

Minutes

Meeting of the Joint Committee on Tax Credits

December 8, 2014

Vermont Housing Finance Agency, 164 St Paul Street, Burlington, VT 05401

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

VHFA Staff: David Adams, Joe Erdelyi, Josh Slade, Maura Collins, George Demas, Brenda Howley, Sam Falzone

Public Present: Nancy Owens, Housing Vermont; Miranda Lescaze, Cathedral Square; Amy Demetrowitz, Champlain Housing Trust; Chris Finley, Cathedral Square; Brad Dousevicz, Dousevicz Inc; Kelly Stoddard-Poor, AARP; Charlie Brush, GMDG; Tim Ashe, Cathedral Square; Nancy Eldridge, Cathedral Square; Julie Iffland, RACDC; Cindy Reid, Cathedral Square; Irene Nagle, Northeastern VT Development Assoc. (via phone)

Meeting was called to order at 1 by Ms. Carpenter. Mr. Erdelyi reviewed the memo from November 25, 2014. He also notes that staff received additional comments after the mailing from Elisabeth Kulas (Rutland Community Trust) and Jeff Kantor (consultant) and reviewed those comments.

Mr. Erdelyi reviewed staff's recommendation regarding development fees. Ms. Carpenter noted that staff recommended a flat per unit fee to be transparent and that the amount of the fee seemed consistent with current development fees actually taken by developers. Discussion followed regarding current fees, other States' methodologies and production throughout the State. Ms. Hollar suggested moving to a flat, per unit fee that is consistent with fees that are currently allowed rather than those actually taken by developers. Mr. Williams moved to maintain the current (not proposed) development fee structure. Mr. Seelig seconded. The motion passed 4:1. Ms. Carpenter voted no.

Ms. Hollar moved to allow "arm's length" acquisition/rehabilitation transactions to collect the same development fee as "new construction" transactions (12% of Adjusted Total Development Cost). Discussion followed regarding the amount of time and risk in "arm's length" transactions. Mr. Seelig seconded the motion. The motion passed 4:1. Ms. Carpenter voted no.

Mr. Seelig moved to cap cash developer fees at \$1,000,000. Mr. Williams seconded. The motion was approved unanimously.

Mr. Erdelyi reviewed staff's recommendation regarding "Special Needs Housing" and the "Support and Services at Home" (SASH) program. The committee and staff had an extensive discussion regarding concerns that the existing definition of Special Needs Housing did not include developments that only provided SASH services because there was no way to require that the services be provided to a majority

of residents or to certify that without the SASH services the residents could not live independently. No change was made to the Special Needs Housing definition.

Mr. Erdelyi reviewed staff's proposal for new language to allow allocated ceiling credits to be used for senior housing. Ms. Hollar agrees with allowing senior housing to apply for a capped ceiling credit amount. Mr. Seelig would like to refer to it as a target to allow for some variation in the credit amount and allow 25% of the ceiling for senior housing. Mr. Chaney moved to approve the changes. Mr. Seelig seconded the motion. The motion was approved unanimously.

Ms. Carpenter reviewed the proposed changes to the State Housing Credits. She explained the changes were proposed to accommodate the Manufactured Home Loan down payment assistance program and a proposed VHFA down payment assistance program. These changes would make the QAP consistent with proposed revisions to the State Housing Tax Credit statute. Mr. Seelig moved to approve the changes. Ms. Hollar seconded the motion. The motion was approved unanimously.

Mr. Erdelyi requested clarification from the members of the JCTC regarding the 10% set-aside for supportive housing change that was made in the last QAP. The Committee had allowed for the new units to be assigned on a portfolio basis. Staff sought clarity on whether a planned new development which only served the target population was eligible to fulfill the requirement. There was discussion and the Committee agreed that this would suffice.

Mr. Erdelyi reviewed the remaining amendments to the QAP which included clarification that appraisals meet the VHFA appraisal standards, appraisals submitted to VHFA cannot be commissioned by the seller of an existing project and operating benchmarks published by VHFA will be referred to when reviewing proposed operating budgets. Ms. Hollar moved to approve the proposed language. Mr. Seelig seconded the motion, which was approved unanimously.

Staff also reviewed a proposed Fair Housing certification to be provided at the time of application as well as clarifications of what constitutes Universal Design. Finally, the Committee confirmed that with respect to the requirement in the new language allowing for allocated ceiling credits to be provided for senior housing, VHFA would have discretion to, but would not be required to, consult with the Agency of Human Services in determining which proposals will have the most multiple benefits in terms of serving the most frail or disabled residents, and support AHS's long term care goals.

Mr. Erdelyi stated that the revised QAP reflecting the Committee's changes would be presented to the Vermont Housing Finance Agency Board of Commissioners for adoption at its meeting in January, 2015.

Mr. Seelig moved that the meeting be adjourned. Ms. Hollar seconded the motion, which was approved unanimously.