

Minutes
Joint Committee on Tax Credits Meeting
Wednesday, December 7, 2016
1:00 p.m.
Vermont Realtors Association
Montpelier, 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, Maura Collins, Joe Erdelyi and Josh Slade.

Public Present: Jennifer Hollar, VHCB; Nancy Owens and Kathy Beyer, Housing Vermont; Amy Demetrowitz, Champlain Housing Trust; Miranda Lescaze, Kim Fitzgerald and Cindy Reid, Cathedral Square; Paul Hill, VCLF; Virginia Milkey, COVE

The Meeting was called to order at 1:08 p.m. by Ms. Carpenter who reviewed the proposed Agenda.

Meeting Minutes:

Mr. Williams moved that the draft minutes of the November 7, 2016 meeting be approved. Mr. Hanford seconded the motion which was unanimously approved.

Changes to the 2017 Qualified Allocation Plan:

Ms. Carpenter reported that the Vermont Housing Finance Agency Board had approved the JCTC's recommended changes to the QAP for 2017 that morning without amendment.

Proposed changes for 2018 QAP:

Ms. Carpenter reviewed the draft 2018 QAP that had been circulated and requested comments for each section. With respect to the Introduction section, Mr. Seelig suggested a specific provision stating that the VHFA Board reserves the right to consider the qualitative aspects of the overall housing and community development impact of a project when making final allocation decisions, and there was discussion about how that language would work in conjunction with language already in the Disclaimers section of the QAP.

With respect to Basis Boost, Ms. Owens requested from the floor that the criteria be broadened to allow Basis Boost for mixed-use downtown historic rehab projects, even if those projects do not commit to creating units for persons who are Homeless or At Risk of Homelessness given the high priority of those projects to the State and the high cost and difficulty of getting those projects completed. Mr. Seelig was supportive given that the sponsors for those projects would still need to comply with the Governor's Executive Order regarding housing the homeless. Ms. Carpenter noted that prior mixed-use downtown historic rehab projects had been able to access the Basis Boost and feasibly complete the projects without needing a waiver from the requirement for units for the homeless. The discussion was suspended so that other aspects of the proposed 2018 QAP could be reviewed.

Ms. Carpenter then moved on to the Application Process. As to threshold requirements, she noted that the 2018 QAP has added that new construction must be in a market area with a vacancy rate of 5% or less, the sponsor must show where universal design elements have been incorporated into a project and to the extent they have not been included why those elements were viewed as cost prohibitive, the sponsor must submit its most recent report to DHCA showing compliance with the Governor's Executive Order on housing the homeless, and the sponsor must submit an appraisal for a project that meets VHFA's appraisal standards.

Ms. Carpenter noted that the requirements of the Governor's Executive Order applied only to applicants for federal ceiling credits and for state housing tax credits.

Ms. Beyer noted that the list of possible universal design concepts had not been provided, and Ms. Carpenter stated that if Ms. Beyer had a suggestion for a nationally recognized model, she would appreciate receiving it. Ms. Beyer also noted the difficulty in incorporating certain universal design criteria in small or scattered historic rehab projects, and Ms. Carpenter noted that the threshold doesn't require that universal design be included, only a discussion of why various features were viewed as cost-prohibitive. Ms. Carpenter also noted that current housing codes already require a level of adaptable and universal design for buildings with 4 or more units.

Ms. Carpenter then moved on to other threshold items, including clarification of the requirement that a sponsor expects to be ready for a Reservation/Binding Rate Agreement within 18 months after a credit award. Mr. Erdelyi noted that additional language would be added in the final QAP that would create a set-aside each year for projects that had received an award, but had had the award cancelled because they had missed the 18-month window due to NIMBY type permit appeals or other delays, so that the project could jump to the front of the line for a new award once the delay had been resolved.

Ms. Carpenter also noted that the threshold language would clarify the expectation that a sponsor had experience with tax credits and developing projects in Vermont.

There was a discussion about requiring perpetual affordability for projects that received "bond" credits and/or state housing credits. There was a general consensus that perpetual affordability for projects with state housing credits would be appropriate but that for projects with only "bond" credits, it might not.

Ms. Carpenter then moved on to the Evaluation Criteria in the 2018 QAP. She noted that even though the criteria had been put into a

weighting structure different from prior versions of the QAP, the effect was intended to be generally consistent. The committee discussed the weighting for projects in designated downtowns and village centers, versus projects in other areas. In addition, the committee noted that a service-enriched project would need to budget its staffing for services separately from staffing for general project management. The committee also discussed the continued applicability of the 25% target for age-restricted housing and the continued need to focus on general occupancy housing.

With respect to the criteria for housing that serves person at 30% AMI and those on public housing waiting lists, Ms. Lescaze suggested that “Section 8 swaps” that create net new Section 8 units (because of the issuance of tenant-protection vouchers) should be considered as meeting this criteria.

The committee also discussed criteria related to access to public transportation, blight removal, historic rehabilitation, net zero or passive house compliance, highly ready to proceed projects, federally subsidized and at risk projects, and geographic targeting.

Ms. Carpenter then reviewed the proposed changes to the compliance section (adding a requirement that projects provide copies of their annual financial statements), definitions and appendices.

The Committee then returned to its discussion regarding Basis Boost for designated downtown mixed-use historic rehab projects that do not also generate new units for persons who are homeless or at risk of homelessness, and after a general discussion, it was determined that this change would be made.

After the discussion Ms. Carpenter noted that VHFA Staff intended to circulate a revised draft QAP for 2018 that would need to be reviewed and approved by the Committee before submission to VHFA for final adoption. The Committee discussed scheduling its next meeting for December 22, 2016.

Upon motion duly seconded and unanimously approved, the meeting was adjourned at 3:45 p.m.