

VERMONT STATE HOUSING AUTHORITY
REGULAR MEETING MINUTES
January 23, 2019

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; Cory Richardson, Jo Ann Troiano and Caryn Feinberg was expected. Linda Ryan was 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 Laura Macieira, Office Services Coordinator.

Gregg Sargent of Kittell Branagan & Sargent (KBS) was also present.

2. MEETING AGENDA

There were no changes to the meeting agenda.

3. PUBLIC PARTICIPATION

At 11:05 a.m. Feinberg joined the meeting.

There was one public participant, representing the Vermont State Housing Authority Staff Federation of the Vermont State Employees Association, Melissa Begovic.

4. MINUTES - REGULAR MEETING - NOVEMBER 28, 2018

Troiano moved to approve the Minutes of the Regular Meeting of November 28, 2018 and Miller seconded. Hover inquired as to further discussion, there being none a vote was taken. All voted in favor and the motion passed.

5. SECRETARY'S REPORT - DECEMBER 2018 / JANUARY 2019

Williams presented updates to his Secretary's Report.

The VSHA staff and Williams have been receiving calls from tenants, landlords and the local news media asking if the Federal Government shutdown will impact voucher payments. HUD has guaranteed

that February 2019 voucher payments will be made for the Section 8 Housing Voucher program. VSHA has enough funds in administrative reserves to cover March 2019 voucher payments if needed. Williams hasn't received indications that VSHA will have to advance payments for March. In case the government shutdown remains active after March, 2019, Williams mentioned that the whole country will be affected.

VSHA is also the contract administrator for the performance-based contracts of 108 projects that receive federal funds. There are about ten projects that do not have sufficient funds, and the other ones are being funded. Berk has been in contact with HUD and has been able to work around the issues that so far have arisen. The Section 8 and the performance-based voucher program are considered essential functions and that is why they're being currently funded.

Berk mentioned that anything that hasn't been acted upon prior the shutdown won't get the funding, like some of the family self-sufficiency program grants that expired December 2018. Berk submitted a grant application for the renewal of funding for January 1st and it hasn't been approved because HUD has no staff working on the approval of contracts nor grants.

Even if we lack funding, the tenants of the units are still responsible for their portion of the rent. However, landlords could initiate termination of tenancy in the event they don't receive the payments from VSHA. There won't be any liability to HUD because every contract says that it is subject to appropriations. Some housing authorities aren't currently receiving their funding and others are cutting back on staff time.

As far as USDA Rural Development (RD) funding, we will be watching if money comes in and we won't know until next week. Because there isn't anybody at the agency, budgets aren't being approved nor are reserve requests being approved. We are in the process of having a payment due to a contractor from the USDA Rural Development, Multifamily Preservation & Revitalization Demonstration Program (RD MPR) fund and Williams mentioned that VSHA will be doing that payment without the authorization from RD because we have the funds to make the payment from an energy saving reimbursement program that we recently received.

The Board of Commissioners gave the consent that VSHA pays the invoice that is due to the contractor for the MPR project.

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. APPROVAL OF THE FY 2018 AUDIT, PRESENTED BY GREG SARGENT, KITTELL, BRANAGAN AND SARGENT (KBS)

Gregg Sargent of Kittell Branagan & Sargent (KBS) presented the FY 2018 audit and the information on the auditing process KBS undertakes at VSHA.

The opinion that KBS gave from this year's audit is a clean, unqualified opinion. There were no audit adjustments. This is a credit to the diligence and hard work of Pembroke and her Accounting staff.

Sargent described various components of the audit, including internal controls. He mentioned there are no findings in terms of how the controls relate to compliance. The controls that are in place are evaluated very often by Pembroke and her team and during the audit process are reviewed in more detail.

Pembroke prepared the Analysis of Financial Position of the Management Discussion and Analysis. This is a good description of VSHA's condition and it allows to compare previous year's performances.

Sargent mentioned that VSHA has done a terrific job as far as what has been done to maintain reserves and make sure there is surplus, which can be used in situations where the government shuts down and there is lack of funding.

Richardson moved to approve the FY 2018 audit as presented; Troiano seconded. Hover inquired as to further discussion; there being none a vote was taken. All voted in favor and the motion passed.

Gregg Sargent left the meeting at 11:40 a.m.

7. FINANCIAL REPORT THROUGH DECEMBER 31 , 2018

Pembroke mentioned that we had a problem with the Vermont Department of Taxes regarding the landlord certificate forms. The Accounting department has to send landlord certificates to tenants of the apartments that VSHA and HFI owns in order for them to receive a rebate in their taxes. This year, the department of taxes made an adjustment to the form and wouldn't give us the form. We have until January 31st to mail out the thousand landlord certificates and we've had to work around this issue. We are currently uploading the information into their web platform and printing the certificates.

Pembroke presented the following highlights on the Financial Report:

- The Administrative fees are over budget and that is due to the PVCA incentive fees that we received for 2018;
- The rest of the report is right in line, as far as the income goes;
- The Salaries line item is under because we have three payrolls in January and this year, we will have 27 payrolls;
- The Benefit line is over but we had to pre-fund the HRA accounts, so it will come back up;
- We've done major work to the building on the sidewalks, replaced the flooring on the other side of the building and we've done a down payment on the window security film that will start next week;
- On the Balance sheet, the replacement reserve account hasn't been touched under Building. We've been setting aside \$1,500 per month for repairs that the building might need in the future. The repairs we've been making haven't come out of this account and Pembroke is planning on using the funds available in the reserve account if a major repair is needed, like the replacement of the roof, siding or heating system.

Troiano moved to approve the Financial Report as presented; Miller seconded. Hover inquired as to further discussion; there being none a vote was taken. All voted in favor and the motion passed.

8. MEMORANDUM OF UNDERSTANDING BETWEEN VSHA AND HFI

Williams mentioned that the Memorandum of Understanding (MOU) between VSHA and The Housing Foundation, Inc. (HFI) presented to the Board is exactly the same as the one presented three years ago. HFI intends to approve and to sign the MOU, which will allow VSHA to manage the properties that HFI owns and the VSHA staff to perform administrative work for HFI.

Miller moved to approve the MOU between VSHA and HFI as presented; Feinberg approved it. Hover inquired as to further discussion; there being none a vote was taken. All voted in favor and the motion passed.

Hover signed the MOU and if any changes are made to the document, they will be brought back to the Board at the March 27, 2019 Board Meeting.

Richardson gave a summary of the meeting that was held earlier between him, Hover, Allison Bell, HFI President; and Johnathan Bond, HFI Executive Director. The meeting was a good opportunity to meet and greet, and to open the dialogue between VSHA and HFI.

At 12:00 p.m. the Board recessed for lunch and returned to session at 12:30 p.m. and Tyler Maas joined the meeting.

9. HOUSING PROGRAM ADMINISTRATION

- **Discussion Relating to New Initiative - Pilot: Accessory Dwelling Units**

Williams gave an introduction to the pilot Accessory Dwelling Unit Program (ADUP) and the funds from that have accumulated from the Enable Loan Program over the years for handicap modifications and other improvements. These funds were initially granted in the 1980's and there are no restrictions on how to use those funds. Williams recommended the Board to consider VSHA's participation on community housing projects like the ADUP.

Maas introduced himself to the Board and presented the proposal for the development and implementation of a two year pilot Accessory Dwelling Unit Program (ADUP). ADUP aims to assist with the building and initial leasing of an Accessory Dwelling Unit (ADU), including help with pre-construction design and securing of finances, contractor procurement and project management, and finally, tenant selection and lease up procedures. This program will work with local and statewide partners for additional funding, in-kind resources, tenant selection, and construction coordination. This program will aim to serve low income seniors and at risk youth, but will also have open eligibility enrolment. Final tenant selection will be decided by the homeowner who will also be eligible for up to \$30,000 in grant and loan funds. Upon successful completion of this pilot, the program will be evaluated for targeting other communities in Vermont for the development of a similar localized ADUP.

The Board held a discussion on the proposal presented and Maas gave further explanations of the program based on his experience developing it in Brattleboro, VT. The Board agreed we should pursue this program.

- **Administrative Policy Updates**

Berk asked the Board's permission to review the current policy for allocating project-based vouchers (PBV) awards to investors and organizations that apply with VSHA. Berk believes that the allocation of PBV's need to happen in areas where affordable housing is in fact needed and where the highest priorities are. Berk is proposing that the new policy needs to state that any requests for PBV will be subjected to a review. The awards will no longer be available on a first-come, first-serve basis, as they have been in the past. A draft of the policy will be presented to the Board at the March, 2019 meeting.

- **Awards**

VSHA was awarded Main Stream Housing vouchers designated for non-elderly disable households. As part of that grant writing process, Berk proposed to develop a preference for folks exiting institutions. VSHA will be required to adopt a policy that will be able accommodate this preference.

- **Medical Marijuana Policy**

Berk noted that the Medical Policy and the Administrative Policy Updates will need to happen as a part of our Annual Planning process that happens in July and they will need a 45 day comment period and a public hearing.

Berk held a discussion about the possibility of opening the waiting list for Section 8 vouchers. Hover suggested that the waiting list remained closed until the federal funding is guaranteed.

8. DEVELOPMENT - UPDATES

Adams gave a brief update.

Lauredon Apartments, Greensboro: The USDA Rural Development, Multifamily Preservation & Revitalization Demonstration Program (RD MPR) approved the application we submitted for a loan request for the rehabilitation of this property. Adams met with architects last week to go over this project and we are ready to advance money for this rehabilitation to start. Hopefully RD offices will open soon so we can receive the funds that we were granted.

Dogwood Apartments, Northfield: The rehabilitation project is underway, it is going well and we are right on target.

Adams, Kuegel and her team have been working on a number of capital improvement projects throughout HFI's portfolio and these have been accomplished successfully.

Middlebury Commons, Middlebury: The hallway carpeting is complete, as well as the hallway lighting.

Mobile Acres MHP, Braintree and Shady Pines MHP, Westminster: The water distribution system projects for these mobile home parks are moving along and we will be receiving state funding for these projects.

The security improvements of putting transaction windows in the satellite offices started today in Middlebury Commons. The next two will be put within the next seven days in the Hillcrest office in St. Albans and in the Northwoods office in White River Junction.

9. PROPERTY AND ASSET MANAGEMENT UPDATES

Williams gave the updates for the Property and Asset Management division.

The majority of the 24 projects that HFI owns, that are managed by VSHA, are funded through USDA RD and their budgets for FY 2019 have been submitted. They are currently sitting for approval since the RD offices are closed.

The homeless preference that has been developed in the past months by Susan Batchelder has an MOU in place for Washington County, Windsor County and soon, Franklin County. Currently there is no progress on the RD side of this preference for the other counties.

In December, we've had a fire at Hillcrest apartments in St. Albans, no one was injured and there was about \$36,000 worth of damage in one unit. In Middlebury Commons we had a big septic backup during the weekend of Thanksgiving due to squirrels that went down through the vent pipes and backed up the septic system in twelve apartments.

10. OTHER BUSINESS

Williams shared with the Board that today, VSHA and him are in the paper because of a complaint from a tenant of the School Street Apartment, in Plainfield, VT. All VSHA facilities have a non-smoking policy; however, it can sometimes be challenging to prevent residents for smoking inside the units. There aren't many tools available that a management company or a landlord can do about this issue, other than eviction. And often, judges in Vermont won't authorize an eviction because of someone smoking in an apartment. The complaint also involved the tenant not having hot water first thing in the morning. Williams asked the VSHA maintenance staff of this building to have a plumber come and look at the issue. Williams is also planning to be present on a meeting that the Plainfield Select Board is holding to address the issue of the main entrance doors shifting during the winter, when the ground freezes.

There being no other business, Troiano made a motion at 1:35 p.m. to adjourn the meeting, seconded by Miller and all voted in favor.

Respectfully Submitted,



Richard M. Williams
Executive Director/Secretary

