

Minutes
Joint Committee on Tax Credits Meeting
Thursday, August 4, 2016
2:30 p.m.
Downstreet Housing, 22 Keith Ave., Barre VT

Committee Members Present: Sarah Carpenter, VHFA; Angus Chaney, AHS (Governor's designee); Josh Hanford, ACCD; Gus Seelig, VHCB; and Richard Williams, VSHA.

VHFA Staff Members Present: Dave Adams, George Demas, Joe Erdelyi, Josh Slade and Kim Roy.

Public Present: Martin Hahn and Jennifer Hollar, VHCB

The Meeting was called to order at 2:33 by Ms. Carpenter who reviewed the proposed Agenda.

Meeting Minutes:

Mr. Williams moved that the draft minutes of the August 19, 2015 meeting be approved. Mr. Chaney seconded the motion which was unanimously approved except that Mr. Hanford abstained.

Proposed Changes to the 2017 Qualified Allocation Plan:

Mr. Slade reviewed VHFA Staff recommendations for updates to the Qualified Allocation Plan for 2017. There was a general discussion about the correct "homeless" definition to be used, and the need to have the definition in the QAP conform to the most updated version used by HUD. The Committee also reviewed the proposed language to include reference to the Violence Against Women Act and the Governor's Executive Order on housing the homeless, and other items noted in the Staff recommendations. The Committee noted the need to add language requiring developers to conform with the reporting requirements being developed for compliance with the Executive Order. Finally, the Committee discussed possible issues that could be

raised at the next meeting when the revised 2017 QAP will be acted on after receipt of public comments.

Proposed changes for 2018 QAP:

Mr. Erdelyi then reviewed the Staff summary of issues for discussion related to the QAP for 2018. Mr. Erdelyi noted that some of the issues could result in significant changes, so the 2018 QAP will need to be put in place in time to allow developers to adjust their plans for the 2018 round of credit allocations.

Mr. Erdelyi reviewed the requirements for QAPs included in the Internal Revenue Code, and how Vermont's current form of QAP addresses those requirements. There was discussion of how the QAP could better address the requirement that preference be given to projects in qualified census tracts that are also part of a concerted community revitalization plan and how the QAP could add specific sponsor requirements.

Mr. Erdelyi then reviewed the Best Practices for QAPs published by the National Council of State Housing Agencies and noted that while the Vermont QAP currently covers most of the issues noted in the best practices, the Vermont QAP does not, for example, address per unit costs or acquisition costs and how they should be taken into account in weighing different projects. The Committee discussed the difficulties of trying to set limits given the small scale of most projects and the small number of projects generally but also noted the sensitivity to cost issues among legislators.

Mr. Erdelyi then reviewed the way the QAP takes into account the state's Consolidated Plan priorities, and the Committee discussed how the QAP might be revised to encourage use of "ceiling" credits only for new construction or adaptive re-use.

Next, Mr. Erdelyi noted that given the trend that Staff is seeing of a large number of projects competing for a very limited resource, Staff would like to develop a better graduated and more "objective" version of the scoring system to use when filtering projects in developing its recommendations to the VHFA Board of Commissioners. The Committee discussed how that might be done in a way that would not

also discourage worthy projects that might be affected by special circumstances.

The Committee also discussed adding criteria with respect to project readiness. One suggestion made by staff and discussed by the Committee was for a set-aside of ceiling credits, to be used by applicants facing a multi-year project permitting/approval process.

The Committee also discussed, generally, how to encourage sponsors with projects that have the ability to do so to take on debt rather than draw on scarce government resources.

Finally, the Committee discussed the process for moving forward with the 2017 QAP changes and the need for further meetings to discuss proposed changes to the 2018 QAP.

Upon motion duly seconded and unanimously approved, the meeting was adjourned at 4:33p.m.