
Total revenues	<u>2,086,854</u>	<u>1,980,575</u>
Development Expenses		
Payroll and benefits	1,209,693	1,026,365
Management and general	191,872	150,355
Professional fees	30,598	36,000
Office rent and cleaning	88,413	82,101
Rental property expense	196,210	196,065
Depreciation	26,634	25,868
Interest	142,578	105,134
Bad debts	-0-	31,566
Miscellaneous expense	<u>16,216</u>	<u>-0-</u>
Total expenses	<u>1,902,214</u>	<u>1,653,454</u>
Change in net assets	184,640	327,121
Net assets at beginning of year	<u>3,145,662</u>	<u>2,818,541</u>
Net assets at end of year	<u>\$ 3,330,302</u>	<u>\$ 3,145,662</u>

See accompanying notes.



Housing Vermont and Subsidiaries CONSOLIDATED STATEMENTS OF CASH FLOWS December 31, 2003 and 2002		
CASH FLOWS FROM OPERATING ACTIVITIES	2003	2002
Increase in net assets	\$ 184,640	\$ 327,121
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities:		
Depreciation	47,804	47,060
Deferred income taxes	1,830	2,034
(Increase) decrease in:		
Due from affiliated entities	( 458,823 )	60,627
Prepaid expenses	1,912	( 2,153 )
Tenant accounts receivable	2,545	( 3,147 )
Other assets	238	168
Increase (decrease) in:		
Accounts payable and accrued expenses	62,167	( 320,217 )
Security deposits	<u>88</u>	<u>156</u>
Net cash provided by (used in) operating activities	<u>( 157,599 )</u>	<u>111,649</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease in cash - reserved	8,169	155,042
Purchases of property and equipment	( 11,994 )	( 50,147 )
Decrease (increase) in notes receivable from affiliated entities	724,302	( 858,673 )
Increase in investment in predevelopment project costs	( 53,400 )	( 256,928 )
Increase in investment in subsidiaries	<u>( 82,750 )</u>	<u>( 65,740 )</u>
Net cash provided by (used in) investing activities	<u>584,327</u>	<u>( 1,076,446 )</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on long-term debt	( 61,316 )	( 19,701 )
Proceeds from issuance of long-term debt	-0-	40,000
Proceeds from lines of credit	1,070,000	5,499,661
Payments on lines of credit	( 1,025,001 )	( 4,495,000 )
Decrease in due to affiliate	<u>-0-</u>	<u>( 157,593 )</u>
Net cash provided by (used in) financing activities	<u>( 16,317 )</u>	<u>867,367</u>

	2003	2002
Net increase (decrease) in cash and cash equivalents	\$ 410,411	(\$ 97,430)
Cash and cash equivalents, beginning of year	<u>148,559</u>	<u>245,989</u>
Cash and cash equivalents, end of year	<u>\$ 558,970</u>	<u>\$ 148,559</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid during the year for:		
Interest	\$ 186,652	\$ 160,321
Income taxes	<u>\$ 250</u>	<u>\$ 250</u>

See accompanying notes.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF OPERATIONS

Housing Vermont (the Organization) is a non-profit organization created by the Vermont Housing Finance Agency (VHFA) with the express purpose of developing affordable housing within the State of Vermont. The Organization's major sources of revenue are development and management fees charged to related partnerships. The Organization is a membership corporation with two classes of members, sustaining members and regular members. VHFA is a sustaining member. All operating expenses are for the purpose of the Organization's program, which is to develop affordable housing.

The Organization, pursuant to a funding agreement (the Agreement) between itself and VHFA, received \$2,000,000 from VHFA over a three-year period ending in 1990. The proceeds were used for investment in qualifying projects, operating purposes, and to cover annual deficits, if any, resulting from the Organization's operations. The terms of the Agreement permit VHFA to monitor each project for proper management and tax compliance until the later of the date all operating funds advanced, as defined, are repaid, or the date the economic life of all residential housing assisted in whole or in part with housing development funds or recycled funds, as defined, ceases.

BASIS OF ACCOUNTING

The financial statements have been prepared on the accrual basis of accounting which recognizes income when earned and expenses when incurred.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of the Organization and its wholly owned for profit subsidiary, H.V. Linden Terrace, Inc. All significant intercompany balances have been eliminated in consolidation.

RELATED PARTIES

The Organization has formed two wholly owned subsidiaries, H.V. Generals Corp. and H.V. Investment Corp. to act as general partners in limited partnerships organized to develop and rent qualified low income buildings. H.V. Investment Corp. acts as a managing general partner in two limited partnerships, the Vermont Equity Fund I and the Vermont Equity Fund II. These limited partnerships were organized to make equity investments in developments sponsored by the Organization's affiliated entities. The Organization has a 16.67 percent investment in H.V. Archibald Street, Inc., which is a one percent general partner in one of the low-income housing limited partnerships.

The Organization, along with two other non-profit organizations, has formed Northern New Hampshire Housing Company and Northeastern Vermont Housing Company to provide low income housing to qualified tenants.

Housing Vermont owns a 50 percent interest in each entity. The Organization has a 33 percent interest in Northern Community Management Corporation, which provides management services to low income housing organizations.

In December 2003, the Organization and Green Mountain Housing Equity Fund, Inc. formed Green Mountain Housing Equity Fund 2003 Limited Partnership for the purpose of soliciting and holding funds from investors to invest in fund projects. Housing Vermont has a one tenth of one percent interest in the Partnership.

These investments are carried at cost. This is not in accordance with U.S. generally accepted accounting principles which require certain of the above investments to be accounted for under the equity or consolidation method.

CASH AND CASH EQUIVALENTS

The Organization considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

PROPERTY AND EQUIPMENT

Property and equipment are stated at cost. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized over the shorter of the lease term or the estimated useful lives of the assets. The Organization generally capitalizes property and equipment with costs exceeding \$500 with an estimated useful life in excess of one year.

INVESTMENT IN PREDEVELOPMENT PROJECT COSTS

Investment in predevelopment project costs consists of fees paid by the Organization for the benefit of projects for which the corresponding partnership entities have not yet been formed. It is the intent of the Organization that the amounts will be repaid to Housing Vermont once the partnerships are formed.

FEDERAL INCOME TAXES

The Organization is a non-profit organization as described in Section 501(c)(3) of the Internal Revenue Code and has been recognized by the Internal Revenue Service as an organization exempt from Federal income taxes on related income pursuant to Section 501(a) of the Code. The Organization is not a private foundation.

H.V. Linden Terrace, Inc., the Organization's wholly-owned subsidiary, is not exempt from Federal income taxes on its income and uses the asset and liability method of accounting for income taxes.

Under the asset and liability method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years



NOTE 1.	<b>ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES</b> (Continued)		
	<p>in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.</p>		
	<p><b>USE OF ESTIMATES IN FINANCIAL STATEMENT PREPARATION</b></p> <p>Management has made certain estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare these financial statements in conformity with U.S. generally accepted accounting principles. Actual results could differ from those estimates.</p> <p>The collectibility of investments in predevelopment project costs is dependent upon the feasibility of the project and the formation of the related partnership. The collectibility of dues from affiliates and notes receivable from affiliates is dependent on the financial success of the affiliated partnerships. It is at least reasonably possible that the collectibility of these amounts will change in the near term.</p>		
NOTE 2.	<b>RELATED PARTY TRANSACTIONS</b>		
	<p>The Organization earned development fees in the amount of \$1,317,777 and \$1,305,636 during the years ended December 31, 2003 and 2002, respectively. The fees consist of services provided to affiliated limited partnerships in preparing development and financial plans for the construction of housing units owned by these limited partnerships. The Organization also earned asset management fees of \$330,305 and \$264,152 during the years ended December 31, 2003 and 2002, respectively. These fees consist of financial services provided to the limited partnerships.</p>		
	<p>The Organization has incurred reimbursable housing development costs incident to the operation of certain limited partnerships. The balance due to the Organization on these unsecured advances amounted to \$1,955,429 and \$1,496,606 at December 31, 2003 and 2002, respectively. No interest is charged on these amounts. No allowance has been recorded as management estimates all amounts will be collected based on past historical experience, management’s estimate of ability to pay, and other factors. Accounts not paid by the due date are considered past due.</p>		
	<p>The Organization, in exchange for notes receivable, advanced funds to affiliated limited partnerships. The sums advanced were used in connection with the construction and rehabilitation of certain approved housing projects. At December 31, 2003 and 2002, the notes receivable, net of the allowance, totaling \$2,925,234 and \$3,628,227, respectively, are unsecured and bear interest at rates ranging from 4.5 percent to 8.5 percent. Interest is accrued monthly. The notes receivable are due on demand. An allowance of \$4,693 for 2003 and 2002 has been recorded to reflect amounts management estimates to be uncollectible. The allowance is based on historical experience, management’s estimate of ability to pay, and other related</p>		

circumstances. Amounts are charged off as uncollectible in the period that management determines the chance of collection to be remote. Accounts not paid by the due date are considered past due.

In addition, the Organization, in exchange for interest and non-interest bearing notes receivable, paid certain development operating costs on behalf of affiliated limited partnerships. The non-interest bearing notes receivable have a face amount of \$238,316 and \$220,516 at December 31, 2003 and 2002, respectively, that have been discounted to present value at an imputed interest rate of 5.12 percent or 6 percent over 5, 8, 15, or 20 years. Interest is accrued annually. At December 31, 2003 and 2002, the present value of the notes amounted to \$148,306 and \$164,003, respectively. Interest bearing notes receivable amounted to \$347,512 and \$353,124 at December 31, 2003 and 2002. An allowance of \$55,047 for 2003 and 2002 has been recorded to reflect amounts management estimates to be uncollectible. The allowance is based on historical experience, management's estimate of ability to pay, and other related circumstances. Amounts are charged off as uncollectible in the period that management determines the chance of collection to be remote. Accounts not paid by the due date are considered past due. The notes are payable from surplus cash of the affiliated limited partnerships, or, if not sooner paid, are due when the property is sold.

**NOTE 3. CASH - RESERVED**

The following cash deposits have been reserved:

Reserve for replacements: Reserve for replacements account represents cash that is reserved for replacement of structural elements, mechanical equipment, or any other similar items at H.V. Linden Terrace, Inc. Written authorization by VHFA is required for disbursements from the account.

Sinking fund escrow reserve: Sinking fund escrow reserve represents cash that is reserved for future operating deficits in St. Johnsbury Housing Limited Partnership and Caledonia Housing Partnership.

Cash - Reserved consists of the following at December 31, 2003 and 2002:

	2003	2002
Reserve for replacement	\$ 19,234	\$ 28,001
Sinking fund escrow reserve	<u>65,760</u>	<u>65,162</u>
	<u>\$ 84,994</u>	<u>\$ 93,163</u>

NOTE 4.	<b>PROPERTY AND EQUIPMENT</b>		
	<p>A summary of property and equipment at December 31, 2003 and 2002 is as follows:</p>		
		<b>2003</b>	<b>2002</b>
Land		\$ 136,800	\$ 136,800
Building and improvements		743,305	734,001
Furniture and equipment		<u>180,265</u>	<u>179,872</u>
		1,060,370	1,050,673
Less accumulated depreciation		<u>319,309</u>	<u>273,802</u>
Net property and equipment		<u>\$ 741,061</u>	<u>\$ 776,871</u>
<p>Depreciation expense for the years ended December 31, 2003 and 2002 was \$47,804 and \$47,060, respectively.</p>			
NOTE 5.	<b>LINES OF CREDIT</b>		
	<p>Lines of credit at December 31, 2003 and 2002 consists of the following:</p>		
		<b>2003</b>	<b>2002</b>
Line of credit - BankNorth, in the amount of \$2,000,000, interest at 4.00%, due December 2004, secured by accounts receivable and notes receivable		\$ 1,999,660	\$ 1,999,661
Line of credit - Vermont Housing Finance Agency (VHFA), in the amount of \$1,500,000, interest at 2.92%, due November 2004, secured by title, right, and interest in all affiliated partnerships		<u>1,500,000</u>	<u>1,455,000</u>
		<u>\$ 3,499,660</u>	<u>\$ 3,454,661</u>
<p>Interest expense on the lines of credit was \$142,578 and \$105,134 for the years ended December 31, 2003 and 2002, respectively.</p>			

NOTE 6.	<b>LONG-TERMDEBT</b>		
	<p>Long-term debt at December 31, 2003 and 2002 consists of the following:</p>		
		<b>2003</b>	<b>2002</b>
Note payable - Vermont Housing Finance Agency (VHFA), interest at 7.7%, due October 2018, secured by land, buildings and all equipment and fixtures associated with H.V. Linden Terrace, Inc.		\$ 381,855	\$ 395,150
Note payable - Vermont Housing Finance Agency (VHFA), interest at 8.25%, due October 2018, secured by land, buildings and all equipment and fixtures associated with H.V. Linden Terrace, Inc.		242,430	250,451
Note payable - Burlington Housing Authority, interest at 4.92%, due February 2033, secured by real estate		<u>-0-</u>	<u>40,000</u>
		624,285	685,601
Less current installments		<u>23,064</u>	<u>21,316</u>
		<u>\$ 601,221</u>	<u>\$ 664,285</u>
<p>Maturities of long-term debt for the next five years and thereafter are as follows:</p>			
Year ending December 31,			
2004		\$	23,064
2005			24,955
2006			27,002
2007			29,217
2008			35,800
Thereafter			<u>484,247</u>
			<u>\$ 624,285</u>
<p>Interest expense on the notes payable was \$50,202 and \$51,830 for the years ended December 31, 2003 and 2002, respectively, and is included in rental property expenses on the income statement.</p>			



**NOTE 7. LEASES**

The Organization leases office and parking space under non-cancelable operating leases with an affiliated limited partnership expiring February 2009 and December 2009, respectively. Additional space was added in January 2004, expiring in June 2004, and space was added again in May 2004 for the remainder of the lease. Future minimum payments under the operating leases in the aggregate are as follows:

	Building	Parking
2004	\$ 94,520	\$ 8,580
2005	92,383	8,580
2006	92,383	8,580
2007	92,383	8,580
2008	92,383	8,580
Thereafter	15,397	8,580
	<u>\$ 479,449</u>	<u>\$ 51,480</u>

Rent expense on the building for the years ended December 31, 2003 and 2002 was \$81,648 and \$75,746, respectively. Parking rent expense of \$8,580 for the years ended December 31, 2003 and 2002 is included in payroll and benefits expense.

**NOTE 8. PENSION PLAN**

The Organization has established a defined contribution pension plan that covers eligible employees with six months of service. Contributions are determined annually by management and are allocated to employees based on compensation. Contributions in 2003 and 2002 amounted to \$44,455 and \$45,763, respectively.

**NOTE 9. INCOME TAXES RELATING TO H.V. LINDEN TERRACE, INC.**

The provision for income taxes for the years ended December 31, 2003 and 2002 consists of the following:

	2003	2002
Federal:		
Current	\$ -0-	\$ -0-
Deferred	<u>1,830</u>	<u>2,034</u>
	<u>1,830</u>	<u>2,034</u>
State:		
Current	\$ 250	\$ 250
Deferred	<u>-0-</u>	<u>-0-</u>
	<u>250</u>	<u>250</u>
Provision for income taxes	<u>\$ 2,080</u>	<u>\$ 2,284</u>

Deferred income tax provisions arise from the differences in accounting for depreciation for book and tax purposes and net operating loss carryforwards. The tax effect of these temporary timing differences created the deferred tax liability and the deferred tax expense of \$1,830 and \$2,034 for the years ended December 31, 2003 and 2002, respectively.

The following net operating loss carryforwards are available to offset future taxable income of the corporation.

Expiration Date	Amount
January 1, 2012	\$ 833
January 1, 2013	2,249
January 1, 2015	8,111
January 1, 2016	<u>20,980</u>
	<u>\$32,173</u>

**NOTE 10. CONCENTRATION OF RISK**

Housing Vermont develops affordable housing within the State of Vermont. A substantial portion of the affiliates' ability to honor their accounts and notes receivable may be dependent upon the general economic climate within Vermont. The Organization does not require collateral on its accounts and notes receivable.

The Organization maintains cash balances at various banks. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$100,000. At certain times during the year ended December 31, 2003, cash balances exceeded \$100,000. Management considers this a normal business risk.

**NOTE 11. LEGAL MATTER**

The Organization is a defendant in a lawsuit, filed by two tenants from an apartment complex once owned by the Organization. Outside counsel for the Organization has advised that at this stage of the proceedings, they cannot offer an opinion as to the probable outcome. The Organization believes the suit is without merit and is vigorously defending its position.





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