

HOUSING FOUNDATION, INC.
REGULAR MEETING MINUTES
July 17, 2024

1. CALL TO ORDER & ESTABLISH QUORUM

The Regular meeting of the Board of Directors of The Housing Foundation, Inc. was held remotely via Zoom. The meeting was called to order at 9:00 am by Mary Houghton; and upon roll call, the following Directors answered present: Allison Bell, Vice-President; Kathleen Berk, Secretary; Cory Richardson, Treasurer; Jo Ann Troiano, and David Muzzy. Alex Farrell, President.

VSHA Executive Staff present: Susan Kuegel, Managing Director of Property and Asset Management; Ellen Danahy Liptak, Director of Human Resources and Administration; Kelly Pembroke, Chief Financial Officer; and Chris Trombley, Managing Director of Community Development.

Others Present: Robert Abbott, Office Services Coordinator; Carrie Lee, Director of Alliance Property Management; Stacey Andre and Michel Booth; Co-Chairs of the Mobile Home Unit Task Team (arrived at 9:28 a.m.)

Members of the Public Present: None.

A quorum was established with at least four members of the Board of Directors present at any time.

2. AGENDA REVIEW

There were no changes to the agenda.

3. APPROVAL OF MINUTES

Houghton asked for a motion to approve the minutes from the 22 May 2024 Regular Meeting. Richardson moved. Bell seconded the motion. Berk added that at the meeting on 22 May, Houghton motioned to approve the minutes from 27 March 2024 on the condition that the resolution was added for the approval of HFI to borrow up to \$761,031 from the Drinking Water State Revolving Loan Fund. Berk confirmed the resolution was added and the minutes have been finalized and posted.

➤ With no further discussion, the board voted unanimously to approve the minutes from the 22 May 2024 Regular Meeting.

Houghton then asked for a motion to approve the minutes of the 11 June 2024 Special Meeting.

➤ Trioano motioned to approve, and the motion was seconded by Bell. The motion passed unanimously without discussion.

4. SECRETARY'S REPORT

Berk indicated that Andre and Booth from the Mobile Home Unit Task Team will arrive at 9:30 a.m.

➤ Richardson moved, seconded by Muzzy, to accept the Secretary's Report. The motion was unanimously approved.

5. FINANCE

Pembroke presented the financials through the end of May 2024. She referred the Board to the Tenant Accounts Receivable line item on the balance sheet. She noted the dollar amount at approximately \$310,000, compared to \$159,000 at this time in 2023. Pembroke suggested that this is due to the rent increases, which are a nationwide issue.

Richardson referred to the collect rates chart in the Secretary's Report. He noticed how gradual the increases can be when data shows month over month. He said the increases would appear more dramatic if the data showed was year over year instead. Kuegel responded that she has that data but believes that a better comparison would be to 2019 before COVID-era programs assisted tenants with rental payments. Kuegel and Richardson agreed to work together offline on the data and hope to share it with the Board at the next meeting.

Pembroke continued to review the income statement with the Board, noting that HFI is overbudget on legal fees by approximately \$25,000. Insurance is also overbudget. Pembroke reminded the Board of the discussion at the last meeting of the rising insurance rates nationwide. Overall, the mobile home parks are performing above budget by roughly \$170,000, which Pembroke stated is a great position to be in.

Pembroke elaborated on the status of restricted and unrestricted apartments. Both are under budget for administrative fees, which is mostly due to employee turnover. Those vacancies are now filled, and she expects those numbers to come in line with her projections. Fuel is currently over budget by \$37,000 and Pembroke expects this number to increase going into 2025 with the new tax imposed.

➤ Richardson motioned to accept the financials and was seconded by Bell. The board voted unanimously to approve the financials.

Lee stepped in to provide financials of the properties that are managed by Alliance Property Management. Abenaki Acres is having problems with three heaters and boilers and the cost associated with those. Lee stated the reduced rents at Abenaki does not provide enough

income to cover the costs of sustaining the property. River Bend is operating well and she has no major financial concerns with that property.

Lee expanded on the issues at Abenaki Acres. She said there is a corroded septic line in the slab going through the kitchen of unit 1. This will require a plumber to jackhammer up the floor to fix the pipe and will be costly. Additionally, there is a tenant in that unit which will likely have to move for the repairs to take place.

- Troiano moved to accept the financial statements from Alliance and was seconded by Berk. The board voted unanimously to approve the financials covering Abenaki Acres and River Bend.

Lee left the meeting at 9:32 a.m.

6. COMMUNITY DEVELOPMENT

Berk introduced Andre and Booth to the Board and asked them to provide an overview of the initiative and implementation plan under discussion. Berk stated that HFI is the largest owner of mobile home parks in the state of Vermont and have a number of lot vacancies in their portfolio. Andre presented their initiatives to address a portion of the housing crisis in Vermont by focusing on expediting lot improvements and placement of quality mobile home units within existing mobile home parks statewide. They plan to streamline the process with emphasis on vacant lots. Booth added that their team incurs the cost of many of the lot rehabilitation projects so that the future homebuyer doesn't have to.

Kuegel provided the MHUT team with a list of vacant lots and clarified if the lot has been vacant for more than 4 years, a new wastewater permit would be needed. Andre is working with a member of her team to see if they can continue to work on lots that require certain types of permits. Currently their team is working with VHCB for funding, and VHCB has identified 16 units within the HFI portfolio to prioritize.

Andre identified the primary hurdles in her role to be related to the funding and the red tape, which are the items they are trying to work through to speed up the process from start to finish. Andre and Booth exited the meeting at 9:56 a.m.

Trombley informed the Board of actions the Operations Subcommittee have been taking to include creation of a watchlist and vacant lot report. The subcommittee then plans to create an action plan for the properties on those reports.

Trombley reminded the board of the HFI Strategic Plan that is near its expiration and will need renewed for 2025. He looks at the plan as the guidance necessary to direct both focus and funding to particular programs or properties. No action was taken today, but Berk stated the plan was on their radar.

Trombly refreshed the conversation about Abenaki Acres. Kuegel took over presenting strategies that have been discussed at the Operations Subcommittee. The first option is to request a rent comp study. The study will likely cost several thousand dollars and be good for a five-year period. All indicators already show what she believes the results will be - that the rents are below what they could be and allow for the rents to be increased. The other option is to opt out of the current contract and put in place project-based assistance. In that case, the Board would be accepting the payment standards that VSHA has in place. It will be a one-year process. There are some advantages that go with approving the second option. HFI could move the current contract to another property which would keep those 12 units as affordable housing within the state. Another advantage is that converting would remove the conflict of interest that currently exists and allow the Board to contract with VSHA as the property management agent for Abenaki Acres. Kuegel recommended to the Board to allow either Alliance or HFI to go to VHCB, the mortgage holder, and ask them for a one year deferral. The deferral will allow the property to use the mortgage payments to sustain operation until one of the other two options are in place.

Discussion followed. No action was necessary, but a general consensus led the Board to decide to go with the second option as a primary and the first option as the fallback plan.

Trombly then distributed the vacant lot list to the Board members, as well as the property watchlist. Properties on the watchlist could be there for several reasons. However, having a larger number of empty units could be a reason for concern.

Houghton informed the Board that before Trombly presents information on Deepwoods and the Winding Hill Bridge, she has a conflict of interest since she sits on the Tri-Park Board. Houghton stated she will abstain from voting or commenting but continued to chair the meeting. Trombly then explained that Deepwoods is next to Tri-Park and is accessed by going across a shared bridge. The Winding Hill Bridge needs substantial repairs. Trombly met with the property manager of Tri-Park and developed a cautionary agreement between the two parks which he presented to the Board. Kuegel reminded the Board, that with the bridge limited to the amount of weight that can be put on it, neither Deepwoods nor Tri-Park can fill any vacant lots.

- Muzzy motioned to approve the cost share proposal. Bell seconded. Berk, Richardson, and Troiano voted to approve the proposal, while Houghton abstained from voting.

Trombly reminded the Board of the upcoming expiration of the Memorandum of Understanding between HFI and VSHA in March 2025. He will continue to work with the Operations Subcommittee on any revisions and present the new MOU when it is ready.

Trombly updated the Board on the status of the current capital improvement projects. He mentioned the water and sewer improvements and the properties that did not receive any funding. Berk added that there would be upcoming needs assessments performed on other properties which will be added to the list.

7. PROPERTY & ASSET MANAGEMENT

Kuegel submitted all Rural Development budgets. As she expected, they have all asked for substantial rent increases. Taxes and insurance are the main factors driving up the costs.

Kuegel congratulated her team for their hard work leasing the last of the six FYI homes. She stated the last task is to get the transfer of ownership from VSHA to HFI.

Kuegel noted that on her budgeting, she has locked in the estimated fuel costs for all properties, and they are not as dramatic as she originally thought they would be. However, each of the fuel contracts has a stipulation giving the fuel company the ability to increase the cost if the new Vermont law goes into effect.

Richardson asked about flooding impacts on HFI properties. Kuegel responded that Hollister Hill and School Street were without water as Plainfield was hit hard. Those properties are still on a boil water notice. Morse Block was on a boil water notice, but that has since been lifted.

8. OTHER BUSINESS

The Board agreed there is no other business to discuss.

9. EXECUTIVE SESSION

The Board did not enter into Executive Session.

10. ADJOURN

- Troiano motioned to adjourn the meeting. The motion was seconded by Berk. The Board voted unanimously to adjourn the meeting at 10:29 a.m.

Respectfully submitted,

Kathleen Berk
Secretary

/rta