* ***Draft*** *

HUD Consolidated Plan Citizen Advisory Group
February 12, 2018
Montpelier

Present: Angus Chaney, Rob Leuchs, Sarah Carpenter, Jonathan Bond, Ron Rupp, Patricia Tedesco Emily Higgins, Richard Williams, Erhard Mahnke,
By phone: David Parker, Rachel Batterson, Paul Hill, Cindy Reid, Peter Gregory, Cassie Polhemus, Sarah Philips, Bob Flint
Staff: Ann Kroll, Katie Buckley, Quinn Mann, Cassie Bell, Dale Azaria, Arthur Hamlin

Advisory group "101"

Arthur - reviewed the agenda. Stated that the list of the advisory group members is printed on the back. Advisory group represents the state geographically and different kinds of organizations. The advisory group plays a role in the Department's citizen participation plan. Advisory group members are encouraged to give their input and distribute information about the Consolidated Plan to their constituents.
Ann - stated that she views the group as representing users of the program as well as partners in projects we fund and that it's a sounding board for the Department on how to best put our priorities forward to HUD.

Plan overview, review goals and objectives

Arthur - reviewed AP-20 and AP-25 from the 2017 Action Plan. The format comes from HUD's "IDIS" system which is how we submit the plan to HUD. The four main goals are: increasing the supply and quality of affordable housing, decrease the number of people experiencing homelessness, create and retain jobs, and strengthen communities and improve the qualify of life. Within those, DHCD estimates how funds will be distributed and the specific goal outcomes. The biggest part of CDBG is used for housing, but it's also used for job creation and public facilities.

For housing, we estimated using $3.9 million of CDBG, and the full $3 million allocation of HOME and HTF; and
- 122 rental units constructed
- 153 rental units rehabilitated
- 100 homeowner units rehabilitated
- 10 housing units for homeless added

For homelessness, we estimated using the full $635,000 allocation of ESG; and
- 400 households assisted with rent assistance / rapid rehousing
- 3000 persons provided overnight shelter

For job creation and retention, we estimated using $1.62 million of CDBG, and
- 35 jobs created or retained

- 2 business assisted

For strengthening communities, we estimated using $972,000 of CDBG, and
- 4000 persons assisted with public facilities or infrastructure
- 150 persons assisted with pubic services
- 1 acre of brownfield remediated
- 1 building demolished

Arthur - In this year's plan we have to show our progress toward meeting the goals we set last year.
Ann - Have to explain any differential in our annual report to HUD, so we don't want to over project but get as close as we can. Last year's projections were a little under, but the previous year we exceeded the projections because of projects from previous years that were completed.

Arthur – Part of the planning process includes looking at whether we met last year's goals and if we want to adjust any of them. We don't know how much funding Vermont will be allocated so generally assume level funding. Approx. $6.3 CDBG, small state minimum $3 million HOME and HTF, and approx. $630,000 ESG. CDBG percentage in Funding Allocation table matches with dollar amounts.
Ann – Last word is that CDBG will be level funded. Last year we were a little under the number of units projected. What we project today isn't what we report on in September. Our projects take a couple of years. Projects closing out get reported so may exceed what we projected.

Sarah C. – DHCD has discouraged older projects that need rehab, recapitalization. They have been going more to VHCB. Could DHCD reconsider, even for a smaller amount of money?
Ann – Adding CDBG to other funds complicates the regulatory red tape. Can't avoid Davis-Bacon unless only do acquisition.
Sarah – encourage DHCD to have conversation about whether adding CDBG makes sense early in project. Instead of message don't apply to CDBG.

Cindy – Supports Sarah's request, more flexibility. Maybe not top priority but "re-do" projects are a reality. Edit/typo on page 28 of plan should say "household" not "family" which tends to mean household with children.

Angus – Asked how we can incentivize projects to not come back for more funding as often. Less than 15 or 18 years? If it's just for countertops would rather do something else. How can advisory group input speak to that?
Sarah C. – Many of them are 20 to 30-year old projects. Particularly early tax credit projects. Age of projects coming back is getting longer. Biggest reason for coming back is energy related.

DHCD initiatives

Ann – VCDP staff discussed four program changes. DHCD interested in advisory group thoughts.

1. Increase the Public Facilities maximum grant amount from $300,000 to $500,000;

Public facilities include projects like community centers and day care centers, as well as infrastructure (water, sewer) and other public facilities, that benefit low and moderate-income households. DHCD previously increased the maximum CDBG grant to $1 million but did not change the Public Facilities cap at the time.

Sarah C. – Probably need to raise the cap but is concerned how to prioritize; i.e. community center but we know there is a shortage of day care centers. Can DHCD prioritize by need?
Erhard – Could DHCD prioritize if there's a higher low-mod benefit? Suggested requiring a public service benefit as well.
Peter – Supports change, Vermont spends a lot on housing. A good project would score well.

2. Scattered-site rehab/Homeownership Centers set aside out of our annual allocation, amount to be determined, along with performance criteria;

The scattered-site single family rehab loan programs have been regularly funded for many years. Creating a set-aside would make this funding more predictable, streamline the application process, and create more consistency among the centers.

Rob – Five homeownership centers apply for VCDP every few years. Only source for low-mod households to rehab their homes. Large amount of work to apply for funds. If had a set aside could be more time to put into using the funds rather than applying for them.
Ann – Clarified that a municipality still needs to apply. No decision made. May not achieve this year but DHCD wants to have discussion.
Sarah C. – Board perspective is doing one-off applications difficult as every homeownership center does things differently. Has been a long standing high priority. Set aside makes sense but not a precedent for other programs.
Erhard – Asked if there would be language in the plan to discuss exploring a set aside?
Ann – Yes, DHCD hopes to include in the plan if he idea comes together.

3. Formalize use of Unrestricted Revenue received by the Nonprofit Community Development Organizations (NCDO's) to serve between 80% and 120% area median income – HOC's want to test the market demand; however, this meets one of the Governor's initiatives;

"Unrestricted revenue" means scattered site loan repayments that are retained by the homeownership centers and recycled in second-generation loans to eligible borrowers. Although the centers are allowed to use these funds for households with incomes above 80%, the practice has been to keep with the original CDBG eligibility (low-mod income; below 80%). The homeownership centers are aware of some applicants above 80% who are otherwise unable to get financing. VCDP is supportive of this as it meets one of Governor Scott's initiatives to serve middle income households.

Angus – Asked if DHCD means "up to 120%" or is proposal to use unrestricted income just for 80% to 120% households.

Erhard – Had same question as Angus. Concerned about the trend of using scarce resources to benefit households that are higher income and may have other options (i.e. “bankable”). Does not want to burden the homeownership centers but if DHCD proceeds, there should be regional or local market analysis showing the need.
Ann – DHCD will clarify it means “up to” 120%. One way to answer Erhard’s concern is requiring household to show they were turned down by a bank.
Rob – Homeownership centers met last week. Are aware of handful of households that weren’t bankable in the 80% - 120% range. Most households in that income level are getting financing. They don’t want to take away opportunities for lower income households.
Sarah C. – Commented that we are encouraging homeownership centers to do small multi-family rentals, and this may help allow that.
Rob – Homeownership centers are not sure if there will be market but want to test whether there is a market for it.

4. Reduce the number of CD Board meetings from 4 to 3, most likely eliminating the February Board meeting, and still have the scattered-sites come to one Board meeting

VCDP has found that only three board meetings are no longer needed in most years and has frequently cancelled one meeting a year. This change would eliminate the extra work of scheduling, then canceling a meeting. In the future if more meetings are again necessary, the number can be increased. VCDP is proposing to cancel the normally scheduled February meeting, and hold meetings only in October, April, and June.

Richard – Asked how the meeting schedule coordinates with other funding agencies. Ann answered that it doesn’t seem to be a problem.
Sarah C. – VHFA is trying to coordinate better. It’s good to have one close to the tax credit meeting but it can be before or after. Tax credit meeting is in April.
Angus – Commented that it seems to make sense especially as DR funding is winding down. Only exception would be if we have another disaster.

Advisory Group Input

Cindy – Thinks increasing the public facilities grant makes sense but important to have low-mod community benefit.

Rachel – Agreed with Cindy. To extend that a project includes both public facility project and a housing component.

Erhard – Reinforce earlier comments about preservation. Preservation doesn’t appear in 2017 Action Plan in very many places, mostly in the HOME section. It would be helpful to look at where it can be added. “The cheapest unit to create is the one you preserve.”

Angus – Excited about the results of the WWVT pilot project. Have taken funding to make improvements in the downtown. Low cost. How can we take this to other parts of the state?
Erhard – Agreed with Angus.

Ann – Pilot project has been successful. DHCD proposal that HOC use 10% of homeownership funds for rental rehab builds on this. Recognize each organization / area is different. NWWVT is able to act as bank for landlords, one stop shopping. Not sure all agencies have that ability.
Rob – is there a grant component? (Ann, 1/3 grants, 2/3 loans.)
Ann - Reduced grant from $8,5000 to $7,000 and already have pipeline. Rents are based on HUD affordability. Loans are amortizing with a 5-year balloon.
Rob –All five groups are going experiment in different ways and compare notes.
Erhard – Might want to look at VSHA payment standards. Have database of market rents. 90 – 110% of FMR. Asked how grant works?
Sarah / Ann – forgivable after five years.

Ron – Lead program has ability to roll over grants to new homeowner.

Richard – Asked what percent community can keep from loan repayments?
Ann – Typically 50% of repayments come back to DHCD (Program Income). Microbusiness are exempt, large housing loans under tax credits program are long-term deferred. Unrestricted revenue is up to $35,000 per year of program income.
Sarah C. – Take another look at requiring a higher repayment from economic development grants.
Ann, hasn't been one for a long time. Last one SB electronics. If RLF inactive have process to reallocation to another entity.

Schedule

Arthur – Draft plan needs to be published for public comment by March 18. He's planning to finish by March 9 because of vacation plans. Public hearing to get comments is in Randolph (Gifford) 5 PM on April 2. Written comments due 30 days after hearing.

Meeting adjourned at 2:30.