

VERMONT STATE HOUSING AUTHORITY
REGULAR MEETING MINUTES
November 20, 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; Caryn Feinberg and Alex Farrell.

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 Laura Macieira, Office Services Coordinator.

2. MEETING AGENDA

There were no changes to the meeting agenda.

3. PUBLIC PARTICIPATION

There was one public participant, Chair of the Vermont State Housing Authority Staff Federation of the Vermont State Employees Association, Nathan Schmechel.

4. MINUTES – ANNUAL & REGULAR MEETING – SEPTEMBER 25, 2019

Miller moved to approve the Minutes of the Annual and Regular Meeting of September 25, 2019 and Troiano 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 – OCTOBER 2019 / NOVEMBER 2019

Williams presented updates to his Secretary's Report.

Yesterday, the House passed the second Continuum Resolution (CR) that will extend the funding through December 20th. After that, there will either be another CR or a government shutdown, in the event the President doesn't sign it.

VSHA was awarded new 34 new mainstream vouchers and now, Berk has to notify HUD the date they can be effective. The Annual Plan for Fiscal Year 2020 and the 5-Year Plan 2020-2024 were also approved.

The Rental Housing Advisory Board (RHAB) Board submitted to the General Assembly a report containing recommended changes to better support decent, safe, and sanitary rental housing. Williams met last week with Sarah Carpenter, former Executive Director of the Vermont Housing Finance Agency

(VHFA) and chair to the RHAB Board, to discuss the changes proposed. The report is going back to the Vermont Legislature; the recommendation is to establish a rental housing registry and to ask for funding for this program. Williams mentioned that at some point, the VSHA Board will be asked to support this professional system that looks at housing issues around the state. If this bill passes, draft legislation will be presented to the Board for consideration.

Another report that came out was the Specialized Housing Voucher Working Group; which the Board spent some time over this past year on this issue. Williams and Berk also spent some time with the Legislature about the need of supportive services for the special federal subsidies. Housing availability is discussed as well as the revenue bond that the Governor did a year or so ago; suggesting that additional investments need to be made in affordable housing. Improving the quality and existing conditions of the housing stock is another topic that is recommended. Last year, the Vermont Legal Aid did a paper on how to prevent evictions in the state of Vermont; evictions could be prevented through the accessibility of funds for folks that get behind in their rent and help vulnerable populations to not lose their housing. Last year, Senator Sirotkin was pushing for another bond to stimulate the housing, which was slowed down by the State Treasurer, Beth Pearce. This summer, Pearce talked with stake holders and is getting ready to make recommendations to the Legislature for January 2020. During the month of December, a public meeting inviting stake holders will be held concerning housing bonds.

VSHA has been asking the Agency of Human Services for their housing priorities; through project-based vouchers, Williams would like to utilize them where these have the most impact in the communities. The funding agencies should identify a community where these vouchers can be utilized, as well as the number of units that are needed to ensure that social services are available to support the households. Conversations about this topic have been ongoing. There is also a possibility for one stop shopping for funding, which means, the request for project-based vouchers would be done solely at VSHA.

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. RESOLUTION - LINDA RYAN

Williams presented the following Resolution:

WHEREAS, in 2011, Linda A. Ryan requested the Governor consider appointing her to the Board of Commissioners of the Vermont State Housing Authority; and

WHEREAS, Linda was the Executive Director of the Samaritan House, a Temporary Shelter in St. Albans; a strong advocate regarding homeless and housing issues; and served on a number of committees working to find housing solutions for Vermont families; and

WHEREAS, the Governor considered Linda's contribution to the Vermont State Housing Authority and appointed her to the Board of Commissioners on December 13, 2011 to fill an empty Commissioner seat; and

WHEREAS, when the appointment expired on February 28, 2014, Linda was reappointed to serve a five-year seat on the Board; and

WHEREAS, during her tenure on the Board, Linda was an engaged Board member; and

WHEREAS, although Linda's appointment to the Board expired on February 28, 2019, she continued to serve until October and was thanked by the Governor for her contributions to VSHA.

NOW THEREFORE BE IT RESOLVED by the Vermont State Housing Authority Board of Commissioners that Linda A. Ryan's service and commitment to the agency is valued, appreciated and that her contributions made a difference.

The Governor is considering a replacement.

Troiano moved the above Resolution as presented; Farrell seconded. Hover inquired as to further discussion, there being none, a vote was taken; and the following voted in favor.

At 11:30 a.m. Adams left the meeting.

7. FINANCIAL REPORT THROUGH SEPTEMBER 30, 2019

Pembroke presented updates.

The field audits for VSHA and HFI were completed the week of November 4th by Kittell Branagan & Sargent (KBS). This year, KBS sent a few new members to VSHA to do the audit, which was a very good idea because they asked a lot of new questions, allowing Pembroke and the accounting staff to review the budgeting process. Everything that happens in the VSHA agency, ends up hitting the accounting department. New hires, new vouchers, programs or contracts, etc., all end being processed by the accounting staff; they always have a great attitude about the work that needs to be done and work well together. The accounting team did a fabulous job with another year of no findings on the audit for either VSHA or HFI.

The draft audit for HFI should be received by the end of this week; for VSHA, Pembroke is expecting the draft audit by the end of next week. Pembroke is entering information into the Real Estate Assessment Center for the Housing and Urban Development (REAC-HUD) as quick as she can.

Greg Sargent from KBS will be at the January Board Meeting to review the draft with the Board.

The 14 partnerships and Bridge & Main will be coming up with year-end audits in January.

Some of the highlights of the financials presented are:

- We ended up being better than what we budgeted; however, we ended a little bit under to where we were last year.
- Richardson inquired about the savings on the Benefits line, which Pembroke answered that for FY20, there will be no saving because of the Blue Cross Blue Shield 10% increase of health insurance.
- The Benefits line goes hand in hand with the Salaries line; we had a few positions turn over throughout the year. For anybody newly hired there is a year waiting time period on the pension; employees that left had higher salaries than new hires.

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. PRESENTATION – RURAL EDGE

Resident Recovery First Home Program, St. Johnsbury

At 11:40 a.m. Brian Picard, Real Estate and Community Development, for Rural Edge joined the meeting and introductions followed.

Williams mentioned that a few months ago, this project was talked about with the Board. VSHA proposed to use family unification vouchers but did not receive any support from the Agency of Human Services. Straight project-based vouchers are being proposed to be used for this program that houses mothers in recovery.

Brian Picard gave a presentation on the pilot program, a community based approach to family recovery from addiction, that is being proposed by the Northeast Kingdom Community Action (NEKCA), who will be the program's fiscal agent. A discussion on this theme followed.

Williams recommended to the Board that VSHA supports the program by making the commitment of four project-based vouchers for a minimum period of two years, with the potential of expansion and renewal. Troiano motioned the recommendation and Richardson seconded. Hover inquired as to further discussion; there being none a vote was taken. All voted in favor and the motion passed.

Troiano inquired about the location of this program and Picard answered that a place has been identified; a building in St. Johnsbury that used to be a domestic violence shelter place. An interior decorator that is volunteering their time will make the five single rooms occupancy (SRO) very comfortable. The extra room will be used for staff or any office transitional space needed. The building has extra three units that can be used in the future.

Picard is hoping to start the program January 2020.

At 12:10 p.m. Picard left the meeting; the Board recessed for lunch and returned to session at 12:25 p.m.

9. RESOLUTION - GREEN MOUNTAIN APARTMENTS

Williams presented the following Resolution:

WHEREAS, in 1988, the Vermont State Housing Authority (VSHA) developed Green Mountain Apartments (GMA), a 20-unit elderly/handicapped housing project in the town of Northfield; and

WHEREAS, it was a complex development involving the town of Northfield, Central Vermont Railway and a variety of funding sources with long-term permanent financing from the agency now known as USDA/Rural Development (USDA/RD), Community Development Block Grants, and bank financing from Northfield Savings Bank (NSB); and

WHEREAS, VSHA made the decision to add an additional 10 units of housing and additional sources of funds were required in addition to the current USDA/RD loan; and

WHEREAS, in 2005, Northfield Housing Associates, LP (the Partnership) was formed to access Low Income Housing Tax Credits from Vermont Housing Finance Agency (VHFA) and a \$250,000 no interest loan due in June 2036 from Vermont Housing & Conservation Board (VHCB); and

WHEREAS, as VSHA is an ineligible applicant for VHCB funds, VSHA sold its rights to the original 20 units and adjacent land to the Partnership for \$1,152,000 (the mortgage release price) and brought The Housing Foundation, Inc. (HFI) into the Partnership as managing general partner, and Jeff Kantor (JDK) as temporary limited partner, in order to borrow VHCB funds and to enter into a VHCB Housing Subsidy Covenant; and

WHEREAS the Partnership borrowed an additional \$835,000 from USDA/RD and \$1.5 million in construction financing from VHFA, and signed VHFA regulatory agreements; and

WHEREAS, the partnership granted VSHA and VHCB successive Rights of Refusal (ROR) to purchase the development free and clear of encumbrances subject to the Housing Subsidy Covenant and other lender restrictions; and

WHEREAS, in June 2006, a first amended and restated Partnership agreement was executed and added new VHFA lender provisions and continued the ROR in favor of VSHA and VHCB successively; and

WHEREAS, in July, 2006, pursuant to a Consent of Partners to Withdrawal and Admission of new Limited Partner, JDK withdrew as a limited partner and NSB was admitted as a new limited partner; and a second amended and restated partnership agreement was executed continuing the Partnership as organized in May 2005, but the ROR was granted only to VHCB; and

WHEREAS, VSHA believes this change in the ROR was in error and the ROR to VSHA was simply overlooked; and

WHEREAS, NSB wants to exit several partnerships, including Northfield Housing Associates, L.P, as for tax purposes they have reached the end of their value to the investor, and due to the Capital Accounts, NSB needs to sell the project under IRS Code Sec. 1231 and take ordinary losses which allows them to carry losses forward; and

WHEREAS, at the October 16, 2019 HFI Board of Directors meeting, the HFI Board passed a resolution agreeing with VSHA that the change in the ROR was in error and that VSHA should be offered the ROR to purchase GMA, as was the original intent of the parties; and

WHEREAS, as the Partnership received funding from VHCB, their permission is needed to execute the sale of Green Mountain Apartments to VSHA; and

WHEREAS, in the event that VHCB does not grant permission for VSHA to purchase the property because they deem VSHA an ineligible applicant for VHCB funds, VSHA would prepay the VHCB Deferred Loan in the amount of \$250,000.00 as outlined in the Promissory Note dated June 19, 2006 (copy attached); and

WHEREAS, VSHA would attempt to repay this amount through the USDA Rural Development Budget.

NOW, THEREFORE BE IT RESOLVED that the VSHA Board authorizes the Secretary/Executive Director to purchase GMA, paying off the VHCB Deferred Loan in the amount of \$250,000.00.

FURTHER RESOLVED, the VSHA Board authorizes the Secretary/Executive Director to pursue and execute any documents necessary to incorporate this loan repayment through the USDA Rural Development budget.

Williams gave a background of this project and recommended the Board to approve the Resolution.

Troiano moved the above Resolution as presented; Farrell seconded. Hover inquired as to further discussion, there being none, a vote was taken; all voted in favor and Richardson abstained.

10. HOUSING PROGRAM ADMINISTRATION

- **Resolution on Section 8 Management Assessment Program (SEMAP)**

The resolution to accept the Section 8 Management Assessment Program (SEMAP) Annual Certification and to Authorize the Chairman of the Board to Execute the Certification on Behalf of the Vermont State Housing Authority was presented:

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 20th day of November, 2019.

Berk anticipates that VSHA will be rated a high performer and talked about performance indicator three, where we rated ourselves 15 points out of possible 20 points. This grading reflects the size of the work loads of the Section 8 staff, quantity versus quality, making this a resource issue because the staff is constantly working on meeting deadlines. This is an area where we need to work on, and we will.

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

Berk presented other brief updates.

Currently, in addition to the heavy load work, the Section 8 department is amid a software conversion for the rental assistance programs, which is a huge undertaking. We also took this opportunity to move to a paperless platform. Simultaneously with learning a new software, staff have been provided a second monitor and a scanner on their desks. Instead of filing the paperwork onto tenant's paper files, they are scanning the paperwork onto an imaging software. Staff has been great about embracing this project and Berk is very excited about this transition.

Berk talked about the proposal distributed to the Board from the Housing Trust of Rutland County, submitted to VSHA in early October. The same proposal was submitted to the Rutland Housing Authority earlier and this was discussed about at a previous Board meeting. This proposal is requesting from VSHA 19 project-based vouchers to support 12 micro-units and seven one-bedroom units in the city of Rutland; that would be targeted to the homeless. Berk and the Board engaged in a conversation about the request presented.

11. PROPERTY AND ASSET MANAGEMENT UPDATES

- **New Position – Director of Maintenance**

Williams supports the recommendation of adding the new position of Director of Maintenance in Property and Asset Management. This position has been needed for a long time; we will be able to support it through the properties' budgets and won't be taking any VSHA's resources.

Troiano moved that the creation of the new position; Feinberg seconded. Hover inquired as to further discussion, there being none, a vote was taken; and the following voted in favor.

Kuegel gave a brief update. All the January 1st budgets have been submitted. Two are being a little challenging and Kuegel is experiencing some difficulties on closing the gap. For Northwoods I and II Apartments, the payment standards haven't gone up; there is a deficit of approximately \$2,000 that Kuegel is working on covering. Bridge & Main's budget is also being worked on and Kuegel is waiting for owner's approval. Rent increases are being looked at in the project-based portfolio for the properties; Kuegel will be communicating those requests to Berk and her staff.

12. PROPOSED EXECUTIVE SESSION: EMPLOYMENT ISSUE

At 1:00 p.m. Troiano motioned to enter executive session to receive information and deliberate regarding an employment issue under the provisions of Title 1, Section 313(a)(3) of the Vermont Statutes. Miller seconded and all voted in favor.

Berk, Kuegel, Shorten-Goodrich, Pembroke, Macieira and Schmechel left the meeting

At 1:20 p.m. Troiano motioned to leave executive session and Feinberg seconded. All voted in favor.

No action was taken during executive session.

13. OTHER BUSINESS

At 1:20 p.m. Troiano motioned to adjourn, and Miller seconded. All voted in favor and the Chair adjourned the meeting.

Respectfully Submitted,

Richard M. Williams
Executive Director/Secretary