

HOUSING FOUNDATION, INC.
REGULAR MEETING
27 September 2023

1. Roll Call

The Special Meeting of the Board of Directors of the Housing Foundation, Inc. was held remotely via Zoom. The meeting was called to order at 9:03 am by Vice-President Alison Bell; and upon roll call, the following Directors answered present: Cory Richardson, Treasurer; Kathleen Berk, Secretary; Mary Houghton, Jo Ann Troiano, and David Muzzy. Absent: Alex Farrell, President.

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

Members of the Public Present: None.

2. Meeting Agenda

There were no changes to the meeting agenda.

3. Minutes

A motion was made by Berk to approve the minutes from 23 August 2023 as presented. Houghton seconded the motion. The Board voted to unanimously approve the minutes.

4. Secretary's Report

Berk presented the Secretary's Report and began by stating that this is the same report that the VSHA Board of Commissioners will receive. Moving forward, she plans to make the report more specific to HFI with the assistance of Trombley. Berk noted that the next meeting would serve as the annual meeting for HFI, and at that time the agenda would include the election of officers.

Alliance Property Management has submitted their notice to quit managing properties at Morse Block in Barre, effective 31 December 2023. Berk has been in discussions with Kuegel about potential options. One option is to find another firm to manage the Morse Block. Another option would be for VSHA to have the dual role of property management as well as contract administration for that property. The second option has historically been a bone of contention with HUD, as HUD has believed there to be a conflict of interest between HFI and VSHA. Berk believes the likelihood of the second option being slim. Discussion followed surrounding the option of another firm being the contract administrator while VSHA would

be the property manager. Berk made clear that VSHA is the contract administrator for HUD in the state of Vermont, and that if anyone took over that role, it would have to be HUD. Berk stated that this option would have unintended consequences with HUD if VSHA was not able to play that role, and so is not an option that she wishes to pursue. Another avenue is to subcontract the role of contract administrator to VHFA while VSHA manages the Morse Block. Berk will continue to keep the Board informed as the date is coming up.

Berk described the likelihood of the federal government shutdown starting this Saturday at midnight. She assured the Board that funding for rental assistance and funding to support the portfolio of properties will continue, as those funds have previously been allocated through the end of the calendar year. There, however, could be interruptions with contracts not yet executed or funds not yet assigned.

A motion was made by Troiano and seconded by Richardson to accept the Secretary's Report. The Board voted unanimously to accept the report.

5. Finance & Information Systems

Pembroke started by informing the board of the recent field audit by Otis Atwell for VSHA partnerships. Comments made by the auditors suggest for transparency's sake, they would like to see the finance committee for HFI going over the financials for each property individually. There was not a set number of times per year that this should happen, but that it does have to happen. Currently, there is not a finance committee formed, but once it is, Pembroke would work with them to come up with a solution on how to present this data.

Pembroke recently sat down with the organization's insurance providers. Insurance policies begin on 1 October each year. This year, policies will be going up 13%, leading to a total insurance cost of \$669,000 for the next fiscal year. The increase to property insurance was \$35,000, which is attributed to property values going up and the price of materials. Mobile Home Park liability insurance is increasing \$20,000 strictly from claims that VSHA made during this year to include pumps and kerosene tanks being replaced. VSHA also has a Difference in Conditions policy which is specifically for floods. It covers everybody who is not in a flood zone. This policy doesn't affect those that are in a flood zone. Current FEMA maps only show Colonial Manor as being in a flood zone. Based on all the natural disasters that have happened across the country recently, the deductible for this insurance increased from \$25,000 to \$50,000. Pembroke said that it is too late this year, but perhaps we should look into self-insurance for next year. The rising insurance rates in every category was discussed. VSHA is at a 299% loss ratio this year for Worker's Compensation insurance, which in turn, drove up the cost of that insurance. This increase was not due to a large number of claims, but the few claims were large and be on the record for a three-year period.

Pembroke then began going over HFI's financials. The summary report shows increases in the grants category, mostly due to \$957,000 for the Infill project from VHCB. The total net

gain for all HFI properties through August 2023 is \$291,000. The partnership properties are at approximately \$50,000 variance due to vacancy loss issues.

Discussion arose around the vacancies rates pre-COVID and post-COVID. Kuegel explained that historically vacancies were 2-3%. She admitted that the agency has taken longer than usual to process new applicants to fill those vacancies, leaving them empty for longer than in previous years. Another struggle is in the quality of applicants, leading to more denials than usual.

Richardson discussed the need to financially set aside reserves or complete a needs assessment for the HFI properties to be maintained. Kuegel announced that 13 of 14 mobile home parks have applications going into the Healthy Homes program to request grant money for just that reason. Kuegel has also consolidated all the capital needs assessments onto one document complete with timelines of expected repairs. In the future, this will be expanded to all properties. Pembroke stated that she would share a consolidated debt schedule with Richardson at some point after the meeting.

Berk motioned to approve the financials as presented. Muzzy seconded that motion. With no further discussion, the Board voted unanimously to approve the financials.

6. Property & Asset Management

Kuegel highlighted items specific to HFI. Her focus was on the management of Morse Block which Berk had covered earlier, and the refinancing of Roy's Mobile Home Park which had been finalized. The rates went from 10% down to 5% which saves roughly \$1500 per month on the mortgage. Rural Development has returned their budget for the next year. As a result, Kuegel's team has been working to input new rent increases into the software. CDI received a grant from the USDA to assist in submitting the applications for Healthy Homes grants, and so are taking care of many of those for the HFI mobile home parks. Trombly and his team are submitting the rest. The deadline for applications is 17 October 2023.

Regarding the Infill project, there were originally seven mobile homes available. Of those, one remains vacant. It is located in Roy's Mobile Home Park in Swanton. Kuegel is recommending moving on from Pathways, indicating they are unable to provide quality applicants for over six months. Maas recommends going back to VHCB and asking them to expand to a different service partner. Kuegel has been in discussion with VHFA to expand the Infill program. She proposed a Phase 2. VHFA responded by suggesting a Phase 2 and Phase 3 due to the funding available to them. Kuegel can except this, but only if they move forward with both phases, or else she cannot move forward with either of them. Phase 2 is to address the homeless in the state, which would provide seven additional homes in parks in the southern part of the state. Phase 3 would be brought before their board in December, and would be for 14 more homes, but these would be at rental market value. In total, Infill would fill 23 homes in the portfolio along with 14 more that would be filled through the Missing Middle program. The end goal is that these homes would be converted

to home ownership opportunities, however, it is anticipated that for the first three years, these would be rental units.

Kuegel has been approached by FEMA within the last month. FEMA is looking to bring their FEMA homes into mobile home parks. Of all the parks that FEMA asked about, the only one with the capacity to provide for these additional homes is Windy Hill Acres in Springfield. Berk and Kuegel inspected the model sample home this week. After reaching back out to FEMA, it was decided that Windy Hill Acres could support 6-10 new homes. The lease is up to 18 months, paid by FEMA. FEMA would also provide maintenance to the homes, lawn care, snow removal, and other additional services. At the end of the 18 months, FEMA would offer the family living in the home the opportunity to purchase it. If the family decides not to purchase the home, then FEMA would look to transfer the ownership to another entity, which they said they would be open to HFI being that entity. The homes are expected to arrive in Windy Hill Acres in the next 3-4 weeks. Windy Hill Acres has vacancies due to the amount of water that can be produced from its wells. There are currently 36 vacancies at that park, and only 16 can be filled without causing strain on the water supply.

7. Other Business

Berk suggested that, in accordance with the Bylaws, the non-designated members would have a 1- or 2-year term, so they would stagger. The designated members would have a 3-year term and could continue to serve indefinitely. The establishment of terms was postponed until the annual meeting.

Bell reminded the Board that historically, there have been four subcommittees: Executive, Property & Asset Management, Finance, and Strategic Planning. She stated that the Strategic Planning committee had been dormant for the last couple of years, and so the decision to revive it would be up for discussion, though she thought the other three committees were vital. It was decided without vote to postpone this conversation.

8. Executive Session

It was decided without a vote that there was not a need for Executive Session.

9. Adjourn

Houghton moved to adjourn the meeting and was seconded by Richardson. The Board unanimously agreed to adjourn the meeting at 10:19am.

Respectfully submitted,



Kathleen Berk

Executive Director/Secretary

/RTA

