

Fiscal Year 2023
Burlington Housing Trust Fund (HTF) Administrative Committee (HTFAC)
Meeting Minutes

Meeting Date/Time: September 29, 2022 at 9:30 a.m.

Meeting Location: City Hall, 149 Church Street, Champlain Room and virtually Via Zoom

Present:

- City Councilor Zoraya Hightower
- Mayor's Office Administrative Coordinator Erin Stoetzner
- Community & Economic Development Office (CEDO) Director Pine
- CEDO Assistant Director, Grants & Finance Todd Rawlings
- CEDO Housing Program Specialist II Harrison Martin-O'Brien

Absent: None

Also Present:

- Chris Donnelly (Champlain Housing Trust (CHT))
- Amy Demetrowitz (CHT)
- Cindy Reid (Cathedral Square Corporation (CSC))
- John Longfellow (Committee on Temporary Shelter (COTS))
- Julie Curtin (CHT)
- Alison Johnson (Green Mountain Habitat for Humanity)

Meeting called to order: by Director Pine at 9:30 a.m.

1. Agenda: Motion made by Director Pine to accept the Agenda as drafted, seconded by Councilor Hightower. Motion passed unanimously.

2. Old Business:

- a. **Minutes:** Motion made by Director Pine to accept draft minutes for the meeting October 15, 2021. Seconded by Administrative Coordinator Stoetzner. Motion passed unanimously.

3. Public Forum:

Cindy Reid: Is this an opportunity to talk about new priorities for funding?

Director Pine: We can discuss those questions during new business.

Councilor Hightower: I will have to leave the meeting for 15 minutes between 10:00 a.m. and 10:15 a.m.

4. New Business:
a. Proposed funding allocation process change

Discussion:

Assistant Director Rawlings: During 2016 and 2017, CEDO and the HTFAC examined the HTF allocation process to ensure that all of the requirements of the resolutions and other documents were being met, and to make sure that we were connecting our funding decisions to match city priorities. The plan was to make create a scoring rubric, the HTFAC would use the rubric to score applications and discuss those scores, and the HTFAC would make funding decisions as a committee. We found was that over the years a) this scoring was a significant time burden on committee members, and b) when we looked at whether or not this rubric was aligned with funding decisions, we found that the results were mixed. With both of those concerns in mind, we propose two things. The first recommendation is to have CEDO staff review and score applications, then make recommendations to the HTFAC for the committee to either use or not in terms of their decisions. We heard that the committee would like to have some discretion and that the scoring should not lock them into funding decisions. The second recommendation is to make minor changes to the rubric. One concern that we heard from the HTFAC during the last few years was to make sure that the HTF was being used to create permanent affordable units. Some applications over the years were more about the preservation of affordable units and various versions of the HTFAC thought that this was not the highest and best use of the HTF, although it was a good use. This second proposal involves heavily weighting the creation of new permanently affordable units in the rubric to score project and capacity grant applications.

Director Pine: We should distinguish between preservation and maintenance. If we're going to re-syndicate that should be considered preservation. In the ordinance that is as high a priority as creation of affordable units. Thoughts on that?

Councilor Hightower: In support of both of the changes proposed. One of the reasons that outputs don't match funding comes down to the rubric. There are too many categories and the point scale is not very good. I can make some suggestions on this. For instance, make all factors use a three point scale and we can talk what that means. Preservation could use the same scale. Some of the factors need to be collapsed into fewer factors. Some of the factors would take more research if not being scored by staff. Would the preservation piece be another change? We're introducing a lot of variability where there wasn't before. For example, is financial need a good thing or a bad thing? How is that scored? There is overlap in the factors and some are already sort of implied in the other categories. I'd advocate for us to simplify the rubric.

Director Pine: That's helpful feedback. We might take you up on that, if you could mark up the rubric we'd be happy to look at those.

Councilor Hightower: With an economics background and consulting work, I have high standards on how these things can work. Would be happy to provide a marked up rubric.

Director Pine: It's really great to have your feedback and learn from your perspective.

Director Pine: Other thoughts or comments?

Cindy Reid: The HTF is an incredible resource. Sometimes we need a little help to get re-syndication over the finish line. For example, Ruggles was really helped by this funding. Glad we're not closing the door on capital improvements/maintenance. We always try serve lower incomes and this helps us achieve that.

Director Pine: There are challenges for affordable housing operating budgets and sometimes they absolutely need funding for things that we would consider maintenance. Glad that we can still do that and glad that we can include mixed income in our projects. This is sometimes challenged by our funding sources. Going between 60% Area Median Income (AMI) and 80% AMI can be hard to do.

Amy Demetrowitz: Thanks for the opportunity to comment. We also agree that while we always strive to use the HTF for creating new units, it's also great to have the flexibility to use HTF for maintenance. Thelma Maple HTF grant allowed us to not have to take that project through a re-syndication. The funding we were able to get from the HTF allowed us to put the property on a stable footing for the next 10-15 years. It was really important to have that resource available and HTF is the only source that has this flexibility. The HTF also gives us the opportunity to change some single family housing into homeownership. It is not creating new housing, but is creating new affordable homeownership units. We've also seen some times when we have a shared-equity property that we have to buy back from the owner and need money for rehab before we can resell.

Director Pine: Thanks. A reminder that in this new era of the HTF where we have doubled our annual allocation, this is a sea change for a little trust fund like ours. We want to make sure that those dollars are put to use for those whom the market is not working and also to leverage other funding sources for new projects and new developments.

Councilor Hightower: The short term rental payments will also be going to the HTF, correct?

Director Pine: Yes, this is a new revenue source. The HTF was created in order to meet local needs, but with few bureaucratic strings.

Councilor Hightower: Amy, I think to your point, as soon as that money hits from the short term rentals, we should try and prioritize those funds to convert rentals into homeowner units.

Amy Demetrowitz: We've had a few opportunities and we've been able to do five or six over the last few years.

Director Pine: How many are out there?

Amy Demetrowitz: We have one in the pipeline right now, and then we have some units that are already in the homeownership portfolio where the owners haven't been able to maintain, so we need the funding for rehab before we can resell.

Director Pine: Yeah we know of one. Michael Monte knows. Thanks Amy.

John Longworth: Echo the need for flexibility. Sometimes the leverage is more like giving a mouse a cookie and things happen like dominos. The thing is to demonstrate doing that well and that has been instrumental in getting our family units off the ground. Don't always think about the one domino, try and be conscious of the proper maintenance of one project might be more important than trying to get a new project off the ground in order to prove that we are viable. The flexibility around maintenance is really phenomenal. The ability to get in and tear out kitchens, laundry facilities is a massive upgrade to the standard of living. We have to make sure that we don't have an unconscious bias that quality of life shouldn't be available to low income people.

b. Discussion of \$7,500 capacity services grant funding limit

Discussion: Director Pine: Seeing no other comments, moving to the agenda item around increasing capacity. In years past the HTF has grappled with how to best meet the challenge of allocating its capacity funds. For organizations providing more of a service approach, that amount was set at \$7,500 per grant per year. Here we are proposing that amount increase to \$10,000. Anything else on that, Todd?

Assistant Director Rawlings: HomeShare provided a communication to Brian for strong support on this item, due to increased staff costs and increased demand.

Cindy Reid: Think this is a wonderful idea. I was going to speak for Kirby. HomeShare is an incredible program.

John Longworth: A great way to sum up where we are at. Our financial services social worker had 59 voicemails in one evening. That's a whole new level of volume that we haven't seen in a long time.

Director Pine: There's daunting level of need. A reminder that this resource is critical.

Chris Donnelly: Total pot available will still be at 35% of funds?

Director Pine: 35% will still be the cap, but we are not sure it will be met. We believe that the cost and need of development is so much higher, we may not meet that 35% max.

Assistant Director Rawlings: Are we moving to Agenda item 4c?

c. Discussion of upper limit to total annual capacity allocation

Discussion:

Chris Donnelly: Would recommend that we wait until applications come in before we decide that we might not meet the 35%.

Assistant Director Rawlings: To be clear about the 35%, not sure whether it's in the CDNR guidance or in City Council resolutions, but it says that we have to put at least 50% in projects and we cannot exceed 15% for administration. Admin funds are also used for Inclusionary Zoning ordinance compliance, which has become more time consuming as we've increase our monitoring efforts. The 35% is just what's left after those.

Director Pine: Can you all share with us projects that you are thinking of bringing in? CHT did not get an allocation for VFW project or for the project on Archibald? It would be helpful if we knew what your needs/thoughts are.

Chris Donnelly: Certainly VFW and the CityPlace project, too. Also want to mention about the capacity funding that we used to receive CDBG funds for our capacity and this as shifted over the past few years. This is \$100,000 plus loss of revenue in our budget, so something that we are keeping in mind.

Julie Curtin: Habitat has four units under construction – a duplex on Manhattan drive, and one on Temple Street. Both duplexes in production and underway and we'll be working with Habitat to apply for those this year. Amy also mentioned Archibald and then one on Volz Street. This is one of those scenarios that neither seller nor buyer would be able to meet rehab needs. Lighthouse Commons also has some substantial needs, especially because it's a historical project. They are limited in what they can do because of the historical nature.

Director Pine: We didn't have any COTS requests in 2022. What do we think now?

John Longfellow: The Main Street Family Housing and Shelter. The shelter has historic needs on the façade. It would be great if we could do both at the same time-the new property and the historic work. Would be lovely if all of those items are completed at the same time.

Director Pine: Alison, was there more beyond what Julie noted?

Alison Johnson: Glad that those were mentioned. One is on Temple Street and one is on Manhattan Drive. One question, because I'm new, the lot on Manhattan Drive is an existing structure that we will have to tear down. We are hoping for a duplex, possibly a triplex, but would have to be a stack. We also have Temple which is land. Manhattan Drive, because it's an existing structure that has to be torn down, is there anything we should be aware of?

Director Pine: Would likely be more of a permitting question than a Housing Trust Fund issue.

Assistant Director Rawlings: Is your question more around whether or not that would constitute creation of new housing?

Alison Johnson: Yes, that would be what we are thinking about. Not currently an affordable unit and we would be building one.

Assistant Director Rawlings: Not currently an affordable unit, but would be permanently affordable at the end of the project.

Director Pine: For clarification, "re-syndication" is a term which relates to using the Low Income Housing Tax Credit program. "Re-syndication" means forming a new partnership, selling credits to new investors, and bringing money in to reinvest in the property. Any other business?

Assistant Director Rawlings: The most pressing issue is the FY23 HTF Request for Proposals (RFP). If there is a process change, applicants will need to know that before they apply. And so really the committee could choose to take action on the second item. The third item I think we would need Councilor Hightower's input on. The question is, does the committee want to wait to revise the rubric prior to issuing the RFP, does the committee want to use the existing system, or do you want to dispense with the system all together?

Director Pine: I think we can issue the RFP without decision. We leave it up to those in the field to tell us priorities. I'd like to revise the rubric. Councilor Hightower's ideas and feedback are really helpful and resonate with me.

Administrative Coordinator Stoetzner: Agree with Brian and Councilor Hightower, but it would depend on how much is changed in the rubric.

Assistant Director Rawlings: In that scenario, the RFP is issued with the existing rubric and the existing process. Is the hope that the process is changed prior to the allocation meeting?

Director Pine: I don't think that the rubric has to be included in the RFP. Or at least has not in the past.

Assistant Director Rawlings: Applicants would not necessarily know how they're being graded. Just so that I know, the process would be RFP, then a month from there would be a deadline for applications,

then there's some review time, but then how would the change in process affect the outcomes here?

Director Pine: Rubric is meant to be for staff and for the HTFAC, not as a policy guiding tool. We're not changing course on our priorities. It's more of a tool. I think we need to get going on the RFP and I'd rather do that than wait until we tune up our rubric.

Assistant Director Rawlings: Would add to that, that the proposal that was on the table included changes to the rubric. If we're leaving it as is then I don't think that there's any issue. The goal is to create clear connection between policy and process.

Administrative Coordinator Stoetzner: I agree with Todd. I can see how there is somewhat of a disconnect between the scoring process and the process being used to allocate funds.

Director Pine: It'd be helpful to hear from applicants, whether you think that the process we've been using works. We're fine tuning rather than changing.

Chris Donnelly: As long as we know what the priorities are and what the funding is supposed to accomplish, then we can describe what we are doing. Cindy nodding in agreement?

Cindy Reid: I would say that, but in a really quiet voice. I'd rather have the RFP out, then we can figure it from there.

Director Pine: Councilor Hightower, the thing we are trying to grapple with is whether or not we spend more time making changes and wait to issue to RFP, or whether we issue to RFP and then make administrative changes to the rubric in the ensuing months.

Councilor Hightower: I think that moving forward is a good idea. I'm fine with sending suggestions to CEDO staff and then taking or leaving those changes. We can post as an addendum if people would like to see. More a tweak than an overhaul.

Director Pine: I think we have clarity on that, that we can move forward and keep working on the rubric.

Assistant Director Rawlings: Ultimately the idea is that the revised rubric would be used to score and make decisions on funding. We'd be looking for a motion on this?

Motion made by Director Pine to authorize the RFP and the updating of the rubric by the committee, then to authorize the scoring of applications by staff using the revised rubric, moved by Administrative Coordinator Stoetzner, seconded by Councilor Hightower. Motion passed unanimously.

Assistant Director Rawlings: Councilor Hightower, do you want to weigh in on the 35% cap?

Director Pine: In the past we have had a cap on capacity grant awards, but we've decided on the above.

Councilor Hightower: Agreed, that sounds good.

Director Pine: We'll see what comes in and make a decision based on funds.

Assistant Director Rawlings: Could be in staff recommendations?

Director Pine: Agreed.

Assistant Director Rawlings: Harrison confirmed that we have no motion on the \$7,500 to \$10,000 change.

Motion made by Director Pine to increase the maximum cap of capacity grant awards from \$7,500 to \$10,000, seconded by Administrative Coordinator Stoetzner. Motion passed unanimously.

Director Pine: Approved and business completed. Thanks for joining us.

5. Adjournment

Discussion: None.

Adjournment: The meeting was adjourned at 10:35 a.m.

Respectfully Submitted By:
Harrison Martin-O'Brien
Housing Trust Fund Staff