

VERMONT STATE HOUSING AUTHORITY
REGULAR MEETING MINUTES
November 18, 2015

BOARD MEETING

1. ROLL CALL

The Regular Meeting of the Board of Commissioners of the Vermont State Housing Authority was called to order at 11:03 a.m. and the following Commissioners were present: Chair Caprice Hover, Vice Chair Mary Miller; Cory Richardson; and Caryn Feinberg. Jo Ann Troiano, Linda Ryan, and Robert Lees were absent.

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

• **MEETING AGENDA**

There were no additions or changes to the Agenda.

2. PUBLIC PARTICIPATION

There was no public participation.

**3. MINUTES - REGULAR & ANNUAL MEETING AND PUBLIC HEARING -
SEPTEMBER 30, 2015**

Hover inquired as to discussion, corrections, or omissions. Miller moved to approve the Minutes of the Regular & Annual Meeting and Public Hearing of September 30, 2015 and Richardson seconded. Hover inquired as to further discussion, there being none a vote was taken. All others voted in favor and the motion passed.

4. MINUTES - SPECIAL MEETING - OCTOBER 14, 2015

Hover inquired as to discussion, corrections, or omissions. Feinberg moved to approve the Minutes of the Special Meeting of October 14, 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 - OCTOBER/NOVEMBER 2015

Williams began his update. The budget process continues to play out in Washington, D.C. The Senate was to bring a Transportation, Housing and Urban Development bill to the floor this week. Congress needs to get twelve bills through by December 11th.

The debt limit has been pushed off to March 2017.

Funding for the Section 8 voucher program is secure through December 31, 2015 since we are funded on a calendar year basis.

Financing has been completed for the 117-lot Farrington's Mobile Home Park in Burlington. As a recent Burlington Free Press article notes, "The North Avenue Co-op bought the property from the Farrington Estate for \$3.575 million with help of a municipal bond issued by the Vermont State Housing Authority and secondary financing from the Vermont Community Loan Fund." VSHA got a half point on the financing. Cooperative Development Institute (CDI) paid the legal fees for the deal. There may be opportunities in the future to partner with CDI on similar deals.

Susan Kuegel, Director of Property and Asset Management, joined the meeting at 11:10 a.m.

The Governor's Council on Pathways from Poverty recently released a report. The report is available through the Governor's website. The specific link will be provided to the Board via e-mail.

Among the Council's recommendation are to:

- Continue to fully support Vermont Housing and Conservation Board.
- Continue funding housing assistance and supportive services programs (Vermont Rental Subsidy program, etc.).
- Restore funding to the mental health voucher program, which was cut from last year by around \$400,000.
- Require owners of publicly funded housing to dedicate 15% of their portfolio to homeless families and individuals.

A press conference is being planned to highlight the Council's report.

Hover expressed some concerns about the Rapid Re-housing program. Specifically, there seems to be inconsistent implementation of the program. A brief discussion followed on a particular case where a person who is not in treatment was housed much more quickly than someone who is in treatment. Berk indicated that Daniel Blankenship, VSHA's Grants Administrator, will reach out to Hover to discuss this issue.

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.

6. FINANCIAL REPORT THROUGH SEPTEMBER 30, 2015

Pembroke presented the Financial Report through September 30, 2015.

VSHA's year-end audits with Kittell Branagan and Sargent was completed on November 6th. There were no audit findings.

We had taken in \$286,000 in income for Valley View II Apartments state tax credits. When factored in, this means that the entire budget is only off budget by \$9,000.

Salaries and Benefits are under budget. There were some long-term employees who left. Those positions that were filled were filled at a starting pay rate. There is also a vacant position.

General Expense and Equipment are both under budget. There wasn't a great need to replace computers over this past year. Going forward, software purchases will likely be a bigger expense as VSHA tries to keep up with changing technology.

Hover asked for a motion to approve the Financial Report through September 30, 2015 as presented. The motion was made by Richardson 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.

Richardson inquired as to the remote systems access referenced in the Finance and Information Systems section of the Secretary's Report. A brief discussion followed on those systems and the need to be vigilant about security. Only a handful of VSHA employees would be granted this type of remote access. Field Staff personnel already have the ability to use agency-provided hardware to access VSHA systems.

VSHA recently purchased insurance to protect the organization in the event of a system breach.

As we get closer to implementing remote access for additional employees, we can invite the information technology company with which VSHA contracts to provide additional details to the VSHA Board.

7. NAPPI TRAINING

Williams noted that in 2014, the entrance and reception area at VSHA's main office in Montpelier were reconfigured to improve security. While this has helped, there are other steps that can be made to help deescalate situations that become volatile.

We have reached out to an organization to provide staff training on non-abusive physical intervention with self-protection and escape skills. This training was not in VSHA's budget, which is why it is being proposed to the Board for approval. All senior staff and staff supervisors met with a representative from NAPPI International, the company who would be doing this particular type of training, to discuss the training options.

Shorten-Goodrich noted that NAPPI International proposed different term lengths for the training contract. In the end, it seems to make the most financial sense to go with a three-year contract. This will allow for training of new employees as well as refresher courses.

Hover noted that the National Association of Social Workers has come out with a safety guidance manual, which may be a great addition to any NAPPI training that VSHA implements. Hover also received a helpful assessment tool from Eckerd Family Services. Hover will share information on how to access those tools.

Miller moved to approve the proposal from NAPPI International for certain training exercises relating to the field of behavioral safety, related education, and training services; Feinberg 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 broke for lunch at 11:55 a.m. and returned to session at 12:25 p.m.

8. UPDATE - HOUSING PROGRAM ADMINISTRATION

Berk began the Housing Program Administration update.

Section 8 Management Assessment Program (SEMAP) Certification

The annual Section 8 Management Assessment Program (SEMAP) Certification includes fourteen indicators which measure our performance and the administration of the voucher program. Seven of the indicators are ones to which we self-certify based on audits we perform ourselves. An independent auditor then reviews the work we've done to confirm that what we've done is accurate. The Department of Housing and Urban Development (HUD) measures the other seven indicators based on information that is electronically submitted to them.

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 18th day of November, 2015.

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

Homeless Preference Implementation

VSHA's Homeless Preference went into effect October 1st. Our Section 8 waiting list was closed on June 15, 2015. When we implemented the homeless preference, the new preference was made available to applicants already on our waiting list. We reached out to all 1,400 applicants on our waiting list, giving them the opportunity to apply for this preference.

After reaching out, we received applications back from 20 applicants. Of those, 8 qualified for the preference. The preference is very narrow, as it's a homeless preference for families with minor children who are connected to case management support.

Berk is recommending that VSHA open the Section 8 waiting list to receive applications from other families who would otherwise qualify for this preference. We have established a cap of no more than 100 families per year for this preference; we have a long way to go before we meet that cap.

Opening the waiting list requires public notice. In addition, we will reach out to our housing partners throughout the state. We would then keep the waiting list open until we reach the preference cap.

Voucher Spending

Voucher spending is on target with where we projected it to be. We are currently in a deficit spending situation for the voucher budget. We will need to tap into VSHA's net restricted assets reserve account in the amount of \$350,000 to support the vouchers under contract for this calendar year.

VSHA made a commitment to Brattleboro Housing Partnerships for 55 project-based vouchers for a redevelopment of a public housing project. We will need to have available in our budget enough budget authority to support those vouchers. Those vouchers won't come under contract until mid-2016.

Brattleboro Housing Partnerships will receive tenant protection vouchers as the public housing units are taken off-line during reconstruction. Those 55 tenant protection vouchers will then be transferred to VSHA; we will then turn around and project-base them in the redeveloped project.

Fair Market Rents

Williams noted that the new fair market rents (FMRs) have not yet been finalized by HUD. They should be posted any day. The HUD FMRs are based on 2014 data from the American Community Survey (ACS). As a result, the FMRs in the Burlington Metropolitan Statistical Area (MSA) are going down significantly - as much as \$140 per month for a one-bedroom apartment. We anticipate that this will have a huge impact on VSHA's programs, since we have close to 500 vouchers in the Burlington MSA. The Burlington Housing Authority (BHA) has around 1,800 vouchers in the area. The FMRs will likely go down in other parts of Vermont as well, but not as much as in the Burlington MSA.

It would be helpful if local housing data was used, since appraisers accurately track local housing data.

We are in close communication with BHA regarding this issue. We have also reached out to ICF International, the company that performed a rent survey in 2013 which resulted in substantial increases in FMRs for the Burlington MSA. Unfortunately, the results of that survey did not end up being the baseline for the area, as the FMRs are now reverting to the ACS data.

We have asked ICF to put together a proposal for conducting a new rent survey. ICF is working with HUD in order to identify the correct methodology for conducting a new survey. Williams anticipates the cost of a new survey to be around \$60,000. VSHA will contribute to the cost, but will also try to bring in other housing partners to help cover the expense. We should have a proposal from ICF in the coming weeks.

VSHA can go up to 110% of payment standards. Additionally, other housing authorities have gone up to 125% of payment standards in emergency situations. That is something we may propose if other housing partners aren't willing to share the cost of a new rent survey.

January 1st would be the earliest that we would adjust payment standards based on the new FMRs.

9. UPDATE - DEVELOPMENT

Shady Pines Mobile Home Park, Westminster: We are making good progress on installing a new septic system for half of the residents in this 28-lot park. A new septic system was installed for the other half of the park a number of years ago.

Mountain View Mobile Home Park, Hinesburg: The park's central roadway was recently fixed, including drainage issues.

River Bend Apartments, Enosburg: An exterior wall of the front of the building has developed problems over the years. Planning work is underway in order to repair damage and prevent further water and air infiltration.

Lauredon Apartments, Greensboro: Adams contacted T.D. Bank this morning to see if VSHA will be awarded grant funds to do improvements at this property. A decision has not yet been made.

Hollister Hill Apartments, Marshfield: This 16-unit property was built in 1974 and now needs a lot of work. A meeting is set for next week to discuss the needs at the property and determine funding. The rehabilitation work at the property will likely take place in 2016 or 2017.

Fairgrounds Apartments, Moretown; Colonial Manor Apartments, Morrisville; Dogwood I Apartments, Northfield: We had applied to USDA Rural Development's Multifamily Preservation and Revitalization (MPR) Demonstration program for funding for rehabilitation work at these three properties. The funding package is finally coming together. We expect that construction work at the properties will begin spring 2016.

Welden Villa Apartments, St. Albans; Hillcrest Views Apartments, St. Albans: These two properties recently received new walkways and new lighting. The playground at Hillcrest Views was moved to a better location on the property and fenced in.

10. HFI/VSHA REAL PROPERTY TRANSFER - BIRCHWOOD

The Housing Foundation, Inc. (HFI) owns this 172-lot mobile home park in Milton which VSHA manages. After receiving and reviewing three proposals for the installation of a solar array on some unused land in the park, SunEdison was selected to install a 500 kilowatt solar project. The unused land is a former leach field which was abandoned around fifteen years ago when the park's water and sewer systems were connected to the municipal system.

The leases for these solar projects are long-term, twenty years with two 5-year renewals.

The biggest challenge regarding this project has to do with the bonding for the park. When the bond is paid off in 2030, it needs to be unencumbered. Since a twenty-year lease with two 5-year renewals would go beyond 2030, that type of solar array land lease deal would be considered an encumbrance.

To move forward with the solar project, the land in the park will be subdivided. The entire park is 178 acres. Of that, 3 to 5 acres will be set aside for the solar array. SunEdison will be responsible for all costs associated with installing the equipment (surveyors, legal fees, getting a certificate of public good, etc.), maintaining the equipment, and removing the equipment at the end of the lease.

HFI is going to transfer the 3 to 5 acre parcel to VSHA. VSHA will then transfer the parcel back to HFI. HFI will then be able to enter into a lease agreement with SunEdison. That lease includes an annual payment to HFI of \$10,000. In addition, there will be substantial savings on electrical use by HFI's multi-family properties. That savings could amount to over \$400,000 over a 20-year period. HFI should have enough need to purchase all of the electricity generated by the solar array.

The following resolution was presented to the Board for consideration:

RESOLUTION
Vermont State Housing Authority
Birchwood MHP – HFI/VSHA Real Property Transfer for Solar Array

WHEREAS, The Housing Foundation, Inc. ("HFI"), a Vermont nonprofit corporation, owns the 178 acre Birchwood Manor Mobile Home Park in Milton ("Birchwood"); and

WHEREAS, Birchwood was financed together with certain other housing projects with tax-exempt bonds issued by HFI on behalf of the Vermont State Housing Authority ("Authority"); and

WHEREAS, under the tax-exempt bond requirement, when the bond matures, HFI must turn an unencumbered title to Birchwood over to VSHA; and

WHEREAS, HFI desires to subdivide the entire parcel into two lots; one for the mobile home park and the other to allow for SunEdison to develop a Solar array; and

WHEREAS, HFI desires to enter into a 30-year lease (20 plus two five-year extensions) with SunEdison; and

WHEREAS, a lease to SunEdison, which expires after the maturity of the bonds, would violate the Unencumbered Title Requirement; and

WHEREAS, TD Bank (the buyer of the bank qualified Tax-Exempt Private Placement Bond) would agree to release property (3–5 acres) as security from bond # 2 which has a maturity date of 2030 and have indicated a willingness to do so without cost.

NOW THEREFORE BE IT RESOLVED, that as the project was described to the Board of Commissioners, that the Authority accept the conveyance of a 3–5 acre parcel of unimproved land contiguous to the Birchwood Mobile Home Park in Milton, Vermont from HFI; and

RESOLVED FURTHER, that the Authority reconvey the 3–5 acre parcel identified above in Milton, Vermont, to HFI to facilitate HFI leasing this parcel to SunEdison for the installation of a solar photovoltaic system; and

RESOLVED FURTHER, that Richard M. Williams, as Secretary/Executive Director of the Authority, be authorized to execute and deliver any and all documents necessary to accomplish the foregoing resolutions including deeds and other conveyancing instruments.

When the bond expires in 2030, ownership of the mobile home park will revert to VSHA. However, that will not include the 3 to 5 acres that were used for the solar array, since that parcel would have already been handed back to HFI during the initial deal. While the Resolution above doesn't address that issue, the Resolution could be amended to address it. The following paragraph would be inserted before the last paragraph.

RESOLVED FURTHER, that the Authority's conveyance of this subdivided 3-5 acre parcel to HFI is conditioned upon the parcel being conveyed back to the Authority and the SunEdison lease being assigned to the Authority when the bond matures in 2030, or ownership of the Birchwood Mobile Home Park transfers to the Authority, whichever comes first; and

Hover asked for a motion to accept the Resolution above with the noted amendment. 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.

11. UPDATE - PROPERTY AND ASSET MANAGEMENT

Kuegel presented the Property and Asset Management update.

Limited Partnership Budgets

All of the Limited Partnership budgets were submitted to USDA Rural Development, but none of them have come back yet. We did not ask for any rent increases in those budgets.

Staffing

Kuegel and her staff are in the process of interviewing for three currently vacant or soon-to-be vacant positions. Two of those positions are regular, permanent positions, while the third will be filled on a temporary basis.

Bed Bug Issues - Hilltop Townhouses

There are seven units at Hilltop Townhouses in Berlin with bedbug issues; they are being addressed.

Legal

Kuegel provided some updates on a couple of legal issues.

12. DISCUSSION - TERM LIMITS FOR VSHA BOARD CHAIR AND VICE CHAIR

The issue of term limits for VSHA Board Chair and Vice Chair was raised at the September 30, 2015 VSHA Board of Commissioners meeting.

Williams consulted the state statutes on this issue, but there is nothing in the statutes that speaks to term limits. Scott Cameron, a local attorney, was asked to review this issue. He felt that implementing term limits is not in keeping with the statutes.

13. OTHER BUSINESS

Employee Assistance Program (EAP)

Shorten-Goodrich began a discussion on VSHA's Employee Assistance program. The specific counselor we have been working with since 1993 has moved to Maine. Although we are still working with him through some other counselors, this seemed like a good time to look at other options, especially since our contract with that company is up in January.

We have reached out to Invest EAP. Per their website, they are, "a Vermont-based public and private non-profit collaborative that has offered comprehensive employee assistance services since 1986." Because VSHA uses Blue Cross/Blue Shield for employee health insurance, we would get a 10% discount on Invest EAP services because they are the exclusive EAP provider for Blue Cross/Blue Shield.

Invest EAP will be providing additional information to us about their services. Shorten-Goodrich noted that they provide a wide range of counseling services and are a little bit less than our current provider. Invest EAP is available 24 hours a day to employees in their program.

Richardson moved to authorize Shorten-Goodrich to further negotiate with Invest EAP to provide VSHA employees with Employee Assistance Program services; Feinberg seconded. Hover inquired as to further discussion; there being none a vote was taken. All others voted in favor and the motion passed.

The Housing Foundation, Inc. (HFI) - Executive Director

Williams noted that HFI is in the process of recruiting for an Executive Director. The person they hire will help determine the future of that organization, including the relationship between HFI and VSHA. The initial focus will be on organizational structure within HFI. Changes to that organization could impact VSHA.

HFI is also in the process of expanding their Board of Directors from five members to ten. This includes Williams as a non-voting ex-officio member.

At 1:20 p.m., there being no other business, Miller motioned to adjourn, motion seconded by Feinberg and all voted in favor.

The Chair declared the meeting adjourned.

Respectfully Submitted,



Richard M. Williams
Executive Director/Secretary

