

Fiscal Year 2020
Burlington Housing Trust Fund (HTF) Administrative Committee (HTFAC)
Meeting Minutes

Approved

Meeting Date/Time: December 19, 2019 at 10:00 a.m.

Meeting Location: Burlington City Hall, 149 Church Street, First Floor, Conference Room 12, Burlington, Vermont

Present: City Councilor Brian Pine
Mayor's Office Communications and Projects Coordinator Olivia LaVecchia
Community & Economic Development Office (CEDO) Director Luke McGowan
CEDO Acting Assistant Director for Administration and Finance Todd Rawlings

Absent: None

Also Present: Chris Donnelly (Champlain Housing Trust (CHT))
Amy Demetrowitz (CHT)
Cindy Reid (Cathedral Square Corporation (CSC))
Miranda Lescaze (CSC)
Kirby Dunn (HomeShare Vermont)
Catherine Stevens (Green Mountain Habitat for Humanity (GMHFH))
Martha Hull (Thelma Maple Coop (TMC))

Meeting called to order: by Director McGowan at 10:03 a.m.

Agenda: Motion made by Councilor Pine to accept the Agenda as drafted, seconded by Coordinator LaVecchia. Motion passed unanimously.

Old Business:

- a. **Minutes:** Motion made by Councilor Pine to accept draft minutes for the meeting dated May 13, 2019, seconded by Coordinator LaVecchia. Motion passed unanimously.

Public Forum: No members of the public wished to speak.

New Business:

- a. **Review/Discuss FY20 Grant Proposals**

Discussion:

Capacity Grant Applications

Councilor Pine said that historically the HTF has been used to provide ongoing support for the creation and preservation of affordable housing. He continued that “capacity” is a euphemism for salaries and that capacity grants are how these organizations keep the lights on. He added that service organizations need support and that we need to reexamine the historical capacity grant limit of \$7,500 for organizations like COTS and HomeShare Vermont. Councilor Pine said that CHT is a merger of three affordable housing non-profits, is larger than other non-profits doing this work, and therefore has larger capacity needs. Director McGowan asked whether Housing Trust Funds should be used for the Continuum of Care activities. Chris Donnelly said that there is no other available funding to pay for the activities that the Trust Fund supports. Director McGowan asked what happens to these organizations if they can’t rely on Trust Fund resources. Chris Donnelly said that CHT would have to look at the impact to their organization if that occurred. Cindy Reid said that CSC does not intend to compete with CHT for HTF resources, but wants to focus on growing the pie.

Motion made by Councilor Pine to approve the Committee on Temporary Shelter (COTS)/Housing Resource Center capacity application for \$7,500.00, and the Committee on Temporary Shelter (COTS)/Waystation capacity application for \$7,500.00, the HomeShare Vermont capacity application for \$7,500.00, the Champlain Housing Trust capacity application for \$50,000.00, and the Cathedral Square Corporation capacity application for \$24,076.00. Motion seconded by Coordinator LaVecchia. Motion passed unanimously.

Project Grant Applications

Director McGowan said he would like to discuss the best use of HTF project funds. He added that the HTF is intended to provide leverage for the creation and preservation of affordable housing, not for maintenance activities. Councilor Pine said that using the HTF for maintenance is a tough fit and he is concerned that operating budgets for these projects are too tight. He said that this was not the intent of the HTF. Director McGowan asked whether this year was different. Acting Assistant Director Rawlings said that it was and that in recent years the majority of HTF awards have been for new units. Coordinator LaVecchia shared Councilor Pine’s concern. She added that the question of whether to prioritize HTF for new units vs. maintenance is a policy question. Coordinator LaVecchia continued that the HTF awards may be small relative to the overall project cost, but they are valuable because the Trust Funds come into the project early and leverage other funds. She said that we should think about how we fund maintenance because the HTF is scarce and the HTF cannot fund all maintenance needs. Director McGowan asked whether this was a fairness question and asked whether some non-profits are underwriting their projects so they do not need to ask for funds for maintenance. Amy Demetrowitz said that at some point all affordable housing projects need to be refinanced to take care of capital needs. She added that CHT does this all the time. She continued that CHT is always looking for new capital for their projects and that some projects just need a small amount of funding until the larger refinance occurs. She added that regarding new construction, Cambrian Rise was a great opportunity but not a typical HTF project and that over the years it has been common for the HTF to be used for rehabilitation and preservation. Chris Donnelly said that in the marketplace when a refinance occurs, then the owner raises the rent, but CHT does not raise the rent when it refinances.

- **Champlain Housing Trust/Thelma Maple Housing Cooperative:** Amy Demetrowitz said CHT is not going to the HTF for the Chickenbone project because the project involves resyndicating tax credits and no new sources are needed for that project, but resyndicating the tax credits for the TMC does not make sense at this time. Martha Hull said that they raise their own rents at the TMC. She added that she is glad that CHT helps manage their property. She said that every penny counts for the residents, that they need new roofs, the decks are starting to rot, and the property has a lot of deferred maintenance. Amy Demetrowitz said that CHT is requesting funds, but the TMC is contributing to the project through reserve funds and raising rents. Coordinator LaVecchia said that resyndicating the tax credits makes sense for the Chickenbone project because of its size. Amy Demetrowitz said that the Chickenbone project will have 60 units by combining 3 projects and that by consolidating they can realize efficiencies. She added that the project will receive non-competitive 4% tax credits. She continued that approval of the TMC HTF request will help them get their finances in order and with the Chickenbone project CHT will be bringing in \$2 million in new funding and doing all of the work at once. Councilor Pine asked if the TMC was owned by a limited partnership. Amy Demetrowitz said yes but CHT is effectively both partners. Councilor Pine asked what the income mix was at the TMC and whether many units had Section 8 subsidy. Martha Hull said that a handful of units had Section 8. Councilor Pine asked whether it was tenant based Section 8. Amy Demetrowitz said yes and that the TMC provided a force for good and stability in the neighborhood.
- **Cathedral Square Corporation/Ruggles House Capital Needs:** Miranda Lascaze said that the Ruggles House operates independently, but it operates on a thin margin and has high maintenance needs because it is an historic building. She added that CSC will do a 4% tax credit resyndication in 6-10 years. She continued that the property is small with only 15 units and will also need City HOME funds for this rehabilitation. Cindy Reid said that CSC properties are subject to REAC inspections and CSC must keep these properties in very good condition.
- **Cathedral Square Corporation/McAuley Square Playground & Garden:** Cindy Reid said that CSC had to refinance McAuley Square but they cannot refinance for another 10 years and they want to go beyond the minimum. Councilor Pine said that this project would be a good candidate for private fundraising. Cindy Reid said that McAuley will use some of its endowment for the playground project. Councilor Pine said that he is struggling with this project and that it seems far afield for the HTF. Cindy Reid said that the project will improve resident wellness and that the swing and paths will be ADA compliant.
- **Green Mountain Habitat for Humanity/225 Elmwood Avenue:** Coordinator LaVecchia said that she may have made an error in her scoring for this project and she thinks that this is a great project. Catherine Stevens said that the family who purchases this home will have a \$100,000 mortgage and \$900-\$1,000 in monthly housing costs. She continued that GMHFH is the biggest Habitat affiliate in Vermont and that they are grateful for the HTF because they want to build more in Burlington, but land costs are so high. She added that the annual heating costs for this home will be \$200 per year. Councilor Pine asked how Habitat found the site. Catherine Stevens said that Dave Mullin is tenacious, works with realtors, and beats the bushes for projects. Amy Demetrowitz said that the only way CHT can do homeownership is with Habitat because building costs are so high. Director McGowan said that this project is the only new unit in this round of funding.

- **Champlain Housing Trust/27 Bright Street:** Amy Demetrowitz said that CHT bought this house so they could develop the Bright Street Cooperative project. She said it was a duplex and that while it is currently a rental, CHT's intention was always to sell the home as a single family home. The current residents have a Section 8 voucher which they use for homeownership assistance. Amy Demetrowitz continued that the property needs work and they plan to keep the mortgage at \$160,000. She said that the Vermont Community Development Program requires that CHT sells the property.

Ethan Allen Residence/Accessible Bathroom & Committee on Temporary Shelter (COTS)/The Wilson: Coordinator LaVecchia said that the Ethan Allen Residence and The Wilson projects improve quality, but may go beyond the scope of the HTF. Councilor Pine said that the HTFAC should have a discussion about using the HTF to fund capital improvements vs. maintenance. The HTFAC agreed that action on the Ethan Allen Residence and The Wilson projects applications should be discussed at a different meeting of the HTFAC in January. Councilor Pine recommended that a motion be made to reflect the above.

Kirby Dunn said that there is a long history of SROs (Single Room Occupancy units) being an important kind of housing in Burlington.

b. Approve/Deny/Request Additional Information for FY20 Grant Proposals

Discussion: [see above]

Motion made by Director McGowan to approve the Green Mountain Habitat for Humanity/225 Elmwood Avenue project for \$25,000.00, the Champlain Housing Trust/27 Bright Street project for \$50,000.00, the Champlain Housing Trust/Thelma Maple Housing Cooperative project for \$75,000.00, the Cathedral Square Corporation/Ruggles House Capital Needs project for \$50,000.00, the Cathedral Square Corporation/McAuley Square Playground & Garden project for \$20,000.00 and defer action on the Ethan Allen Residence/Accessible Bathroom application for \$26,000.00 and the Committee on Temporary Shelter (COTS)/The Wilson application for \$30,000.00. Motion seconded by Coordinator LaVecchia. Motion passed unanimously.

Upcoming meetings:

Discussion: Director McGowan asked if the HTFAC scoring is in line with the City's mission, and if not, then we need to match the scoring to the mission. The HTFAC agreed that another meeting should be scheduled for January to discuss HTF allocation policy and make decisions on the remaining two applications received.

Adjournment: Motion made by Councilor Pine to adjourn the meeting, seconded by Coordinator LaVecchia. Motion passed unanimously. The meeting was adjourned at 11:07 a.m.

Respectfully Submitted By:
Todd Rawlings
Housing Trust Fund Staff