Members present: in person: Gus Selig, Krister Adams
by phone: Marsha Curtis, Ed Bove, Sarah Carpenter, Angus Chaney, Joan Goldstein, Mary Ann Goulette, Martin Hahn, Sarah Laundererville, Erhard Mahnke, Kathy Metras, Cindy Reid, Kenn Sassorossi, Paul Dragon
Staff/guests: Jen Hollar, Arthur Hamlin, Josh Hanford, Claire Forbes, Carl Bohlen

Welcome and Introductions
Jen Hollar opened the meeting at 1:05 PM and introduced those present at the meeting. Due to weather a conference call number was provided. Participants who called in then introduced themselves.

This is the first of two meetings of the advisory group in preparation of the Consolidated Plan which guides approx. $10 million in federal funds through CDBG, HOME and ESG. The purpose of the advisory group is to represent a range of organizations who use the funds and/or represent Vermonters who use the programs or they serve. The role of the advisory group is to advise the agencies on development of the plan and get information out to your constituents and feed information back to the state. ACCD administers the CDBG funds, VHCB administers HOME, and AHS administers the ESG funds.

Consolidated Planning process overview
Arthur Hamlin reviewed the consolidated plan process. This is the first year of a 5 year Consolidated Plan, and the first year the plan will be submitted on line using HUD’s IDIS system. In preparation for the plan DHCD hired a consultant, Bowen National Research to complete a Statewide Housing Needs Assessment. We also just finished seven community outreach meetings and are conducting an online survey.

The process starts with the advisory group meeting today, followed by a public hearing to receive comments from citizens as to what they think the state should do with the funding, and any comments on how the state did over the last year. Then the DHCD will begin to complete the plan in the IDIS template, and publish a draft for comment on approximately March 12, 2015. The second advisory group meeting is scheduled for March 27, 2015 at 1:30 to get advisory group reaction and comments on the draft. There is also a public hearing preceding the advisory group at 12:30 p.m. on March 27 to receive comments, followed by a 30 day written comment period. The plan is submitted on May 15, 2015. In the past the plan was mailed, but in the IDIS template it is submitted online.

One big difference is that the state will need to allocate the funding throughout the priorities and goals we establish. A role of the advisory group is guiding the state in where the funds should be allocated based on what is most important and determining how many or few priorities to create.
In the past we’ve only had only two priorities; affordable housing and employment opportunities. Underneath these is a list of specific objectives and outcomes that fall under categories established by HUD. The objectives are to Provide Decent Housing, Create Economic Opportunity, and Create Suitable Living Environment, and the corresponding outcomes are Availability/Accessibility, Affordability, or Sustainability.

In IDIS we can create as many or as few priority needs as we want. For each priority need created, we have to indicate “high” or “low” and identify the population with the need. For example, affordable housing for low income households as a “high” priority. Under each goal we have to estimate how much of the funding will be targeted to meet the goal, and estimate a quantitative outcome (i.e. number of households served, housing units rehabilitated etc.)

Martin Hahn asked about data available in establishing priorities. IDIS is prepopulated with a lot of the data including demographic information, housing needs data, and economic and jobs data. We will also attach by reference the Statewide Housing Needs Assessment completed by Bowen National Research. Once that is attached, we can add or edit the tables. In particular the homelessness data is not prepopulated and will have to be entered.

Josh Hanford said in addition to the hard data and HNA we have input from a survey and community meetings which is next on the agenda.

Gus Seelig asked if there is any concern about HUD holding the state to whatever targets and outcomes we create in case we have trouble meeting them, or will there be flexibility. Jen agreed that is a concern and should be kept in mind as we decide on the goals to include. If we are off by much there are narrative sections where we can explain why, for example another Tropical Storm Irene type of event. Josh also mentioned that the plan can be amended with a public process, and Arthur explained how the consolidated plan ties into the CAPER so HUD will see what we projected, and compare to what we actually achieved.

Sarah Carpenter asked how specific we have to be. We have to indicate the general categories of need and input specific goal outcomes. Jen added there is a level of specificity in dollars and units or households we should get to in order to make the plan effective. The VCDP program is competitive but the plan is a guideline for what we are looking for. If we have not met a target goal and we are nearing the end of a program year, projects that address that goal will be more competitive. In the past, HUD hasn’t assigned such specific goal outcomes but there were voluntary tables we completed based on what we funded.

Public outreach comments
Josh reviewed the public participation efforts so far, noting that citizen participation is high on HUD’s priority for the consolidated plan.

Seven outreach meetings were held with local partners throughout the state in December and January. These were held in West Rutland, St. Albans, Bristol, St. Johnsbury, Bennington,
Bellows Falls, and Randolph. The meetings covered all three programs. DHCD ran general advertisements using plain language to ask the public about the needs in their community. About 125 people attended in total. Municipal officials and other local and regional partners were well represented in addition to citizens. Claire wrote up a summary of the most frequently cited needs that was provided. What we heard was a high need for very low income housing, section 8 vouchers or subsidy like the state rental subsidy program. Continued need for homelessness assistance, and transitional housing. SRO’s were mentioned. There was a lot of support for the Housing First model and concern about HUD phasing out support for transitional housing. Other needs include homeowner and rental housing rehab. Some areas have a lot of stock but it is in poor condition. Other comments included need for public transportation and coordination of services. It is hard to have a job and commute. Flexibility for job training programs is needed, particularly for under-employed people. Jobs seem to exist in high tech manufacturing but training to fill those jobs is lacking. Infrastructure needs to be kept up to support jobs and housing. This is the skeleton that makes things run. Municipalities need support otherwise they have to raise taxes. Social services need to be integrated better. All agencies should be able to process someone who needs assistance at their location. Transportation and having to get to multiple offices and appointments is not working for some low income people. There needs to be an emphasis on senior housing and services like SASH. New units should incorporate accessibility, financing or other programs like down payment assistance to purchase affordable homes is not available. Mobile home parks are deteriorating and need improvement. More programs like the Vermod homes are needed to address energy efficiency in mobile homes.

Jen commented that a rewarding aspect of the meetings was that people at the community level began to see how things are connected and inter-related like jobs and housing and transportation.

DHCD also created an online survey. Almost 600 people have responded. The link for the survey was on handouts at the community meetings and emailed, and is on the DHCD website as well. The survey is open until March 13.

Shaun Gilpin created charts summarizing the results through January 28. Responses have been diverse, from every county and some from out of state. The questions asked which general and specific activities are most important. The top interest was housing, second was economic development. There are strong responses for rental housing, housing for the homeless and people with disabilities, and weatherization, but one problem with this kind of survey is it shows lots of needs in all areas and doesn’t point to spending the funds all in one place. The results show needs for public services and facilities like food shelves and food banks, and child care, as well as financial counseling. Most support in economic development was for small and micro business and efficiency. Handicap accessibility at public buildings such as libraries was rated high. These are low cost, but VCDP has done a quite a few and they are still supported.

The survey also included a question about infrastructure. Water and sewer for housing was rated highest, followed by telecommunications for business and housing. Under unmet
disaster recovery needs flood proofing and mitigation, housing availability and economic recovery scored the highest needs.

Responses to the ESG specific questions were highest for homeless prevention, also rapid rehousing and shelters scored as high needs. Most respondents indicated they were concerned citizens or providers.

Responses to questions related to the HOME program rated creating affordable rental housing the highest followed by rent assistance for low income households. Creating new housing including for sale housing was also important. Specific to how HOME funds have been used per the Vermont Legislature, purchase or building new affordable rental housing for low income households and people with special needs were the top scorers.

Jen added that HUD emphasizes public participation and based on comments heard at last year’s public hearing the DHCD has tried to make the outreach and notices more in plain English and more inviting and accessible. More outreach was also done through the continuums of care and we have seen more responses and participation by users of those programs.

Written comments we have received were sent out before the meeting.

**Housing Needs Assessment**

Jen provided a brief overview of the new Statewide Housing Needs Assessment which includes county level data for the first time in 10 years. The big picture findings are that a high percentage of renter households (47%) are cost burdened, and there is a very low vacancy rate of 1% statewide in multi-family housing. More than one in five renters are severely cost burdened, and many homeowners are cost burdened. Vermonters have very few housing options and if you’re low income it’s even more difficult. The HNA also touched on the quality of housing. This was echoed in the comments that we heard at the community meetings.

**Advisory Group discussion and input**

Krister Adams would not want the state to be so locked in to a plan and categories that we could not be flexible if needed, and asked about the amendment process. Josh explained the state has amended the consolidated plan in the past. It involves stating why we need to change it and putting a notice in the paper and taking comment, but it’s not out of the question.

Angus Chaney asked how Vermont compares to other states and entitlement communities in how we fund activities. Do other states focus on only one or two activities or fund every possible goal? He would like to see balance but focus to try have the most impact. Josh is active in the COSCDA. There is a lot of variation. Some states are competitive like Vermont and fund many different priorities. Some are more focused, targeting funds to certain areas where there is need. Some focus entirely on infrastructure. Delaware only funds homeowner rehab.

Angus stated that regulatory burdens have increased but the funding has decreased. Are there some areas where the costs to administer funding those activities outweighs the benefit?
Should the regulatory burden factor into decisions? Josh said it hasn’t been looked at that way although the CDBG staff are looking at programmatic suggestions. Even in the same program areas, it depends on what you are using the money for, i.e. if not doing construction might avoid Davis Bacon or lead paint regulations. Vermont, Maine and NH are comparing admin costs. Does it cost more to manage the programs than HUD provides and what can be learned from other states? Jen mentioned that one program Vermont has only done once or twice, and not done for years is the Section 108 guarantee program. The legal and regulatory burden is high, and this doesn’t fit well for a small state like Vermont, plus you have to guarantee with the next 5 year CD allocation. So we have determined the cost of pursuing that activity is prohibitive. Another administrative area DHCD is looking at is the environmental review. We can’t change the regulations but are looking at ways to help with that process.

Cindy Reid noticed in the comments in the survey that a significant percentage of people want rental assistance. She is concerned that a cost benefit would show that short term rent assistance is not better in the long run than building housing that will become more affordable over time. If we compared rent assistance to using the money for upfront capital to bring development costs down we would want to use it for capital. Has an analysis been done, and how might this factor into setting priorities? Angus commented that Bowen’s Housing Needs Assessment suggests that we’ve had a harder time serving people below 30% of median and 90% and above (Note: Bowen subsequently corrected an error in their calculation which reduced the housing needs for households between 80% to 95% and 95% to 120% of AMHI). If we don’t figure out how to meet the needs of the lowest income people with either CDBG or other funding we will continue to disserve them.

In response to Cindy and Angus, Jen asked - if we make below 30% income a priority, given the tools and funding available, what strategies do people suggest?

- Angus said we need more money for capital and housing affordability, but in a revenue neutral world, we could fund more units affordable to lowest income households is one strategy, but acknowledge that might result in fewer units over 5 years.
- Kenn Sassorossi responded that there is a structural issue that makes that difficult to do. Even when you can build with no debt, the operating costs are more than rent from households at 30% of income can cover. There is no way to produce housing affordable to 30% or below in a mixed environment without a reserve or sinking fund.
- Angus asked what other states do, are they using HOME rental assistance? Sarah commented that many other states have state rental assistance programs.
- Erhard said Vermont will hopefully get $ from the National Housing Trust Fund and it will be highly targeted to the lowest incomes. When the regulations come out we will probably have to be in sync with our consolidated plan so we should anticipate that.
- Erhard noted that one of the housing conference workshops (Sheila Crowley) covered some ways to get this level of affordability. He could go back and look at their materials. Mostly have to do with rent assistance, sinking funds, but is not easy.
- Josh asked if there is any room to reduce operating costs on a state level. Erhard commented the Legislature proposing increasing the education tax 10% for affordable units.
Gus Seelig commented that this is an issue of fundamental income inequality problem that goes back to the end of Section 8 Substantial Rehab. All the resources can’t come on the housing side. We can have an approach that targets them but not a priority nationally.

Arthur asked about energy efficiency. Kristi said it’s probably mandatory now to include as much as can be afforded, but don’t expect any big savings.

Jen asked for suggestions on the economic development side for CDBG, and any recommendations for ESG or HOME. For example, we heard at the community meetings about workforce development, job training needs, and infrastructure to support businesses.

Gus asked where most of the ED funds have been used for the past few years. Jen and Josh answered the best fit has been infrastructure, or for agricultural/natural resource businesses, as a gap funder. There are challenges because of the low interest rates that are currently available and red tape inherent in the program. Joan Goldstein added that they used it to extend municipal infrastructure to a business that expanded. It’s particularly good for planning and development of industrial parks.

Joan added that the jobs requirement in two years might be hard to meet due to the length of time it takes for permitting. She’s interested in workforce development possibilities and predevelopment work for environmental review. She said we don’t want to compete against people who are already doing workforce training.

Sarah Carpenter said there is concern about the construction trades. We are not paying enough attention to training the future plumbers and masons. There has been a lot of focus on high tech and advanced manufacturing.

Sarah Launderville commented that she would like to see Access Modification grants continued.

Gus suggested DHCD talk with the Working Lands Enterprise folks about some kind of partnering.

Jen asked if there are specific comments/suggestions related to the HOME program. What demand is VHCB seeing?

Gus replied to an earlier comment that expanding the program from a regulatory standpoint would be hard as VHCB is already subsidizing the HOME program beyond what they share with DHCD.

The survey results show strong support to stay on the same track of building new units or preserving units we have, particularly if has rent assistance, and developing housing for people with disabilities.

Gus said he has not read the rules for the National Housing Trust Fund in Vermont. Once we look at it should not be hard to figure out how to make them work in Vermont. However, Congress has reacted negatively and might fight the funding level and small state minimum. Also the funds will probably not be available in a year.

VHCB has $30 million worth of projects in the pipeline for the next 18 months, or 3x the funding they expect to have in state and federal funds.
• Sarah Carpenter noted that neither CDBG nor HOME explicitly include targets about serving homeless or formerly homeless people. Gus added that they do target a percentage of units to be below 30% of median income and can work on this.

• Erhard noted that the Pathways from Poverty Council recommended to the Governor that all agencies work to reach 10% of the housing stock for homeless or special needs. Angus wondered if there’s a way to build on this and add it to the consolidated plan where 10% of housing developed with public dollars are affordable to those below 30%. Might want to look at county HNA sections, but likely should be statewide.

• Cindy expressed concern about this kind of targeting. Developers would like to but without the resources, and we already heard that operating costs are already more than 30%. Erhard interjected that this is just a goal or recommendation, but not a requirement, based on several years of discussion around the QAP.

• Sarah Carpenter added that on the preservation side, older Section 8 projects might explicitly be able to better serve homeless.

• Jen mentioned that the new format of the Con Plan includes more involvement from the PHAs.

• Jen also mentioned the NLIHC Alignment Report, which talks about what some developers have done to use state and federal resources to serve people below 30% of median income. Erhard added this was in a workshop at the housing conference and materials should be on the website.

• Erhard suggested we should work toward a “Thrifty Vouchers” program which project based subsidies target to projects that already have capital subsidies.

Jen asked for any comments or suggestions about ESG
• Paul Dragon said he appreciates the affordable housing conversation about increased access to affordable housing because shelters are at their capacity and stays have gotten longer. They have been looking at diverting GA funds to seasonal shelters.

• They want to focus on rapid rehousing, prevention, along with intensive service coordination are key. This is what HUD wants to see. Would like to move away from transitional and emergency housing.

• Angus agreed, and added this is why HUD requires consolidated planning. He’s interested in whether there are places of linkage between HOME, CDBG, and ESG. How can we coordinate services and housing so they all come on line at the right time when needed?

• Rapid rehousing is short or mid-term assistance front loaded with services, sort of a Housing First “light”. The first barrier they run into is lack of supply. The second is the tenant’s history with housing (providers/landlord references). What would an incentive look like? How do you get a developer interested in linking to a rapid rehousing model?

• Paul said they have a successful template in the family supportive housing with families that average 6 months of homelessness. These families have complex cases so the program relies on a housing provider cooperating with only an MOU and no additional money. Focus is on children, very low case-loads.
• The housing side is still problematic, i.e. very low vacancy rates, but on the service side they can show they can make it work. Also, connect families to mainstream services, i.e. banking. The Vermont Rental Subsidy has been a great program.

• Angus suggested that ESG rapid rehousing funds, plus the state rental subsidy could help the developers reach the 10% goal of not just people who were homeless but also very low income. Doesn’t think it’s impossible. He supports the portfolio approach. No one likes the idea of leaving a unit vacant waiting for an eligible household. All of our units should be used all the time.

Schedule
Arthur reviewed the schedule for the remainder of this year’s consolidated planning process. Draft on March 12, 2015. Thirty day written comment period after the next public hearing. The advisory group may want to have a third meeting between the draft plan and the end of the public comment period. Gus suggested we put a date on the calendar soon.

Additional comments - Erhard supports the preservation council draft mobile home park priorities. Polly Nichol will submit to DHCD on behalf of the preservation council.

PUBLIC HEARING
The meeting was stopped at 3:00 p.m. for the public hearing. As there were no public comments, the advisory group resumed its discussion.

Sarah Carpenter raised the point that help for small landlords was raised as a need in the community meetings, but we don’t have any program and wondered if this should be a priority. Josh stated that the revolving loan funds at the homeownership centers have the ability to offer loans to rentals up to four units. West Rutland has expanded their offerings. So, if it was a goal of the advisory group or the state we could add this as a priority for the homeownership centers. What we heard at the meetings is that landlords can’t rent the unit for enough to cover the cost of housing plus rehab, at least in some areas.

Jen asked if we should ask the homeownership centers to focus on more than just homeowners, for example, small landlords, energy efficiency, older households, or accessibility. Sarah Carpenter is on a committee looking at using state cash balances. Is this an appropriate source to use? Sarah would want to hear from the homeownership centers more specifically what is the biggest need, not sure she can articulate it.

Jen, we would need a strategy. Erhard commented however that rents don’t support debt service. His understanding is the state cash balances are more short term.

Gus added that the lead and weatherization programs both provide some support for private landlords. Small landlords have been identified as a need, so the question is do we want to make this a priority?
Erhard proposed the idea if a statewide rental rehab loan program was available, this might build support among landlords for statewide code enforcement.

Jen said another question is the balance of senior housing vs. not age-restricted housing. The consolidated plan currently lists them both but one is not a priority over the other. Sarah asked if we know what percent of homeownership center clients are senior; Josh said close to half. Gus suggested that if we’re going to focus on families that are homeless keep in mind that the HNA seems to support focusing on both. Cindy concurred.

**Meeting adjourned at 3:15 p.m.**