

HOUSING FOUNDATION, INC.
REGULAR MEETING MINUTES
May 22, 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 9:01 am by President Alex Farrell; and upon roll call, the following Directors answered present: Allison Bell, Vice-President; Kathleen Berk, Secretary; Cory Richardson, Treasurer; Mary Houghton; and David Muzzy. Absent: Jo Ann Troiano.

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 Trombly, Managing Director of Community Development.

Others Present: Robert Abbott, Office Services Coordinator.

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 the resolution proposed by Trombly at the 27 March 2024 Regular Meeting to be included in the minutes. The approval of this resolution allows HFI to borrow up to a sum of seven hundred sixty-one thousand, thirty-one dollars (\$761,031) from the Vermont Economic Development Authority – Drinking Water State Revolving Loan Fund.

➤ Houghton motioned to approve the minutes once the resolution is included. Muzzy seconded this. All present voted to approve the minutes with the correction except Richardson who abstained from voting due to not being present at the 27 March meeting.

4. SECRETARY'S REPORT

Trombly shared some highlights of the Secretary's Report. He announced that there is much

development work going on around the Healthy Homes initiative with regard to water infrastructure. He said that Tyler Maas has been engaged with engineers and technical experts for needs assessments. Trombly noted that cost will be the biggest factor for what work can be completed, but work is progressing on schedule.

Trombly also stated the transfer of management for Morse Block from HFI to Downstreet is on track and should take effect on 01 June 2024. He mentioned that Downstreet may still be interested in purchasing the property, but that he would present that after they have had some time to become familiar with the building.

➤ Richardson moved, seconded by Houghton, to accept the Secretary's Report. At this time, Muzzy exited the meeting due to technical difficulties and was not present for the vote. The remaining board members unanimously approved the Secretary's report.

5. FINANCE

Pembroke presented the financials through April 30, 2024, which is seven months for Mobile Home Parks and HFI properties, and only four months for the Limited Partnerships. Pembroke also provided the Board with the Partnership Letters from the 2023 audits. The letters show all audits received a clean opinion.

Pembroke stated that any issues HFI properties are having appear to be uniform throughout the portfolio. Vacancy loss is currently 20% under budget, which is approximately \$72,000. The overall vacancy rate has dropped across all HFI properties. The collection rate has remained steady at 92%. Utilities will be a concern in the next year, in particular heating fuel costs. Pembroke noted her concern over the Affordable Heat Act, which has potential to increase the cost of fuel by \$.70 per gallon. Insurance is another rising cost, both property and liability. She provided some statistics. From 2022 to 2023, 1 out of every 3 policies had over a 10% increase. And the insurance cost per affordable housing unit from 2020 to 2024 rose by over 40%. Statistics also show that insurance costs are trending 7% higher on rehab projects than on new builds. The third factor driving the housing budget for next year is property taxes. Kuegel added that Rural Development properties should be ok, however, HFI does not have the ability to budget-base the rents in HUD properties. This perfect storm of utilities, insurance, and taxes will make the FY25 budget difficult.

Trombly had the opportunity to serve on the Equity Board for the Clean Heat Standard. This working group was stood up to develop recommendations for how to implement the Affordable Heat Act. This act is meant to increase the cost of fossil fuels to incentivize the switch to a more environmentally friendly heating source. To do that, one plan includes issuing clean heat credits. Trombly foresees issues with mobile home tenants being able to make the switch. Many residents will have few options. They can either fully convert and pay all the costs associated with that, or they can weatherize and not switch, or they can find a newer home, or none of the above. Berk asked the board to what extent staff should educate the clients as to potential impact. Muzzy returned to the meeting at 9:16 a.m. and voiced his concerns about

the Act. He stated that for many mobile homes solar panels are not an option. He also has not heard great things about heat pumps. A concern is not just about comfortable living, but also keeping water lines from freezing.

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

6. COMMUNITY DEVELOPMENT

Trombly directed a request to the members of the Operations Subcommittee. He would like to meet on June 21, 2024, at 1 p.m. to discuss Abenaki Acres and the housing watchlist along with strategic direction on Infil development work. Farrell, Richardson, Houghton, and Kuegel agreed to this date and time.

7. PROPERTY & ASSET MANAGEMENT

Kuegel provided the Board with a revised Tenant Selection Plan. The changes were made due to new HOTMA regulations. Kuegel stated that even though the changes do not take effect until 01 January 2025, she is still required to have the plan completed before 31 May 2024. Previously there were separate policies for RD and HUD properties. Now those policies are combined and include the required HOTMA language. Berk added that HOTMA is the most significant change to housing legislation in the last 40-50 years. The changes made due to HOTMA could be substantial. Some of those changes could include accounting of assets, childcare and medical deductions, how far back criminal history is considered, etc.

- Houghton moved to approve the new Tenant Selection Plan. This motion was seconded by Richardson. The Board voted unanimously to approve the plan.

Farrell then asked who HFI uses for translation services. Liptak informed the Board that Voiance is the organization that we use. Farrell added that the Chief Marketing Office at the State of Vermont could be another option to format documents to make them accessible to all clients.

Next Trombly discussed the relationship with Alliance Property Management. As a refresher to the Board, Trombly briefly described the needs of Abenaki Acres. The team learned that the property was not generating enough cash to cover the costs of operation. Currently there are three boilers and one hot water tank that are in need of replacement. These items total \$35,330 according to a quote from Mercy's Heating Service LLC. The funds to replace these items are not available in the replacement reserve account for this property. Trombly suggested the Operations Subcommittee come up with a plan to get the cash flowing at this property. Options could include rent adjustments or a plan that could replace Alliance as the property manager. Pembroke shared details of a replacement reserve account holding \$37,826 and could be used to cover the costs of the new boilers and water tank.

- With funds available for HFI to use, Houghton moved to approve the expenditure. Richardson seconded the motion, which was unanimously approved by the Board.

Trombly shared recent discussions and meetings that he has had with leadership of Alliance, and feels the relationship is improving. He stated that both sides have committed to an action plan to move forward amicably and support each other. Alliance also is willing to attend future board meetings.

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

- Berk motioned to adjourn. Houghton seconded this motion, and the Board voted to adjourn at 10:01 a.m.

Respectfully submitted,



Kathleen Berk
Secretary

/RTA