

VERMONT STATE HOUSING AUTHORITY  
PUBLIC HEARING and REGULAR MEETING MINUTES  
July 13, 2016

PUBLIC HEARING

- ROLL CALL

The Board of Commissioners commenced a Public Hearing at 11:03 a.m. and the following Commissioners were present: Cory Richardson, Jo Ann Troiano, Caryn Feinberg, and Robert Lees. Linda Ryan was expected via teleconference. Chair Caprice Hover and Vice Chair Mary Miller 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; Susan Kuegel, Director of Property and Asset Management; Krister Adams, Housing Development Specialist; and Jim Gallagher, Office Services Coordinator.

- ELECTION OF INTERIM BOARD CHAIR

Since both the Board Chair and Vice Chair were unable to attend today's meeting, the election of an interim Board Chair to conduct the meeting was held.

Williams opened up the meeting to nominations. Richardson moved to nominate Troiano as interim Board Chair; Feinberg seconded the motion. Williams inquired if there were further nominations and there being none, nominations were closed. Williams cast one vote. All voted in favor and the motion passed.

- COMMENTS AND DISCUSSION: VSHA'S SECTION 8 ANNUAL PLAN / ADMINISTRATIVE PLAN

There was no public participation.

Berk began the discussion on VSHA's Annual/Administrative Plan update.

A new Section 8 Resident Advisory Board (RAB) was established this year which is comprised of fourteen program participants. Berk met with the RAB on two occasions via teleconference to review the proposed Section 8 Annual Plan as well as amendments to the Section 8 Administrative Plan. The RAB was supportive of both the Annual Plan and the amendments to the Administrative Plan.

Berk also reached out to Vermont Legal Aid for input on the Annual/Administrative Plans. Vermont Legal Aid did not provide any adverse comments.

Linda Ryan joined the meeting via teleconference at 11:07 a.m.

- CLOSE PUBLIC HEARING

At 11:15 a.m. Richardson moved to close the Public Hearing; Feinberg seconded. All voted in favor and Troiano 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 11:15 a.m. by Interim Chair Jo Ann Troiano. Upon roll call, the following Commissioners were present: Interim Chair Jo Ann Troiano, Cory Richardson, Caryn Feinberg, Robert Lees, and Linda Ryan (via teleconference). Chair Caprice Hover and Vice Chair Mary Miller 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; Susan Kuegel, Director of Property and Asset Management; 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:

- Hollister Hill Apartments: 90-day ownership/contract administrator conflict
- New limited-term VSHA position funded through the Shelter Plus Care grant

There was consensus among the Board that the additions to the Agenda were fine.

### 3. PUBLIC PARTICIPATION

There was no public participation.

### 4. MINUTES – REGULAR MEETING, MAY 25, 2016

Troiano inquired as to discussion, corrections, or omissions. Richardson moved to approve the Minutes of the Regular Meeting of May 25, 2016 and Feinberg seconded. Troiano 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 / JULY 2016

Williams began his update.

#### **New term for Board Chair Caprice Hover**

Governor Shumlin's office recently approved Board Chair Caprice Hover for an additional 5-year term on the VSHA Board. That new term will expire February 28, 2021.

#### **HUD Uniform Physical Condition Standards (UPCS) Demonstration program**

VSHA has requested to participate in HUD's UPCS demonstration program. "In the Consolidated Appropriations Act of 2016, Congress directed HUD to implement a single inspection protocol for public housing and voucher units. This demonstration begins the process for implementing a single inspection protocol by soliciting Public Housing Agencies (PHAs) to voluntarily move to the single inspection protocol, conduct field testing, and participate in oversight and monitoring activities relating to the new standard."

## Veterans Affairs Supportive Housing (VASH) Vouchers

VSHA recently received twelve additional HUD Veterans Affairs Supportive Housing (VASH) vouchers. This equates to an additional \$71,000 of annual budget authority. Williams and Berk have been meeting with the White River Junction Veterans Affairs Medical Center staff regarding the implementation of these vouchers, which go into effect October 1, 2016. Since case management is associated with these vouchers to help homeless veterans, the VA office is mindful of staffing capacity.

### VASH Project-based vouchers

HUD recently announced a new round of VASH project-based voucher awards. Berk has had conversations with the staff at the White River Junction Veterans Affairs Medical Center to discuss the possibility of additional VASH vouchers. The VA is concerned about case management staffing workloads and don't believe the current staff can handle the new caseload in addition to the homeless veterans they are already serving.

Berk noted that if we apply for and get between 25 and 30 new project-based vouchers, the accompanying funding would allow for the hiring of a new case manager at the VA.

### Proposed Voucher Program Administrative Fee Formula

HUD has proposed a new housing choice voucher program administrative fee formula. VSHA is looking at this recently announced proposal. The proposed formula - which is available for comment - is based on six new variables:

- Program size
- Wage index
- Cost of benefits
- Percentage of households with income
- Rate of new admissions
- Percentage of households living more than 60 miles from a public housing authority (PHA)

The formula will be applied each year and include an inflation factor.

Local PHAs will now be able to administer VASH vouchers.

### Federal Appropriations

Congress is considering a continuing resolution to keep the federal government running. They haven't sent any appropriation bills to the President this year, and it's unlikely that Congress will make any progress prior to their August recess. They will then return after Labor Day, giving them only four weeks before the end of the fiscal year.

Troiano asked for a motion to approve the Secretary's Report. The motion was made by Feinberg and seconded by Ryan. Troiano 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 MAY 31, 2016

Pembroke presented the Financial Report through May 31, 2016.

The financials presented represent eight months of the fiscal year. VSHA is doing well financially.

The 'Total Income' line item is \$35,000 over projections. We've collected a little over \$5,000 for the monthly administrative fee for the Farrington's Mobile Home Park revenue bond. We also collected around \$20,000 more than budgeted for the state housing inspections performed by VSHA's Housing Program Administration field staff.

We also collected \$10,000 more than projected for fraud recovery. The federal government allows VSHA to keep half of debt recovered from proven fraud cases.

The 'Total Operating Expenses' line item is \$117,000 under projections. This is mostly due to the salary line item (an unfilled Accounting position and new employees coming in at a lower rate than the long-term employees they are replacing).

We are running around \$32,000 below what was projected for office supplies.

The Assistance Payments and the Earned Contributions line items largely offset each other. In the past we hadn't budgeted for the Continuum of Care housing assistance payments and earned income since the money comes in and goes right back out. However, we do have to report those amounts. For fiscal year 2017, Pembroke will begin including the related income and expenses to make the financials more in synch with what we are actually spending and receiving.

Troiano asked for a motion to approve the Financial Report through May 31, 2016 as presented. The motion was made by Richardson and seconded by Lees. Troiano inquired as to further discussion; there being none a vote was taken. All others voted in favor and the motion passed.

## 7. HOUSING PROGRAM ADMINISTRATION

### Annual Plan/PHA Certifications of Compliance

The following Resolution was presented to the Board for consideration.

#### RESOLUTION Section 8 5-Year/Annual Plan for Fiscal Year 2017

NOW THEREFORE, be it resolved that the Vermont State Housing Authority Board of Commissioners accepts the Annual Plan for Fiscal Year 2017 (October 1, 2016 - September 30, 2017) and 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 2017.

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

### Voucher Funding

Berk provided an update on voucher funding, specifically the housing assistance payment (HAP) costs for VSHA's Section 8 Housing Choice Voucher and main-stream housing programs for the period ending June 30, 2016.

Our HAP costs are running over budget, so we are using our reserves to cover those payments. This will better position the organization for calendar year 2017. We are trying to keep voucher utilization at around 3,400 units. We haven't put any new vouchers on the streets in a couple of months, though some clients have received vouchers but haven't yet leased up. If we need to make additional corrections to manage costs, we could pull back those vouchers until we have the funds to support them. Berk recommends staying the course with the current strategy, while continually monitoring the costs.

HUD is aware that we are using reserves to support HAP costs. HUD has set-aside funding available in case we have a funding shortfall and exhaust other options.

## 8. DEVELOPMENT

Adams began the Development update.

**Hollister Hill Apartments, Marshfield:** Hollister Hill was constructed in 1971. The property includes 16 apartments in four residential buildings. We are planning to raze all four buildings/sixteen units and build two new buildings with sixteen units, along with a couple of out-buildings. We plan on going out to bid on construction in the late winter or early spring of 2017, with construction scheduled to begin around May 2017.

Tax credit funding has been secured, which is around half of what we need for the project. We will also be applying for Federal Home Loan Bank funds and possibly for National Housing Trust funds.

**Colonial Manor Apartments, Morrisville:** There are five buildings housing 20 units of family housing. We will be doing extensive rehabilitation at this property. Construction must begin by mid-August. Our construction budget on this project is approximately \$1.4 million. The low bid on the project was \$1.35 million.

**Fairgrounds Apartments, Moretown**  
**Dogwood I Apartments, Northfield**

We are putting off planned rehabilitation on these properties until spring 2017.

**Welden Villa Apartments, St. Albans**

We have been working on capital improvement projects over the last few years in order to modernize this 40-unit property. Items have included handicap accessibility/ramping, exterior lighting, drainage fixes, etc.

The Board recessed for lunch at 11:47 a.m.

Ryan left the meeting at 11:47 a.m.

The Board returned to session at 12:07 p.m.

## 9. PROPERTY AND ASSET MANAGEMENT

Kuegel began the Property and Asset Management update.

**Governor Shumlin's 2016 Executive Order: EO 03-16 "Publicly Funded Housing for the Homeless"**

Governor Peter Shumlin issued an Executive Order on April 20, 2016 titled, "Publicly Funded Housing for the Homeless." The central goal of the Executive Order is:

"...establish a goal that owners of publicly funded housing make available at least 15% of their affordable housing portfolio to homeless families and individuals, including those with special needs who require service support and rental assistance to secure and maintain their housing."

Kuegel noted that implementing the Executive Order is much more complicated than it might first appear. One of the key concerns is that the Executive Order indicates that the 15% should come from across an organization's entire portfolio. This will be problematic for organizations who have funders like USDA Rural Development that stipulate that there cannot be any type of applicant preference.

Also, questions need to be answered on the portfolio/owner issue, the definition of homeless, how long a person is considered homeless after they are housed, etc. Plus, implementing the Executive Order would require rewriting applications, re-ranking waiting lists, rewriting admissions policies, figuring out how to track the various data that would be required, etc.

Conversations surrounding implementation of the Executive Order are continuing, both internally and with external housing partners.

## **Budgets**

The budget for Brightwood House Apartments has been submitted to USDA Rural Development, in addition to all but one of all of the other USDA RD budgets. Approvals from USDA RD for those budgets should come in August or September.

Mobile Home Park budgets have been created and notices sent to residents regarding any lot rent increases.

## **Bridge and Main Apartments**

Kuegel has been working on the specifications for Bridge and Main Apartments, the new project under development in White River Junction. Kuegel will soon be meeting with service partners such as Veterans Affairs, Twin Pines Housing Trust, and Upper Valley Haven. The goal is that four of the seventeen units will be used to house the homeless.

## **Rental Assistance**

If a unit of rental assistance has not been used for six months, USDA RD is looking for owners to voluntarily give up the associated rental assistance. This refers to specific units that haven't been used for six months. That doesn't usually occur on properties that VSHA manages, except maybe during a rehabilitation project that requires one or more units to remain vacant.

USDA RD has also been making a push to drive down rents at USDA RD properties that VSHA manages.

## **10. OTHER BUSINESS**

### **Hollister Hill Apartments: 90-day ownership/contract administrator conflict**

Williams began an update on resolving the Hollister Hill Apartments ownership/contract administrator issue that is being raised as a result of the property's redevelopment. As discussed at the May 25, 2016 VSHA Board meeting, "Under the tax-exempt bond that VSHA did with The Housing Foundation, Inc., any time the property is either discharged, the mortgage is paid off, or the mortgage is prepaid, that property has to come back to VSHA for 90 days; that triggers some conflict of interest issues with HUD."

In order for this redevelopment project to move forward, the property has to transfer from The Housing Foundation, Inc. (HFI) to VSHA. VSHA must then retain ownership for 90 days before it can sell, transfer, or dispose of the property. This creates some issues with the HUD programs.

Public housing authorities (PHAs) are allowed to do project-based vouchers and develop associated housing. However, there are requirements in place that stipulate that the property owner cannot also be the contract administrator for those units - even for only 90 days.

Williams is exploring all available options to resolve this issue, including the possible transfer of certain responsibilities (contract administration, HQS inspections, etc.) to a local housing authority or some other HUD-approved entity like a low-profit limited liability company (L3C) for the 90-day period. There is some concern, however, about whether the IRS would accept a L3C in this type of situation. Our attorney Frank Kochman will be involved in looking at these issues.

Another potential roadblock to resolving this issue is that local public housing authorities can only operate within a 6-mile radius of their jurisdiction.

The following Resolution was presented to the Board for consideration.

VERMONT STATE HOUSING AUTHORITY

RESOLVED:

In connection with the transfer of the Hollister Hill development (the "Development") from the Housing Foundation, Inc. to Vermont State Housing Authority ("VSHA"), and as may be required or authorized by HUD in order to facilitate the transfer of housing assistance payments associated with that Development, the Executive Director is authorized, in his discretion, to take all steps necessary to establish and or invest in a Vermont non-profit corporation or Vermont "L3C" limited liability company controlled by VSHA for the purpose of receiving an assignment of the Housing Assistance Payments Contract associated with the Development. The authorization herein created is subject to an opinion of counsel to the effect that such establishment or investment, as the case may be, is within the statutory authority of VSHA.

Lees moved the above Resolution as presented; Richardson seconded. Troiano inquired as to further discussion; there being none a vote was taken. All others voted in favor and the motion passed.

**New limited-term position**

Berk began a discussion around a proposal for a new limited-term staff position at VSHA. It would be funded by an annual statewide Shelter Plus Care grant that is currently funded at \$1.4 million. VSHA takes a 7% administrative fee from the grant total, leaving a net of \$1.3 million. We are required to assist 136 homeless individuals with rental assistance - we are exceeding that requirement.

Grant funds that aren't used by the end of the year have to be returned to HUD. Each year we return \$100,000 or more to HUD. That extra money could be used for additional rental assistance, but the lack of housing stock and the lack of service funding to provide support services to newly housed homeless individuals creates a problem.

Adding a staff position using the currently-unused grant money would allow us to do mediation work, tenant retention work, etc. The position would be limited-term, subject to grant funding availability.

Feinberg moved to authorize the use of the federal Shelter Plus Care grant award to add a limited-term staff position that would support VSHA's Shelter Plus Care program; Lees seconded. Troiano inquired as to further discussion; there being none a vote was taken. All others voted in favor and the motion passed.

At 1:55 p.m., there being no other business, Richardson moved to adjourn the meeting; Feinberg seconded. Troiano adjourned the meeting.

Respectfully Submitted,



Richard M. Williams  
Executive Director/Secretary

