

*** Draft ***
HUD Consolidated Plan Citizen Advisory Group
January 30, 2017

Present: Patricia Tedesco, Carol Lighthall, Rachel Batterson, Jennifer Hollar, James Stewart, Willa Davidian, Cassie Polhemus, Emily Higgins. **By phone:** Erhard Mahnke, Curt Carter, Sarah Carpenter, Bob Flint

Staff: Ann Kroll, Claire Forbes, Josh Hanford, Arthur Hamlin

Welcome and introductions

Josh Hanford, Deputy Commissioner of DHCD, welcomed members of the Advisory Group and thanked them for their time coming to the meeting to help in development of the Action Plan. Josh stated the agenda is to generally set out the process, get input and provide the schedule for the year. Josh noted that there is a public hearing following the meeting.

Everyone present and on the phone then introduced themselves. New members of the Advisory Group were welcomed: Carol Lighthall from Community Capital of Vermont, Jamie Stewart from Central Vermont Economic Development Corporation, and Cassie Polhemus from the Vermont Economic Development Authority. Josh thanked Carol, Jamie, and Cassie for participating noting the importance of having representation from a variety of sectors and interest groups.

Purpose and advisory group role

Arthur explained that the Advisory Group is part of the State's approved Citizen Participation Plan which was adopted in 2005 and describes how the State will include the public in developing the Consolidated Plan. The Advisory Group ensures input and comments from various sectors, and also shares and distributes information about the Plan to their constituents and customers.

Josh added that this is the third-year of the current 5-year planning cycle. The 5-year plan involves a more comprehensive input process such as regional community meetings and lays the framework for how the State intends to use the funds. Each year, the State does an update to look at whether any priorities need to be changed, and may include program changes as well. This can be minor, such as the size of grants, or major, such as changes to priorities.

Plan overview

Josh described how the Plan is submitted to HUD online and talked about some of the different areas covered by the plan such as housing, economic development, and fair housing. The four major funding programs covered by the Plan are the Community Development Block Grants, HOME funding, the National Housing Trust Fund, which is another source for rental housing for very-low income households, and the Emergency Solutions Grants to assist people who are homeless and reduce homelessness.

The four main goals of the State are 1) to increase the supply and quality of affordable housing, 2) decrease the number of people experiencing homelessness, 3) create and retain jobs, 4) strengthen communities and improve the quality of life for Vermonters. The Plan includes an estimated allocation of funds to each goal, but the State isn't locked into those. Ann Kroll commented that the State's CAPER (Consolidated Annual Performance Evaluation Report) is drawn off the projects that we fund and HUD is comparing those numbers to the estimates we put in the Consolidated Plan, and asking questions if they don't match. It is important to have an open and inclusive process when developing the goals.

Josh explained that the Plan is also the State's application for the funds the state receives from HUD, and tells HUD what we think the State will do with those funds. The CAPER is the report of what we actually did. Unfortunately, projects we report this year might have been funded three or four years ago so we need to be able to explain why the numbers don't always match.

Review annual goals and objectives

Arthur reviewed the annual goals from the 2016 Action Plan under each of the four main goals. The State's overarching goals have been affordable housing and job creation, and specifically housing for extremely low income households. The activities that come under Strengthen Communities include public services and public facilities, and brownfields. In response to a question, Arthur explained that the plan covers \$13 million of funds, but only \$10 million is from HUD programs. The other \$3 million is from the National Housing Trust Fund which is administered by FHA but included in the Plan per HUD requirements.

Part of the Advisory Group's role is thinking about whether the outcome goals should be changed for next year, e.g., do we need to do more housing units? Ann cautioned that we need to be realistic with the numbers unless we know we have projects that are going to close out.

The specific strategies for each of the four goals are listed in the 5-year plan. It may be more difficult to change these during the annual updates or create an entire new goal without doing an amendment. Josh commented that the Advisory Group can provide input on the funding amounts allocated to the four main goals or the outcome are correct based on what they see in the community.

Emily added that the Emergency Solutions Grant in the Plan only makes up about 10% of the State's total funding for homeless services. The rest is from multiple State sources. But the goals in the Plan are based on the total funding of about \$6 million.

Arthur also added that Burlington receives its own CDBG and HOME funds. Rachel clarified that's just the City of Burlington, not all of Chittenden County.

Rachel asked how the funding works over the 5-year period. Arthur explained that the draft Plan will be based on estimates, but we won't know the actual allocations until April. The HOME funds are usually a small-state minimum of about \$3 million. Last year was the first year of the NHTF. This was a small-state minimum but we don't know what may happen in the

future. Willa added that changing the HOME minimum would require a statutory change. Jen explained that the NHTF comes from receipts from Fannie Mae and Freddie Mac and that the head of the Federal Housing Administration decides how much to transfer. If they transfer less than what HUD budgeted, HUD would have to reduce the small state minimum. She added that Mel Watt is currently the head of the FHS and he's said he intends to fund the NHTF. His term runs through 2018 so it seems likely there will be one more year of NHTF, but what happens after that is unknown. Another factor to keep in mind is that 70% of the formula (CDBG and HOME) funds are allocated to entitlement communities like Burlington and this drives the program. State funding fluctuates.

Ann said we should be talking about Governor Scott's proposal to issue revenue bonds for \$35 million for housing projects through VHCB. Jen described the Governor's proposal. We won't know if it gets approved until the end of the Legislative session. Jen thinks the purposes and goals outlined by the Governor align well with the Consolidated Plan. A difference is that at least one quarter would be targeted to incomes below 50%, and one quarter to incomes between 80 – 120% which goes a little above the income limits for CDBG and HOME.

Jen said we should include placeholder language in the Plan. Even if the Legislature approves the plan they may make adjustments. There will also be issues of timing of when the bond is issued. VHCB is having conversations with VHFA and the Treasurer's office about which entity should issue the bond to maximum the yield and any restrictions or tax issues. Willa clarified that the \$35 million is over three years. Emily asked when the earliest date funding might be available. Jen said she thought this fall.

Another of Governor Scott's proposal that might impact the Plan is the proposed merger of the Department of Labor with the Agency of Commerce. The Plan has sections that touch on workforce training and economic development. The underserved needs section may be the place to put this.

Advisory Group Input

Erhard said it would be good to incorporate some of the information from the road map to end homelessness into the Plan.

Erhard asked if there were any changes to priorities being proposed by the new administration. Josh said he is not aware of any changes, but agreed that the road map is one of many reports and documents that can be used to inform the Plan.

Jamie asked if the Advisory Group could receive information on where we are meeting the goals from the 2016 Plan before we talk about setting or changing the goals. It would be good to know how the dollars have been allocated this year. DHCD agreed to send information on the state's performance for the year to date before the next meeting.

Carol asked if information is available on what the allocation of funds has looked like over the past four or five years. Josh answered that DHCD does keep track and reports the information to HUD. The percentages in the 2016 plan were based on the past four to five years. About 65% of CDBG funds have been to housing, about 25% to job creation, and about 12% to community infrastructure, public service and public facilities. Recently there has been more interest in economic development.

Rachel asked if along with that DHCD kept track of where the projects are located. Josh answered that DHCD does keep track, but that the State doesn't target funds to any particular geographic area or community. Ann added that DHCD has mapped the grants for its environmental review. Sarah added that communities don't apply every year so it's good to look at a 3 to 5-year period.

Cassie commented that when an employee wants to promote an employee who is on any kind of assistance, if they can't make enough money to make up difference they don't want the promotion. There are resources for loans and advice, but there's a gap in the supply of equity. Carol agreed, sharing that they loaned \$1.5 million last year to 61 businesses at average of \$25,000 each last year. Most are un-bankable, small mom and pops.

Patricia said VCIL's goal is to make every place accessible. They think about people who may not have a disability today might get injured tomorrow, or someone who is functioning now but may get worse over time. Funding is difficult for renters. Homeowners have resources like USDA and homeownership centers. Mobile home owners in parks are in the same situation.

Rachel agreed and stated that any house built since 1991 should be fair housing accessible. Legal aid does design and construction testing, but has not tested any VHCB housing. They find noncompliance in private rental housing all the time, though most are not major problems. Unless the apartment is subsidized the tenant has to pay.

Legal Aid is also looking at the distribution of housing. A large percentage of Vermont's affordable housing is restricted to elders; over 80% of low income elders housing needs are met vs. 18% for unrestricted housing. Most of the unrestricted affordable housing is located in so-called urban centers. Almost all of the more rural housing is restricted. More unrestricted housing is needed and all housing should be accessible. Legal Aid also want to increase public transportation and infrastructure.

Jen commented that the road map to end homelessness has a section on barriers to affordable housing, and suggested this should be cross referenced to the barriers to affordable housing section in the Consolidated Plan. The Act 157 report also has a section on barriers to housing, and so does the Analysis of Impediments to Fair Housing.

Rachel commented that there is a huge correlation between people being discriminated against in housing and people who need affordable housing.

Sarah added that the draft 2018 QAP has increased some of the priorities including universal design and accessibility, and gives a modest priority for communities that don't have affordable housing projects. Most of the tax credit projects also receive CDBG funds so DHCD may want to cross reference with them.

Patricia said they've had experience with people having DIY ramps that are not up to code. The purpose for the standard is so people can use the ramp themselves without someone needing to push them. Josh added that CDBG gets a lot of applications for accessibility modifications for historic town owned buildings. It requires a professional designer and cost a lot of money to get through the designs and permitting.

Jamie said first and foremost is workforce training; there aren't people with the skills that businesses need mainly due to baby boomers aging out. Another need is greater opportunity for entry level jobs. The majority of unemployed people have socioeconomic barriers to employment. The most common complaint he hears from businesses are people not passing the drug test or not coming to work.

Bob agreed, and said another issue is that the cost of construction and the appraised value are not the same. A good appraisal only gets within 25% to 30% of the cost and banks will only finance a portion of the cost and depending where it's located, square foot rental rates don't match. DHCD concurred and added that it seems to be an issue across all sectors.

Josh suggested that one way to address several of the needs mentioned could be pilot project putting together a home builder with a nonprofit that trains workers and other agencies to fix up rental housing in neighborhoods that have a housing shortage.

Cassie commented that whenever federal or state money is involved there are regulatory hurdles to overcome such as cost of permits, bureaucracy, and overlapping or competing standards, that can make a project not feasible. Josh wondered if some rules or regulations that need to be changed to alleviate the regulatory barriers. Jamie said the bureaucracy involved in economic development projects takes too long and often are redundant. For example, a project qualifies for New Market Tax Credit it should already meet all of the CDBG requirements.

Rachel commented that the lack of regulation, in particular enforcement of the rental housing health code means landlords have no incentives to fix up their properties, which also puts pressure on the Section 8 program.

Meeting adjourned at 2:30.