

VERMONT STATE HOUSING AUTHORITY
REGULAR MEETING MINUTES
November 12, 2014

1. ROLL CALL

The Regular Meeting of the Board of Commissioners of the Vermont State Housing Authority was called to order at 11:04 a.m. by Vice Chair Mary Miller. Upon roll call, the following Commissioners were present: Jo Ann Troiano, Cory Richardson, and Caryn Feinberg. Chair Caprice Hover was absent. Linda Ryan was expected.

Staff personnel present: Richard Williams, Secretary/Executive Director; Kathleen Berk, Director of Housing Program Administration; Thomas Peterson, Director of Finance and Information Systems; Arlene Shorten-Goodrich, Director of Human Resources and Administration; Susan Kuegel, Director of Property and Asset Management; Krister Adams, Housing Development Specialist; and Jim Gallagher, Office Services Coordinator.

2. PUBLIC PARTICIPATION

There was no public participation.

3. MINUTES - ANNUAL AND REGULAR MEETING, SEPTEMBER 24, 2014

Miller inquired as to discussion, corrections, or omissions. Feinberg moved to approve the Minutes of the Annual and Regular Meeting of September 24, 2014 and Richardson seconded. Miller inquired as to further discussion, there being none a vote was taken. All voted in favor and the motion passed.

4. SECRETARY'S REPORT - OCTOBER / NOVEMBER 2014

Williams began his update. The results of the recent elections will have a major impact on the Senate committees that deal with appropriations, housing, and banking. The Senate Appropriations Committee will have at least five new members. The GOP will have leadership control of all Senate committees.

Ryan joined the meeting at 11:10 a.m.

The Tax Extender Bill has a big impact on the low-income housing tax credit program. The bill expired in December 2013, so Congress will need to act on that bill soon.

The Continuing Resolution expires on December 11th.

If Congress can't agree on a budget, Sequestration kicks in again. Sequestration is in place for ten years, with six years remaining. Any time a budget isn't passed, Sequestration kicks back in.

Here in Vermont, we are anticipating some state budget cuts in 2015.

Governor Shumlin's Poverty Council, which Ryan co-chairs, will be submitting some recommendations and will be meeting with the Governor later this month.

Miller asked for a motion to approve the Secretary's Report. The motion was made by Troiano and seconded by Richardson. Miller inquired as to further discussion, there being none a vote was taken. All others voted in favor and the motion passed.

5. FINANCIAL REPORT THROUGH SEPTEMBER 30, 2014

Peterson presented the Financial Report through September 30, 2014, which is the end of our fiscal year. The numbers presented to the Board are final, since the auditors reviewed them last week and didn't make any changes. There is a budget surplus of \$400,000.

The construction costs for the recent security upgrades at VSHA's main office in Montpelier will be capitalized and depreciated over twenty years.

Miller asked for a motion to approve the Financial Report. The motion was made by Troiano and seconded by Feinberg. Miller inquired as to further discussion; there being none a vote was taken. All others voted in favor and the motion passed.

6. UPDATE - HOUSING PROGRAM ADMINISTRATION

- Section 8 Management Assessment Program (SEMAP)

The Section 8 Management Assessment Program (SEMAP) is an annual process that the U.S. Department of Housing and Urban Development (HUD) uses to measure the performance of how VSHA manages the Section 8 Housing Choice Voucher program.

The SEMAP process begins as a self-certification which is submitted to HUD. There are fourteen indicators, seven of which are scored based on HUD's systems. Data that we submit to HUD on a monthly basis is compiled to score those seven indicators. A copy of VSHA's self-certification was provided to the Board for review.

A couple of years ago, HUD came on site to do a SEMAP confirmatory review. During that review HUD determined that we didn't qualify for all of the points to which we had self-certified for performance indicators #1 and #3. We went through a series of appeals and eventually received some points back. However, we were still rated as a standard performer for that year, rather than the high performer status to which we self-certified.

We went through SEMAP again last year, having made the necessary corrections to our quality control process. We rated ourselves as a high performer and HUD confirmed that rating.

This year, Berk is again recommending that VSHA be rated as a high performer in the management of the Section 8 Housing Choice Voucher program. Berk is uncertain about indicator #13, which is the lease-up indicator. We may only qualify for 15 of the possible 20 points. The indicator is measured on a calendar year basis, so the results for November and December are not yet known. However, this won't affect our rating as a high performer.

The issue of how to increase our lease-up rates have been discussed at VSHA Board meetings throughout this year. Our goal for well over a year prior to this year was to take units offline because of funding restrictions. As vouchers were turned in, we were not reissuing them to the waiting list. Then, in January of this year with Sequester aside, we had more money available in our budget and began issuing vouchers. We established a utilization goal to have 3,300 vouchers under contract by year end. There are a variety of reasons we haven't been able to achieve that utilization goal.

We had a waiting list at the start of the year of 1,500 applications; today there are around 300. A huge amount of staff time went into going through the list and issuing 300 vouchers. Problems such as low vacancy rates throughout the state, poor success rates among voucher holders, a higher than usual turnover rate of existing voucher holders, and changes within VSHA's Section 8 program staff have all contributed to our inability to meet our utilization goal.

We had a couple of initiatives this year related to project-basing of vouchers. We will be bringing an additional 65 project-based vouchers under contract over the next couple of months. That process didn't happen as quickly as we had hoped because of environmental review requirements that we didn't anticipate. These are existing units that had already undergone an environmental review, but HUD is requiring that an environmental review be done for the project-based assistance.

New voucher holders who are the most successful are those that are connected to services. The success rate of voucher holders who are connected to services is 85%, versus 40% for voucher holders not connected to services.

There was a brief discussion about the increase in fair market rents in areas of Vermont and the rent survey that VSHA conducted for three counties in southern Vermont. This coincided with a brief discussion about how low vacancy rates make it difficult for voucher holders to find an apartment.

Williams indicated that a housing needs analysis is being conducted by the Department of Housing and Community Development (DHCD).

Williams noted that one possible way to increase utilization is to work with local public housing authorities (PHA) by issuing some kind of preference for applicants on the PHA waiting lists. Additional discussions will be needed to see how this could work and whether the various PHAs would be interested.

The following resolution was presented to the Board for consideration:

RESOLUTION
Vermont State Housing Authority
Section 8 Management Assessment Program (SEMAP)

Whereas, HUD regulation 24 CFR sec 985.101 requires that Public Housing Agencies administering a Section 8 tenant-based assistance program submit an annual SEMAP Certification within 60 days after the end of its fiscal year; and

Whereas, the information from the PHA concerns the performance of the PHA and provides assurance that there is no evidence of seriously deficient performance; and

Whereas, HUD uses the information and other data to assess PHA management capabilities and deficiencies, and to assign an overall performance rating to the PHA; and

Whereas, the PHA has completed the annual SEMAP Certification and requires that the VSHA Board of Commissioners accept the SEMAP Certification as presented; and

Whereas, it is the desire and intent to the Board of Commissioners to comply with HUD Regulations,

NOW THEREFORE BE IT RESOLVED that the Board of Commissioners of the Vermont State Housing Authority hereby accepts the SEMAP Certification as presented and authorizes the Chairperson of the Board to execute the Certification on behalf of the Vermont State Housing Authority on this 12th day of November, 2014.

Troiano moved to approve the above Resolution with an amendment authorizing acting Chair Miller to sign the Section 8 Management Assessment Program certification; Ryan seconded. Miller inquired as to further discussion. There being none, a vote was taken. All others voted in favor and the motion passed.

- **Resolution – Transferring the Section 8 Housing Choice Voucher Program from the St. Albans Housing Authority to the Vermont State Housing Authority**

Williams was approached by Tayt Brooks of the St. Albans City Housing Authority (SACHA) regarding the possibility of transferring their Section 8 Housing Choice Voucher program to VSHA. The Burlington Housing Authority currently administers SACHA's Section 8 Housing Choice Voucher program, which consists of 85 vouchers. That contract expires December 31, 2014.

Williams and Berk attended a SACHA meeting in October to discuss this issue. Representatives from SACHA met with the St. Albans City Council on November 10th to recommend that VSHA assume the administration of the SACHA Section 8 Housing Choice Voucher program. That issue was put off until December 8th, at which time Williams and Berk will be asked to discuss this issue with the St. Albans City Council.

There are a couple of questions that VSHA will be asked to address at the December 8th St. Albans City Council meeting:

1. Will VSHA be able to assume the responsibility of the contract administration SACHA's Section 8 Housing Choice Voucher program by year end and continue as long as it may take to formally transfer those vouchers to VSHA so there is continuity to the program?
2. Will the applicants on the current SACHA wait list be advantaged or disadvantaged by a merger with VSHA's waiting list?

If we were to take on the administration of SACHA's Section 8 Housing Choice Voucher program, we would absorb those voucher holders into our system. HUD still needs to be notified that SACHA is interested in handing over this contract administration to VSHA.

Williams noted that it may be worth looking into the possibility of issuing some project-based vouchers to help out the homeless population in the St. Albans area.

The following Resolution was presented to the Board for consideration:

RESOLUTION
Vermont State Housing Authority
Transferring the Section 8 Housing Choice Voucher Program from the St. Albans City
Housing Authority (SACHA) to the Vermont State Housing Authority (VSHA).

WHEREAS the St. Albans City Housing Authority (SACHA) is authorized by the Department of Housing and Urban Development to administer eighty-five (85) Section 8 Housing Choice Vouchers, and

WHEREAS the St. Albans City Housing Authority (SACHA) has requested that the Vermont State Housing Authority (VSHA) assume administration of these Section 8 Housing Choice Vouchers, and

WHEREAS the transfer will be as per the executed Memorandum of Understanding (MOU) between the SACHA and the VSHA, and

WHEREAS the date of transfer will be on or after January 1, 2015 as approved by the Department of Housing and Urban Development, and

BE IT RESOLVED by Members of the Board of the Vermont State Housing Authority and that the Vermont State Housing Authority agrees to the transfer and administration of the Section 8 Housing Choice Vouchers, and

BE IT FURTHER RESOLVED that the Chairman is authorized to sign the Memorandum of Understanding on behalf of the Vermont State Housing Authority, and

BE IT RESOLVED FURTHER that the final approval of this transfer is from the Department of Housing and Urban Development.

Ryan moved to approve the above Resolution as presented; Feinberg seconded. Miller inquired as to further discussion. There being none, a vote was taken. All others voted in favor and the motion passed.

- **Approval – Administration of State Funded HOPWA Program**

Berk began a discussion of the administration of the State of Vermont-funded Housing Opportunities for Persons with AIDS (HOPWA) program. This will be administered similarly to the Department of Mental Health Housing Subsidy Plus Care program.

This is an initiative with the Vermont Department of Health to help individuals with AIDS. The Department of Health has sufficient funds available in order to provide rental assistance to 25 individuals per year for at least five years. VSHA is currently administering a HOPWA program with the Vermont Housing and Conservation Board (VHCB) as the grantee; there are 30 families being assisted through that federally funded program.

The State funded program will act as a transitional housing program to a federal HOPWA voucher. We will look at our existing HOPWA waiting list, currently consisting of 25 applicants. Rent subsidies will be determined the same way they are determined for the federal HOPWA program. When a federal HOPWA voucher becomes available, it will go to the next state-funded applicant on the waiting list. The turnover in the federal HOPWA program is around two vouchers per year.

We hope to begin administering this program by February 1, 2015. That date will depend on how long the State takes to get the necessary contracts in place. A draft program proposal was provided to the Board in the Board packets.

Troiano moved to approve the draft proposal detailing the collaboration with the Vermont Department of Health for VSHA to administer a state-funded HOPWA program; Ryan seconded. Miller inquired as to further discussion. There being none, a vote was taken. All others voted in favor and the motion passed.

The Board recessed for lunch at 12:00 p.m. and returned to session at 12:25 p.m.

Berk continued with the Housing Program Administration update.

- **Performance Based Contract Administration (PBCA) Review**

The U.S. Department of Housing and Urban Development (HUD) performed a remote review in October of the Performance Based Contract Administration work that VSHA performs. A letter from HUD detailing the results was included in the Board packet. The overall conclusion was that VSHA is doing an outstanding job with the Performance Based Contract Administration.

This PBCA contract has been extended through the end of December 2014. Berk believes that HUD will continue to award contract extensions as it works out some legal issues surrounding the awarding of these contracts. At some point, HUD hopes to provide two-year contract renewals.

- **Project-Based Assistance**

We had a couple of project-based initiatives this year. In one of those initiatives, we accepted requests for project-based vouchers from owners who had existing housing units that had also competed in some other funding process. We have awarded some project-based subsidies as part of that initiative and we will be awarding more, for a total of 25.

In another initiative, we had a formal RFP that went out over the summer seeking to award 45 project-based vouchers. Requests were received for over 95 vouchers. Those proposals were ranked and ultimately funded in areas where there was the highest percentage of renters paying more than 30% of their income for housing. A list of those awards was included in the Board packets.

- **Homeless Management Information System (HMIS)**

Continuum of Cares and projects funded through the Continuum of Care are required to report data to the Homeless Management Information System (HMIS). The Agency of Human Services (AHS) Department of Mental Health has been the Continuum of Care lead for the Homeless Management Information System (HMIS) for the State of Vermont. Recently, the head of the AHS indicated that they can no longer be the HMIS lead, providing 30 days' notice to that effect.

VSHA has agreed to temporarily take on the role as Continuum of Care lead for the HMIS for the State of Vermont until an RFP can be issued and a new HMIS lead can be identified. We are working through this issue with HUD. Our short-term concern is that there is a \$30,000 grant that needs to be administered by an HMIS lead. We don't know if those funds will be in jeopardy if we don't have someone to administer that grant.

- **Civil Cases**

Sheerin vs. Doug Racine, et al

This person is suing for an alleged violation of her civil rights. There are a variety of people named in the lawsuit. VSHA has filed a motion to dismiss. Our insurance companies have been put on notice in the event the case needs to be litigated.

Peterson noted that we have two insurance companies: one that carries the difference-in-conditions insurance policy and one for an officer's policy.

We asked the insurance company if we can use our own attorney, Frank Kochman, on this case. The insurance company, Middle Oak Insurance, responded that they will be using their own attorney. However, we will likely still retain Frank Kochman's services for issues relating to this case.

HAP Contract in Default

We had a Housing Assistance Payment (HAP) contract in Rutland that was in default. The owner had transferred his ownership of the property to his mother and another partner without receiving permission or getting an assignment of the HAP contract for the new ownership entity. The owner also filed for bankruptcy and failed to identify the property as an asset.

The new owners will have to go through the approval process and the owner needs to amend the bankruptcy filing to name the property as an asset.

HUD legal counsel has taken the lead, issuing a notice of default to this particular owner. That notice was sent on October 16th, giving the owner 30 days to act. After the 30 day period, VSHA will be required to begin abating payments under the contract. This could have the result of impeding the management company since they won't have the money to operate the property, which has 20 families. At that point we may request that our legal counsel ask that a receiver be assigned so we can continue to make HAP payments to the management company so they can continue running the property properly.

Depot Square Apartments, St. Johnsbury - Bed Bug Lawsuit

When the Board last met, we were waiting for a 30-day period to expire related to this lawsuit. The court left it open for the plaintiffs to request additional damages, which they did. Although the court denied those additional damages, the appeal period is still available to the owner. The owner has not yet filed an appeal.

The town of St. Johnsbury is having their health officer apply the standard that the court handed down as part of its decision, which is zero tolerance as it relates to bed bugs. However, we are expecting the town to issue an amended health order that states that there can be no more than a 5% incidence of bed bug infestation at a property. Our housing inspection requirement as it relates to that particular infestation requires that we follow the local health ordinances; that will be the standard for issuing a contract renewal.

We have an annual contract for Depot Square Apartments which we are in the process of renewing. We went through the property several weeks ago with bed bug-sniffing dogs. There continues to be a 10% incidence of bed bug infestation at the property.

7. UPDATE - DEVELOPMENT

Adams provided a Development update.

Windemere Mobile Home Park, Colchester: The work on replacing the clean water and waste water systems at the park is around three weeks from completion. Things have gone very well. All of the water services have been connected and they are beginning to connect all of the sewer services. All of the park roads have been repaved.

Every home in the park has a water pressure reduction valve outside their home. The water pressure coming off of the street is approximately 80 pounds per square inch (PSI). The State of Vermont plumbing inspector requires exactly 50 PSI per home; the pressure reduction valve accomplishes that. A couple of residents claim they had more pressure before all of the system improvements. However, everyone in the park will be set at 50 PSI as required by the state.

Valley View II Apartments, Vergennes: There is a final job meeting and walk-through scheduled for Friday, November 14th for the extensive rehabilitation work that was done at this 12-unit property.

Dogwood Glen I Apartments, Northfield; Fairground Apartments, Moretown; Colonial Manor Apartments, Morrisville: We recently brought our architect and energy efficiency funders through these three properties. We will be applying for the USDA Rural Development Multi-Family Housing Preservation and Revitalization (MPR) program loans and grants to perform extensive energy efficiency work at these older properties.

8. UPDATE - PROPERTY AND ASSET MANAGEMENT

Kuegel provided an update on Property and Asset Management.

FY 2015 Budgets

Since the Board last met, Kuegel's staff has finished submitting all of the FY 2015 budgets. Many of those have been approved and returned to us.

The Housing Foundation, Inc. (HFI) has approved the capital plan for the mobile home parks in their portfolio. The VSHA mobile home park managers have been working hard to get some of those capital items underway this fall and winter at those parks, with some items to follow in the spring.

Support and Services at Home (SASH)

The original date for the SASH program to expire was June 30th of this year. The government then extended that date to December 31st. Now the program has been extended for another two years. There has been some conversation about expanding the program's panels. This could affect VSHA in the areas they are looking to expand.

The SASH program has been a bit more work administratively than originally anticipated. Getting contracts in place has been difficult in some instances. Plus, the partners we work with have been slow to submit bills to VSHA on a timely basis. However, overall it is a very good program.

9. OTHER BUSINESS

- Insurance / Retirement

Shorten-Goodrich gave a brief update on life insurance and retirement issues.

We still don't have a resolution from the IRS on the pension plan issue that came out of the bankruptcy filing of Life Associate's and the subsequent transfer of funds to Billings and Company.

When we switched life insurance companies there were some refunds that were in the works. We received notice this week that those refunds will be deposited into the participants accounts this week. Those refunds are being prorated based on how much life insurance premiums participants paid. Overall, those refunds will amount to \$54,000 and be distributed to those participants who were in the plan from January 2010 to March 31, 2012.

- The Housing Foundation, Inc. (HFI) Strategic Planning


Williams began a discussion on the strategic planning process which The Housing Foundation, Inc. has begun. HFI has hired a consultant, Noonmark Nonprofit Services, to help them with this process. Two key individuals that will be involved with the strategic planning are Jane Van Buren, Noonmark Owner/President, and Jim LeFevre, an organizational consultant.

Since VSHA does quite a bit of work for HFI as a result of the Memorandum of Understanding between the two organizations, the HFI Board of Directors thought it would be beneficial for the VSHA Chair and Vice Chair to attend an upcoming strategic planning retreat. The date of the retreat has not been set, though it will likely take place in February 2015. Williams also thought it would be beneficial for Troiano to attend that portion of the retreat due to her extensive experience as a member of the VSHA Board of Commissioners.

The HFI Board of Directors will first meet with the strategic planning consultants at HFI's December meeting.

At 1:08 p.m., Troiano moved that the meeting be adjourned; Ryan seconded. There being no other business, the Chair adjourned the meeting.

Respectfully Submitted,


Richard M. Williams
Executive Director/Secretary

