

VERMONT STATE HOUSING AUTHORITY
REGULAR MEETING MINUTES
March 25, 2015

1. ROLL CALL

The Regular Meeting of the Board of Commissioners of the Vermont State Housing Authority was called to order at 11:00 a.m. by Chair Caprice Hover. Upon roll call, the following Commissioners were present: Mary Miller, Vice Chair; Jo Ann Troiano; and Cory Richardson. Linda Ryan was expected. Caryn Feinberg was absent.

Staff personnel present: Richard Williams, Secretary/Executive Director; 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; Kathleen Berk, Director of Housing Program Administration; Krister Adams, Housing Development Specialist; and Jim Gallagher, Office Services Coordinator.

MEETING AGENDA CHANGE

Williams proposed adding an item to today's Meeting Agenda to discuss probable civil action against the Vermont State Housing Authority.

Troiano moved to modify today's Agenda to include a discussion on probable civil action against the Vermont State Housing Authority; Miller seconded. Hover inquired as to further discussion, there being none a vote was taken. All voted in favor and the motion passed.

2. PUBLIC PARTICIPATION

There was no public participation.

3. MINUTES - REGULAR MEETING, JANUARY 28, 2015

Hover inquired as to discussion, corrections, or omissions. Troiano moved to approve the Minutes of the Regular Meeting of January 28, 2015 and Richardson seconded. Hover inquired as to further discussion, there being none a vote was taken. All voted in favor and the motion passed.

4. SECRETARY'S REPORT - FEBRUARY / MARCH 2015

Williams began his update.

The House and Senate budget committees both approved their Fiscal 2016 budget plans.

It's not yet clear if a budget will be approved by October 1st or if instead another continuing resolution will be implemented.

The President recommended sufficient funding in 2016 to renew all of the housing vouchers that low-income families are currently using, plus an additional 67,000 vouchers for next year to make up for what was lost during the sequestration process a few years ago.

Williams and Berk met with members of Senator Bernie Sanders' staff last week to raise a few issues that we are interested in working through with our congressional office. One of the issues is the budget authority cap on project-based vouchers. We are currently approved to project-base up to 20% of our Housing Choice Voucher program budget authority; we have hit that cap. HUD does not have waiver authority on the cap since the cap is statutory. Working with our congressional office may help get language approved in a bill that would help us on this issue.

Another way to proceed is by creating Moving to Work (MTW) public housing authorities. HUD's website describes them as:

“Moving to Work (MTW) is a demonstration program for public housing authorities (PHAs) that provides them the opportunity to design and test innovative, locally-designed strategies that use Federal dollars more efficiently, help residents find employment and become self-sufficient, and increase housing choices for low-income families. MTW gives PHAs exemptions from many existing public housing and voucher rules and more flexibility with how they use their Federal funds. MTW PHAs are expected to use the opportunities presented by MTW to inform HUD about ways to better address local community needs.”

Creating a MTW would involve a lot of work, so it would first need to be determined if it makes sense to go in that direction.

Here in Vermont, the House Appropriations Bill, H.490, will be coming to the floor for discussion before they take action.

One of the items in H.490 that is troublesome is a \$500,000 cut to the Department of Mental Health (DMH) vouchers, which VSHA administers. While no one currently receiving a voucher from DMH will be cut from the program, no new DMH vouchers will be issued.

Another item in H.490 that raises some issues involves the attempt to move some money from the General Fund that supports the Vermont Housing and Conservation Board over to a Capital Bill, which the Institutions Committee handles.

We have been working on Bill H.123, which only affects people who own mobile home parks. The language includes civil penalties that the Attorney General can bring for park owners who don't properly maintain the infrastructure and egresses within their parks.

Language that didn't make it into H.123 has to do with the abandonment of homes in mobile home parks. Park owners need some tools to deal with the high costs of abandoned homes. There is nothing in the current law that gives judges guidance on this issue. Language is now moving through the Senate to help park owners get rid of these abandoned homes more quickly and at a lower expense.

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

Board Commissioner Linda Ryan joined the meeting at 11:20 a.m.

5. FINANCIAL REPORT THROUGH FEBRUARY 28, 2015

Peterson presented the Financial Report through February 28, 2015. We are five months into the fiscal year.

Some expenses, like health insurance, are paid up front for the entire year. These line items will balance out as the year progresses.

The Other Income line item was over budget due to a payment for state tax credits. This payment comes into VSHA and then out to a limited partnership for Valley View II Apartments in Vergennes as a loan.

Other than that, we are pretty much on track.

The rate at which we are eligible to earn our Section 8 administrative fees has increased substantially, though the proration rate dropped as well, so there's no net gain for VSHA. However, in future years this increase to administrative fees could have a positive impact.

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

Williams recently received notification about an amount owed to HUD for the administration of the St. Albans City Housing Authority's (SACHA) Section 8 vouchers. VSHA took over administration of those vouchers on January 1, 2015. However, the amount of administrative fees HUD is looking to collect from VSHA - \$3,000 - is for 2014, when SACHA was still administering those vouchers. Williams has reached out to the SACHA Board to see about getting reimbursed for those fees. SACHA had retained the administrative reserves for their voucher program after transferring administration of the program to VSHA. This was done because they had to conduct an audit of their program.

6. 2014 AUDIT AND APPROVAL (GREGG SARGENT, KBS PRESENTATION)

Gregg Sargent of Kittell Branagan & Sargent (KBS) presented information on the auditing process KBS undertakes at VSHA.

The opinion that KBS gave from this year's audit is a clean, unqualified opinion.

Sargent described the presentation of the audit in hardcopy form. There were no audit adjustments this year; there weren't even any proposed adjustments.

Due to the size of VSHA's two major programs (project-based and Section 8 vouchers) KBS audits one of those programs every other year. VSHA's other programs are evaluated, but the major risk and the most rigorous testing is in the two major programs.

Williams noted that financial fraud seems to be happening more regularly in Vermont and elsewhere and the Board may want to hear about how audits could catch and/or prevent something like that occurring at VSHA. Sargent indicated that auditors rely on internal controls at an organization the size of VSHA. The testing is done at those levels where fraud could possibly occur.

One of the biggest concerns these days is the theft of information and money from hacking into an organization's network and/or bank accounts.

Richardson indicated that it would be helpful for the Board to receive more direct communication with the auditors - both before and after the audit - since there is so much money flowing through the organization from various federal sources.

A conversation followed on the pros and cons of using large audit firms that may charge the least but who tend to send out inexperienced staff, and the debate over whether firms should periodically change auditors.

Richardson inquired as to those organizations which get copies of our audits. Peterson indicated that HUD, USDA Rural Development, and any organization with whom we have a grant agreement gets a copy. In addition, a condensed version is published with VSHA's Annual Report on our website.

Richardson noted a typo in the audit report that needs to be fixed.

Richardson moved to approve the 2014 audit with the noted correction; Miller seconded. Hover 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 12:13 p.m.

Kelly Pembroke, Assistant Director of Finance and Information Systems, joined the meeting at 12:15 p.m. Gregg Sargent of KBS left the meeting at 12:35 p.m.

The Board returned to session at 12:40 p.m.

7. UPDATE – HOUSING PROGRAM ADMINISTRATION

Berk presented the Housing Program Administration update.

Project-Based Commitment – Brattleboro Housing Authority

Williams began a discussion on project-based vouchers for Brattleboro Housing Authority.

As mentioned earlier, VSHA has reached its cap for project-based vouchers, which is based on 20% of our budget authority.

Following some analysis by Berk's staff, it was determined that the per-unit cost for a project-based unit is less than a housing choice voucher used in the community.

The Brattleboro Housing Authority (BHA) and Housing Vermont have formed a limited partnership for tax credit purposes for the ownership of a new housing project in Brattleboro called Red Clover Commons to replace Melrose Terrace which was damaged by Tropical Storm Irene. They are asking to enter into an agreement for a Housing Assistance Payment (HAP) contract. This HAP contract, which BHA hopes to have in place by the end of March, is for a minimum of fifteen years. The HAP contract could go longer than fifteen years, but we are hoping to tie it to the end of the fifteen-year tax credit period, at which time the contract could be renewed.

Housing Vermont has already invested around \$500,000 in the development of this project.

When BHA gets these vouchers, they will be considered replacement, not relocation vouchers. Relocation vouchers go away (back to the government) after a tenant goes off of the program, while replacement vouchers will turn over and be issued to a new VSHA client.

Troiano moved to reaffirm VSHA's acceptance of Brattleboro Housing Authority's request for an exchange of tenant protection vouchers for 55 project-based replacement vouchers; Richardson seconded. Hover inquired as to further discussion. There being none, a vote was taken. All others voted in favor and the motion passed.

Supportive Housing Preference for Homeless Families

At the January 28th VSHA Board meeting, Berk suggested that VSHA consider adopting a Supportive Housing Preference for homeless families. Since then, Berk has worked with Ryan to draft some specific language for such a preference. A draft of this preference was included in the Board packets for the Board's review and input. The draft preference was vetted by, among others, Angus Chaney of the Agency of Human Services. The purpose of the proposed preference is to serve a population of homeless who is underserved or not served at all by some other program.

Before VSHA can adopt a new preference, it has to go before the Resident Advisory Board and the public hearing process at the July 8th Board meeting.

A discussion followed on some of the specific language of the draft preference. Hover expressed a concern about the term 'Homeless Provider', since that may exclude some organizations that assist homeless populations. Ryan and Berk expressed concern about opening up the preference to too large a population since it may then be too burdensome to administer.

The definition of 'Homeless Provider' likely needs to be clarified for the purposes of this preference. It was agreed that this conversation will continue offline and the draft preference will undergo refinement prior to the public hearing approval process at the July 8th meeting.

Housing Choice Voucher Renewal Funding for 2015

At the end of February, we received our allocation from HUD for the Housing Choice Voucher Renewal Funding; it was a bit more than we anticipated. HUD gave us credit for the delay in getting vouchers leased the year prior as a result of sequestration. We have a healthy budget and we are continuing to issue vouchers.

We have exhausted our Section 8 waiting list.

Our goal for the year is to bring under contract an additional 140 units. For February, we had 3,234 Housing Choice Vouchers under contract, which doesn't include our mainstream program or other programs that we administer.

Per unit costs are around \$558.88 per month. We are assuming a 4% increase in Housing Assistance Payments (HAP) costs as we move through the calendar year. We have increased payment standards due to increases in fair market rents. All of these factors affect the cost of the programs.

We are opening the Section 8 waiting list on April 1, 2015. The new pre-application will be posted on the VSHA website beginning on March 30, 2015. We will not be accepting application through e-mail.

HUD VASH Voucher Funding

We were asked by HUD to apply for 23 more Veterans Affairs Supportive Housing (VASH) vouchers. That application has now been submitted. If approved, this will bring our baseline for VASH up to 196 vouchers.

8. UPDATE - DEVELOPMENT

The Development update was postponed until the May 27th VSHA Board meeting.

9. UPDATE - PROPERTY AND ASSET MANAGEMENT

The Property and Asset Management update was postponed until the May 27th VSHA Board meeting.

10. OTHER BUSINESS

Williams noted that a new Field Representative has been hired for the Bennington area. This new position was recently approved by the Board.

Retirement Plan Updates

A letter was provided in the Board packets describing an update on VSHA's Retirement Pension Plan; specifically, to those funds held by Principal and administered by Billings and Company.

VSHA Board Meetings

Hover recommended that the Board begin thinking about having an upcoming 2015 VSHA Board meeting at one of the properties that VSHA manages. The only meeting this wouldn't work for is the July 8th Public Hearing/Regular Meeting which must take place in Montpelier.

Executive Session

Williams informed the Board of a probable civil action against the Vermont State Housing Authority. Troiano moved to find that premature general public knowledge of the Safeco Insurance Claim against the Vermont State Housing Authority would clearly place VSHA at a substantial disadvantage by disclosing its position on the issue. Motion seconded by Miller. All voted in favor.

At 1:25 p.m., Troiano moved that we enter executive session to discuss VSHA's position with Safeco Insurance company's claim under the provisions of Title I, Section 313(a)(1) of the Vermont Statutes. Miller seconded and all voted in favor.

At 1:35 p.m., Miller moved to leave executive session, seconded by Ryan and all voted in favor.

No action was taken during executive session.

At 1:40 p.m., Miller motioned to adjourn, motion seconded by Troiano and all voted in favor.

The Chair declared the meeting adjourned.

Respectfully Submitted,



Richard M. Williams
Executive Director/Secretary

