

VERMONT STATE HOUSING AUTHORITY  
PUBLIC HEARING and REGULAR MEETING MINUTES  
July 15, 2015

PUBLIC HEARING

• ROLL CALL

The Board of Commissioners commenced a Public Hearing at 11:05 a.m. and the following Commissioners were present: Chair Caprice Hover, Vice Chair Mary Miller; Cory Richardson; Jo Ann Troiano; and Robert Lees. Caryn Feinberg and Linda Ryan were expected.

There was no public participation.

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; Kelly Pembroke, Assistant Director of Finance and Information Systems; Krister Adams, Housing Development Specialist; and Jim Gallagher, Office Services Coordinator.

• COMMENTS AND DISCUSSION: VSHA'S SECTION 8 5-YEAR / ANNUAL PLAN

Berk began the discussion on VSHA's Annual Plan update. We are only required to update certain components of the plan.

The update process begins 45 days prior to the July VSHA Board of Commissioners meeting. The Plan is made available to the public and circulated widely. Berk also met with our Section 8 Resident Advisory Board to discuss the Plan. The Resident Advisory Board had nothing but positive comments about the Annual Plan and Administrative Plan updates.

The plan must be submitted to HUD 75 days in advance of our fiscal year, which begins October 1<sup>st</sup>.

No modifications were made to the Goals and Objectives section of the Annual Plan. Those were determined last year as part of the 5-year planning process.

Board Commissioner Caryn Feinberg joined the meeting at 11:12 a.m.

Berk noted some of the program details in the 5-Year/Annual Plan:

- Number of Housing Choice Voucher units: 3,979
- VSHA administers a Family Self-Sufficiency Program, with 157 families currently enrolled. 64% of these families (102 households) have escrow accounts.
- VSHA operates a Section 8 Homeownership program – we are currently assisting 71 households with mortgage assistance.
- VSHA continues to administer a Project-based Voucher (PBV) program, with a total of 668 units under HAP contract with for-profit and non-profit owners throughout the State. VSHA will continue to expand that program when possible and as the law allows. There is a move in Congress to increase the cap on project-based vouchers.
- VSHA opened the waiting list for Housing Choice Voucher assistance on April 1, 2015 and closed it on June 15, 2015, with 1,801 families listed during that period.
- The Statement of Housing Needs reflects statistics as of June 8<sup>th</sup>.
- A summary of the progress achieved in meeting VSHA's Mission and Goals is detailed under Section 10.0 of the Plan.

- **CLOSE PUBLIC HEARING**

At 11:20 a.m. Hover closed the Public Hearing.

## BOARD MEETING

### 1. ROLL CALL

The Regular Meeting of the Board of Commissioners of the Vermont State Housing Authority was called to order at 11:20 a.m. by Chair Caprice Hover. Upon roll call, the following Commissioners were present: Vice Chair Mary Miller; Cory Richardson; Jo Ann Troiano; Caryn Feinberg; and Robert Lees. 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; Kelly Pembroke, Assistant Director of Finance and Information Systems; Krister Adams, Housing Development Specialist; and Jim Gallagher, Office Services Coordinator.

### 2. MEETING AGENDA

Williams proposed adding the following items to today's Meeting Agenda:

- A Resolution and request for Action on Hollister Hill Apartments under Agenda Item #9.
- Move Agenda Item #10 to just after Agenda Item #5.
- Other Business: September VSHA Board of Commissioners Meeting - Proposed Date Change.

### 3. PUBLIC PARTICIPATION

There was no public participation.

### 4. MINUTES - REGULAR MEETING, MAY 27, 2015

Hover inquired as to discussion, corrections, or omissions. Troiano moved to approve the Minutes of the Regular Meeting of May 27, 2015 and Miller seconded. Hover inquired as to further discussion, there being none a vote was taken. All others voted in favor and the motion passed.

### 5. SECRETARY'S REPORT - JUNE 2015 / JULY 2015

Williams began his update. Senator Leahy voted against the Transportation Housing and Urban Development (THUD) appropriations bill because of Sequestration-level allocations. There were also harmful cuts to the HOME program. The bill also included policy riders and authorization provisions which Senator Leahy felt had no place being in an appropriations bill. The bill did pass.

The THUD appropriations bill provides:

- \$55.6 billion in discretionary budget authority.
- An increase of \$1.88 billion for FY 2015 and \$7.3 billion less than the President's budget request.
- When all factors are taken into consideration, the bill represents a decrease of \$1.9 billion below current funding levels.

A pie chart distributed to the Board shows FY 2015 HUD Appropriations by Category.

Rental Assistance:	83%
Community Development Block Grants (CDBG):	7%
Management and Administration:	4%
HOME	2%
Remaining HUD Programs:	4%

Board Commissioner Linda Ryan joined the meeting at 11:23 a.m.

An amendment was introduced by Senator Reed that would add \$3.94 billion to levels in the bill, but it was defeated on a party-line vote.

Senator Leahy and Senator Coons introduced an amendment to restore funding for the HOME program. This was also defeated by a party-line vote. However, there is still a push to restore funding to the HOME program.

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

The Board skipped to Agenda Item #10.

#### 10. Tax Exempt Financing Presentation (Transaction Summary) – Keith Roberts, Esq., Primmer

Keith Roberts, Esq. joined the meeting at 11:40 a.m.

Williams began a discussion about tax-exempt financing options in regards to Farrington's Mobile Home Park in Burlington. The park went up for sale last year and the residents have since decided to form a park cooperative.

Cooperative Development Institute (CDI) and Resident Owned Communities (ROC) USA have access to their own capital, as well as long-term financing. They can do 115% of loan to value. However, their interest rates are around 5.5%. They work almost exclusively with mobile home parks and their residents.

VSHA was approached about getting involved in order to access tax-exempt financing for the cooperative, since VSHA has been involved in issuing tax-exempt financing in the past and has that ability under the law. But since the tax-exempt model that VSHA used in the past has its flaws, local banks (TD Bank and Northfield Savings Bank) and local counsel were consulted to determine what tax-exempt financing options are available.

Issuing tax-exempt financing to a mobile home park cooperative won't work under the law, since a cooperative isn't a 501(c)(3). As a result, two potential financing structures were developed and presented to the Board in a 'Transaction Summary' handout. Both structures involve working with CDI, since they have a 501(c)(3) already established and recognized by the IRS.

Roberts provided an overview of the two potential tax-exempt financing models for this mobile home park.

1. Under the first structure, VSHA owns the property, borrowing the money directly from the bank. VSHA then enters into a management agreement with CDI to run the park. This requires a lot of involvement on VSHA's part during the course of the loan.

2. The second structure is more complicated, but VSHA's involvement is much less. This is considered a conduit structure, where a 501(c)(3) - CDI in this case - borrows the money from the bank. That 501(c)(3) would essentially be renting VSHA's name as the conduit to issue the tax exempt financing. Most of the transaction documents would have VSHA's name on them. However, for all intents and purposes, all of the responsibility and obligations goes to the 501(c)(3) that owns and runs the facility. The principal document is a loan agreement among the three parties - the bank, VSHA, and CDI. Repayment of the loan would go from CDI, through VSHA, to the bank. VSHA will pick up a half of a percentage point on the loan over its amortization (around \$10,000 to \$12,000 per year).

The mobile home park residents/cooperative would not be the owner of the park under either of these two structures. The cooperative would need an agreement in place that lays out ownership at the end of the loan term.

Williams noted that the tax-exempt financing would account for 80% of the appraised value of the property; the park residents would need to raise the other 20%, likely through CDI or ROC USA.

A lot of due diligence has already been done on Farrington's mobile home park.

The residents have entered into a purchase and sales agreement for the park for \$3.5 million (it was listed for \$5 million). Two acres of the property will be sold off to Champlain Housing Trust for around \$800,000. That two acre parcel will likely be developed into some other type of housing.

The following Resolution was presented to the Board for consideration.

**RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE VERMONT  
STATE HOUSING AUTHORITY RELATING TO THE ACQUISITION OF  
REAL ESTATE IN THE CITY OF BURLINGTON**

WHEREAS, improved real estate known as the Farrington Mobile Home Park, located on North Avenue in the City of Burlington (the "Property"), has come on the market for sale; and

WHEREAS, the Property is currently in use as a mobile home park by "persons of low income", as defined in Section 4002(11) of Title 24, Vermont Statutes Annotated; and

WHEREAS, the Vermont State Housing Authority ("VSHA") and other public agencies, including the City of Burlington, have found and determined that preserving and continuing the Property in its current use will constitute a public benefit; and

WHEREAS, acquisition of the Property by VSHA for preserving its current use is within the stated powers of VSHA enumerated in Section 4008 of Title 24, Vermont Statutes Annotated;

WHEREAS, acquisition of the Property is hereby found to be an eligible "housing project", as defined in Section 4002(10) of Title 24, Vermont Statutes Annotated.

NOW, THEREFORE, BE IT RESOLVED THAT:

- (1) VSHA proceed to finalize such agreements, consents and approvals necessary or convenient to effect the acquisition of the Property directly or through a joint venture with a qualified entity recognized as an exempt organization under Section 501(c)(3) of the Internal Revenue Code of 1986.
- (2) VSHA proceed to acquire or finance acquisition of the Property in a manner which complies with Section 145 of the Internal Revenue Code of 1986.
- (3) Acquisition of the Property either directly by VSHA or by a qualified entity, and subsequent possession, management and operation of the same, be undertaken in a manner which preserves the tax-exempt character of VSHA's Property acquisition obligations.

- (4) VSHA proceed to secure permanent financing of the Property acquisition through the issuance and sale of its obligations to one or more commercial banks.
- (5) VSHA take such actions, and refrain from taking such actions, which will render interest paid on its debt obligations exempt from taxation under current federal and state law.
- (6) This Resolution is adopted pursuant to Treasury Regulation 1.150-2 as a notice of official intent of VSHA to expend proceeds of its Property acquisition obligations to reimburse itself for previously made Project acquisition costs and advances.

Hover asked for a motion to accept the above Resolution as presented. The motion was made by Ryan and seconded by Feinberg. Hover inquired as to further discussion; there being none a vote was taken, from which Richardson abstained. All others voted in favor and the motion passed.

The Board recessed for lunch at 12:15 p.m. and returned to session at 12:50 p.m.

The Board returned to Agenda Items #6 and #7.

## 6. REVISED FY 2015 BUDGET

## 7. FINANCIAL REPORT THROUGH MAY 31, 2015

Peterson presented the revised FY 2015 Budget.

Total Income is higher than budgeted partly because of a large pass-through grant that came in – we received it as income and then lent it out. Around January 1<sup>st</sup>, VSHA took on the St. Albans City Housing Authority's voucher program, so that brings in some income as well.

There is an increase in our Fair Market Rents as of last October, which increases our Contract Administration.

For the first time in around five years, the Department of Housing and Urban Development (HUD) increased the rates at which we can bill the Section 8 administrative fees. The rate went from 75% to around 80%.

Several positions have turned over this year, so there's some savings from that as well.

All of this puts VSHA in a good position for the rest of 2015. However, Peterson is worried about HUD's plan for a new way to calculate administrative fees beginning in 2016. This could result in a decrease of around \$400,000 in administrative fees if we get the same proration rate.

Hover asked for a motion to approve both the Revised FY 2015 Budget and the Financial Report through May 31, 2015 as presented. The motion was made by Miller and seconded by Richardson. Hover inquired as to further discussion; there being none a vote was taken. All others voted in favor and the motion passed.

## 8. HOUSING PROGRAM ADMINISTRATION

Berk began the Housing Program Administration update.

### PHA Plan Amendments and Acceptance of VSHA's Section 8 Five-Year / Annual Plan for Fiscal Years 2015–2019 and Authorization to Sign Certification

Berk reviewed the proposed changes to the Administrative Plan with the VSHA Board at their May 27, 2015 regular meeting. Those changes are being brought before the Board today for final approval.

Under Chapter 3 of the Administrative Plan, we previously had different look-back periods for various behaviors. For debts owed, we would deny someone assistance for as long as they had an outstanding debt, and for criminal activity we were looking back five years. The updated policy sets the look-back period for all such behaviors to seven years. Applicants will still have the right to request informal hearings if they are denied assistance based on this policy.

The other change pertains to the selection method in Chapter 4 of the Administrative Plan. The Transitional Housing preference is being modified to be specific to HUD's Continuum of Care programs. In addition, a new preference is being added for homeless families with case management support.

The following Resolution was presented to the Board for consideration.

**RESOLUTION**  
**Section 8 5-Year / Annual Plan for Fiscal Years 2015-2019**

NOW THEREFORE, be it resolved that the Vermont State Housing Authority Board of Commissioners accepts the PHA Annual Plan for Fiscal Year 2016 (October 1, 2015 - September 30, 2016), including the Amendments to Chapters 3 & 4 of the Section 8 Administrative Plan, the PHA Certifications of compliance with the PHA Plan and related regulations, as presented, and authorizes the Chairman to sign the certifications and approve the submission of the PHA Annual Plan for PHA Fiscal Year 2016.

Hover asked for a motion to accept the above Resolution as presented, with noted date corrections to the PHA Annual Plan (in Sections 1, 6, and 11). The motion was made by Troiano 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.

**Proposed Section 8 Wait List Preference for Fiscal Year 2017**

Williams began a discussion on a possible Section 8 wait list preference for Fiscal Year 2017. We are starting to see proposed closures of mobile home parks. Specifically, a park in Pownal and one in Berlin. There is an 18-month notice period required under Vermont State statutes for park owners planning to sell or close a park. The one in Pownal will likely be closed around December 2016.

We were looking for a mechanism to try to assist families in mobile home parks that close, since the expense of finding a piece of property and moving their home is one that many families in these parks would struggle with. Plus, many of those homes have very little value since they are so old; some may be in such poor condition that moving them isn't even an option.

This new preference could give a Section 8 wait list preference to mobile home park residents facing a park closure. This issue will be brought back to the Board in early 2016 during the Annual Plan discussions for FY 2017.

**Voucher Utilization**

A summary of subsidy utilization was provided in the Board packets for today's meeting. This report captures all of the various programs we are administering, including the Housing Choice Voucher program, which is the largest program that we administer.

Voucher utilization continues to increase, though not at a rapid rate. Our per unit and Housing Assistance Payment (HAP) costs are on the rise. So even though utilization isn't as high as we projected, we are only \$40,000 below those projections since costs are up.

## 9. DEVELOPMENT

Williams began the Development update.

### **Hollister Hill Apartments, Marshfield**

This 16-unit property was developed in the 1970s. It currently has 16 project-based subsidies.

VSHA originally issued tax-exempt financing to the Housing Foundation, Inc. for ownership of the property. At the end of the bond term in 2033 the property is scheduled to be conveyed back to VSHA.

The buildings need substantial rehabilitation. We have been trying to find a mechanism to help redevelop the property, but we have been somewhat hampered by the bond since it says the property must be free and clear from all debt and encumbrances at the end of the bond term.

An opportunity recently became available for financing. Tony Hernandez, USDA Rural Development's (RD) Rural Housing Service Administrator, gave a presentation in June. Typically there has been appropriation money available in Rural Economic Area Partnership program (REAP) zones; in Vermont this zone includes Caledonia, Essex, and Orleans counties. Hernandez commented about wanting to do 515 outside of the designated REAP zone.

Working with Ted Brady, USDA State Director for Vermont and New Hampshire, we were able to get an application submitted and approved for \$2 million. This will speed up the redevelopment of this property significantly. USDA should be officially awarding VSHA those funds before the end of September.

The remaining issue involves getting the debt off of the property. VSHA can, at any point in time, pay off the debt on Hollister Hill Apartments. There is currently around \$384,000 owed on the property. Williams is recommending that VSHA pay off and take possession of the property. At some point VSHA would then convey the property back to a partnership.

Since there are tenant leases and a HAP contract on the property, it will need to be determined if VSHA can voluntarily accept those encumbrances when the debt is paid off.

The following Resolution was presented to the Board for consideration.

**RESOLUTION OF THE BOARD OF COMMISSIONERS**  
**OF THE VERMONT STATE HOUSING AUTHORITY**  
**RELATING TO THE ACQUISITION OF HOLLISTER HILL APARTMENTS**

WHEREAS, Hollister Hill Apartments was financed via IRS revenue ruling 63-20 in 2003; and

WHEREAS, The Vermont State Housing Authority was the governmental unit whose authority was used in that financing; and

WHEREAS, in conjunction with that role, the Vermont State Housing Authority has the right at any time to obtain unencumbered fee title and exclusive possession by retiring the remaining portion of the financing; and

WHEREAS, Hollister Hill Apartments has a Housing Assistance Contract which is beneficial to the property; and

WHEREAS, Hollister Hill Apartments is in need of extensive-capital rehabilitation.

NOW, THEREFORE, BE IT RESOLVED THAT:

- 1) The Vermont State Housing Authority acquire Hollister Hill Apartments by retiring the balance of the financing debt.
- 2) Take any actions appropriate and necessary to preserve the Housing Assistance Contract associated with the property.

- 3) The Vermont State Housing Authority develop a plan for the capital rehabilitation of the project.
- 4) In the event that the Executive Director deems it necessary, VSHA shall act as partner in a partnership or member of in a limited liability company that owns the project upon such terms and conditions as the Executive Director approves.
- 5) The Executive Director is authorized to execute all instruments necessary to accomplish the foregoing.

Hover asked for a motion to accept the above Resolution as presented. The motion was made by Ryan and seconded by Feinberg. Hover inquired as to further discussion; there being none a vote was taken. All others voted in favor and the motion passed.

#### **Morse Block Apartments, Barre**

We have also applied for USDA Rural Development funds for Morse Block Apartments in Barre.

The Board skipped to Agenda Item #11.

### **11. BRIDGE / MAIN, WHITE RIVER JUNCTION - ACTION ITEM**

Williams began a discussion about a development in White River Junction.

The Bridge and Main project is a 17-unit property being developed in downtown White River Junction. The developer reached out to VSHA to become involved in the property in some kind of ownership role. And while VSHA isn't making rental assistance commitments to this development, if VSHA became involved with this property, there might be an opportunity to project-base some units at some point.

These one-bedroom apartments are for tenants who are at or below 60% of median income.

The following Resolution was presented to the Board for consideration.

**RESOLUTION**  
**Vermont State Housing Authority**  
**Bridge & Main - White River Junction**

Bridge & Main (the "Development") is a proposed affordable housing project to be located in White River Junction, Vermont. The developer, William Bittinger, has asked the Vermont State Housing Authority ("VSHA") to participate in the Development. It has not yet been determined in what capacity or capacities VSHA would act, although VSHA has agreed to provide property management services for the Development. In addition, VSHA may hold a right to purchase under a Right of Refusal at the end of the 15-year tax credit compliance period and may act as a partner or member of a limited liability company that owns the Development during the compliance period.

RESOLVED: that in the event the Executive Director/Secretary deems it advisable, VSHA shall hold a right to purchase the Development under a Right of Refusal;

FURTHER RESOLVED: that in the event the Executive Director/Secretary deems it advisable, VSHA shall act as a partner in a partnership or a member in a limited liability company that owns the Development upon such terms and conditions as the Executive Director/Secretary approves;

FURTHER RESOLVED: that the Executive Director/Secretary is authorized, without further action of the Commissioners, to deviate from the specificity of the foregoing resolutions if, in his opinion, such deviation is not a material departure from the Development as it was explained to the Commissioners;



FURTHER RESOLVED that the Executive Director/Secretary is authorized to execute all instruments necessary to accomplish the foregoing.

Richardson moved to approve the above Resolution as presented; Lees 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 skipped to Agenda Item #13.

### 13. REVISED POLICIES

Shorten-Goodrich began a discussion about Revised Polices.

#### Rules of Conduct Administrative Policy V

This policy has disciplinary steps listed for certain actions. These actions don't track the outline/required steps of the Collective Bargaining Agreement (CBA) and could potentially negate the terms of those employees hired "at will." The policy has been revised to list certain actions as a guide and remove the discipline steps since for Union employees we would have to follow the progressive discipline outlined in the CBA.

#### Background and Criminal Record Check Employment / Volunteer Screening Operational Policy

The updated policy provides more discretion for VSHA to consider extenuating circumstances.

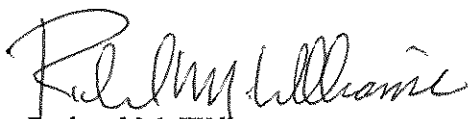
Troiano moved to approve the changes to VSHA's Rules of Conduct Administrative Policy V; Miller seconded. Hover inquired as to further discussion. There being none, a vote was taken. All others voted in favor and the motion passed.

### 14. OTHER BUSINESS

Williams will communicate with the VSHA Board via e-mail to determine whether the September VSHA Board of Commissioners meeting will be rescheduled.

At 1:35 p.m., there being no other business, Hover adjourned the meeting.

Respectfully Submitted,



Richard M. Williams  
Executive Director/Secretary

