

November 5, 2021

Executive Director Report to the Board of Directors

Hello, everyone!

Context Reminder

It is my intention to provide a monthly board report to be included in the board packet which will go out ahead of the monthly board meetings. We are working toward sending out a full 'board packet' with everything at one time.

The purpose of the ED Report will be to summarize the most important details on a variety of the most important topics (which may change over time). It is not my intention to review all details in the meeting, but rather this report should provide board members with a good grounding and sense of engagement in what is happening across the organization. Please spend some time in review of the report prior to the meeting and come to the conversation with questions, as needed.

I'll be working on adding additional information each month until we have 'right sized' this report (you're getting enough, but not too much and I'm providing what you want to hear about).

Structure of the Report: Generally, each section will provide a

- review of dashboard with updates on progress
- summary/highlights, and
- 'call to action', when needed.

Please let Jen know if there are other topics you'd like to hear about.

As you know, the Board has a fiduciary and strategic responsibility and should play an active role in generative thinking to shape the organization's future, while the executive director is responsible for management of that organization, implementing the strategic direction set by the board and providing good stewardship of funds. I am committed to a deep relationship of sharing and engaging with the board of directors, and I hope we will each provide support to one another in our respective roles.

EVENTS

- Ann Lawless and I attended the Weatherization for All event in St. Johnsbury October 9th. Ann did an excellent job representing our Heat Squad work on a panel with USDA, Rural Edge, Efficiency Vermont (EVT) and Northeast Employment Training Office (NETO). It was a great day! Out of this is a forthcoming conversation about how we can all better partner together.



FUTURE EVENTS/HAPPENINGS

- **November 24th** – The office will close at 1pm and reopen, November 29th.
- **December 15th** – Board Meeting, Strategic Plan Approval, 2022 Annual Operating Plan Approval, 2022 Operating Budget Approval
- **Week of April 11, 2022** – NeighborWorks America (NWA) Organizational Assessment Division (OAD) Review. Please mark your calendars. They'll want to engage with the board. More details forthcoming in October/November.

OPERATIONS

- Staffing updates – Jacki White will be retiring in January 2022. We have posted for her position, [Mortgage Servicer](#).
- Race, Equity, Diversity and Inclusion (REDI) work has concluded with staff and board until 2022. Materials from each of the three sessions provided by [Strength Perspective](#), a consulting group led by Jen Clitheroe and Polly Williams, will be posted on the Board Portal.
- Pitch and Position coaching (in partnership with Tania Ezzo) through a NeighborWorks America grant has concluded. This coaching opportunity provided us with training on how to pitch to an impact investor which we'll be utilizing in the implementation of our strategic plan. We developed a pitch deck to provide as a presentation to an impact investor, and an elevator speak and one-page summary flyer of our organizational services.

STRATEGIC PLAN

- Dashboard Review and Progress Updates – **PROGRESS CONTINUES TO BE MADE!**
 - Developing dashboards across program areas (Homeownership, Lending and Energy Programs) for internal and board use will be forthcoming out of the strategic plan. We are potentially going to update or change the production reports you receive currently on these programs. This information will be utilized internally for management review, as well as by the Programs Committee and full board.
 - Dashboards will include financial and production metrics along with an analysis section.
- Timeline for new strategic plan
 - Consultant Bernadette Orr from [OpenGate Consulting](#) is facilitating our strategic planning work.
 - We will be providing the final strategic plan for your approval at the annual meeting on December 15, 2021.

TRANSITION

- ED Workplan
 - Draft 2021 Workplan – see board portal

COMMITTEE SUMMARY

- Committee Descriptions – **FORTHCOMING**

FINANCIAL and RESOURCE DEVELOPMENT REVIEW

- Dashboard Review and Progress Updates
 - Operating Income Statement and Ratios Dashboard (attached)
 - NOTE: This is what you will receive monthly going forward
- State budget update

- Funding request of \$1 million is being requested from Efficiency Vermont per legislative appropriation for FY22 and FY23. These are ARPA funds and while the bill language noted “expansion” of Heat Squad we are working with EVT on the limited number of communities for which ARPA funds can be used. More details on these funds will be in the December report.
- State lobbying efforts (Amy Shollenberger, Action Circles)
 - Contracted w Action Circles for \$1000 per month.
 - They have been very engaging, innovative and thought provoking as discuss how they can better support us in our weatherization *and* housing work across the state.
- **Potential Funding Sources**
 - Clean Energy Development Fund – discussion about CEDF’s \$5M state funded program to assist with energy efficiency (HS will submit a response to the RFP for a portion of these funds for heat squad). This continues to be in the works, but we haven’t yet received the RFP for these funds.
 - VT Housing Investment Program – Part of S79 Bill in VT 2021 State Budget; rental repair program. We continue to work with the state and await their final program outline.
 - We will also be working on requesting funds from the Tillitson Fund which have also provided support for Heat Squad.

LINES OF BUSINESS

- [FY22 Production Goals](#)
- [September dashboard reports](#) are included in the board packet. Please **review the “about” and “analysis” section of each page of the production report** for questions and concerns.
- We continue to review for updates however it is likely that we will wait until the new strategic plan is approved before we will provide these.

HEAT Squad

- **Heat Squad** continues to deliver audits (158 as of September, goal 180) and encourage customers to follow-through with recommended projects (31 as of September, although the goal is 72).
- Work has been increasing as of late, as is usually the case when the weather turns colder, we are a bit off track to meet our goals given only 6 weeks left in the year.

Homeownership Center (HOC)

- **Shared Equity Program and Properties:** We are working with our partners VT Housing Finance Agency and VT Conservation and Housing Board to update our Stewardship Plan for better engagement with residents of these properties. We are working to assess each property on an annual basis as required by our partners.
 - **Properties for sale:** 9 River Street, Proctor and 264 Plains Rd, Pittsford. While we have had a great deal of interest in the home in Pittsford, finding people who want to participate in this program has been difficult.
 - [Property List](#) (link only)
- **Homebuyer Education Class:** Three households are scheduled to attend the in-person class on November 5th. We will have one in person class per month through the end of the year.

Home Repair

- Home Repair projects are not on track to meet our goal of 39 completed projects this year due to contractor issues and long lead times, as well as supply chain issues, for completing projects. We have had 20 projects complete and 6 home repairs loans to date. These funds come from the VT Community Development Program.
- The week of November 1st we were notified of a potential issue with one customer who has had a challenging roofing contractor experience. We are working with our attorney, Tad Powers, to minimize financial damages. The customers choose their own contractors, and we are very careful not to recommend anyone, however there are a few places in our paperwork that we're going to tighten up with Tad in the near future so that we don't leave ourselves open to future issues. We have a situation such as this in this program approximately one time per year and have minimized the issue as best we can. We feel with the changes in the paperwork and tools, we will be protecting ourselves even more.

Lending

- Lending to date = \$1,407,776 through 10/31 (60 loans) and 865 loans for servicing as of 10/31. Just a reminder that our yearly average of \$2.3M annually, however we still have a few months left to lend. COVID impacted us significantly. That said, we continue to work on the purchase of Habitat for Humanity loans from Upper Valley and NEK Habitat's to make our CDFI goals. (Please see below for more on H4H)
- Tania and I reviewed our lending policy in detail and that will be provided to you in the board portal for your review, with the expectation that we will bring updates for your approval at the annual meeting. We are also going to be working on the loan committee getting back to a more regular schedule with consistent agenda items for review. Additionally, we would like to see 1-2 more board members on the committee in addition to Peg.
- We close on a Habitat for Humanity loan with a customer in Manchester. The homeowner and H4H are very grateful for our partnership. It allows Habitat to have that capital returned to them to continue their work with a new homeowner, and allows us to meet our CDFI goals in a meaningful way. Jerry DePhillips, our Loan Processor in Lending, as well as Ludy! attended the grand opening held by Habitat on October 24th for Janet Brown and her family. This is her son Ray.



- We are servicing 865 loans. The number of loans in our portfolio that we service is starting to level off. We are speculating that this is due to lower interest rates available in the marketplace and COVID related government support. There will likely be challenging years ahead as we had expected the interest earned from these loans to sustain operations in future years.
- We will soon be engaging with Kevin Flanigan who will take up an overview of our lending department, including an analysis of our work, financial modeling and strategic planning. We received a grant of \$25,000 to supplement this

work. The total cost of the engagement is \$32,000; however he is working to scale this back in order to meet our needs and budget.

- **Habitat for Humanity:** We continue to work with the H4H's in the NEK to underwrite and potentially purchase loans in that area of the state in order to comply with our previously submitted CDFI application requirements. If we are not able to purchase these loans due to underwriting concerns, we will need to try to work with CDFI to amend our application. They have been gracious during COVID and hope they will continue to work with us. We reviewed our underwriting of these currently Habitat loans. It is likely that we will recommend the purchase of three loans in the Northeast Kingdom and potentially five loans in the Upper Valley. These loans have all been made to those with incomes at 80% of area median income and will therefore the purchase of these loans will assist us in making our required Community Development Financial Institution (CDFI) goals.
- **CDFI Goals Update:** It has been very difficult to get in touch with the NEK Habitat, for which we were hoping to refinance at least three loans and use that toward our CDFI goal for increasing our presence in the NEK. While we had a few contact points, they are purely a volunteer organization and getting information has proven to be very difficult. We have requested an amendment to our CDFI goals such that we remove the goal for the NEK without issue. We are meeting our other goals

PARTNER ENGAGEMENTS

- Reached out to all three county Continuum of Housing leaders; will attend future monthly meetings.
- Engaged with Funding and Finance committee from the Weatherization for All working group and the Vermont's consumer protection office to discuss the potential impact of their on-bill tariff proposal on customers.
- Met with Eric Hangen and VSECU ED, Rob Miller, to begin conversations about a potential impact lending partnership with this credit union. Next steps will include further conversations with their Chief Lending Officer.
- Eric Hangen has provided a number of contacts in and outside of the NeighborWorks network. These organizations provide lending products to their communities. Examples of these products include small business lending, consumer lending and small landlord lending.

MEETINGS/EVENTS OF NOTE

- Weatherization at Scale Coalition, ongoing
 - [Purpose](#) (link only)
 - Participation in Funding and Finance Committee, Energy Counseling and Coaching Committee, Workforce Development Committee
- Champlain Housing Trust Shared Equity Program Overview – NWWVT Staff and I attended the third of three sessions on CHT's SEP operations, policies and protocols. This has been a rich experience for where Nancy and I would like to take our Shared Equity Program stewardship. CHT received a grant for \$50,000 to update their documents, so it's a gift that they are sharing these documents. We will be spending time over the next year to update these to meet our needs.

PROPERTY PORTFOLIO

- Dashboard Review and Progress Updates
 - Kazon Building - 110 Marble Street (our office)
 - Capital improvements are needed at some point in the next few years.
 - Need to meet with attorney's who assisted in development to discuss exit of the LIHTC structure.
 - 290 Marble Street
 - Extensive repairs are needed to building brick;

- 1 vacant units and 1 in eviction process (Expenses for turning the apartments could be costly (carpet needs to be replaced with flooring that will last; eviction will be costly (working with our attorney on processing)
- Cleaning company was hired for cleaning of common areas which hadn't been done in some time
- Looking to *potentially* sell this property.
- Continue to discuss options of building upkeep with property manager, Mike Lorriane of Technical Planning and Management Co, Inc.
- October Hill: Four ~2.5 acre lots donated ~2007 for affordable housing in Tinmouth, VT. One house was built, the other lots were never sold due to housing crisis in 2008+. Town agree to combine into two 5 acre lots.
 - Working with Doug Inkley from the donor's family.
 - Continues progress is being made on the donation of an additional ~2.5 acres to the Esslinger/Smith family who owns the one home on the one lot. Other ~5 acres will return to conservation trust.
- Single Family Homes (due to foreclosures)
 - 32 Pageant St, Bennington
 - Single Family home which needs extensive repairs.
 - Dorr Drive, Rutland, Single Fam (Two houses on one lot; One is in bad condition; One to be repaired and sold)
 - The dilapidated home was demolished on August 23, 2021.
 - Repairs will begin on the other when we can find contractors, hopefully in 2021.
 - Unfortunately, this house is under investigation for attempted arson. This was discovered on August 23rd, as well. We were not able to engage with an arson investigator at the Rutland City police, arson investigator, however the code enforcement officer welcomed our attention to the property. The insurance had unknowingly expired on August 1st, so we won't be able to recover any damages, and likely there wouldn't be any way to remodel the home.
 - We have an interested party who wants to purchase this property with mobile home as is. We are going to start the conversation at \$45,000 given that we've written off a \$99,000 default on the mortgage as well as have an additional \$55,000 in expenses to date including the demolition of the older home no longer on the site and taxes.
UPDATE: The potential buyer wants us to seek a tax reduction before further pursuing the purchase.
 - 271 Frisbee Hill, Castleton
 - Mobile Home is in very poor condition and should be removed.
 - We need then put this property up for sale.