

## September 2022

### **Executive Director Report to the Board of Directors – INTERNAL USE ONLY**

Hello, everyone!

#### [Context Reminder](#)

### **EVENTS/ACTIVITIES – ATTENDED**

- CEDRR Real Estate Committee (Sept 7, 2022) – Presented on the state of housing and lending from our work.
- Attended Climate Workforce Coalition Meeting (Sept 8, 2022)

### **EVENTS/ACTIVITIES – FUTURE**

- Select Board Meeting, City of Rutland (Sept 19, 2022) – Support for [city application](#) to VT Community Development Program (VCDP) for Community Development Block Grant (CDBG) funds for 5-unit project at 120 Maple Street, Rutland. [This has been a bit of a controversy](#). Internally, we decided to write a letter of support, as did the other housing entities and CEDRR, however this application approval to go from the City to VCDP was denied by the Board of Aldermen on September 12, 2022. After speaking with Josh Hanford, Housing Commissioner, we are going to speak in favor of the project.
- VT League of Cities and Towns, Town Fair (Oct 6-7<sup>th</sup>, Killington)

### **PARTNER ENGAGEMENTS**

- Brennan Duffy, Executive Director, Rutland Regional Development Authority and Michael Talbot, Rutland City Select Board (Sept 12, 2022) – Continuing to develop a \$400,000 *market rate* rental repair revolving loan fund that NWWVT would administer. The hope is that this will spur others, hopefully employers, to contribute to and grow this fund. While this is market rate housing and not traditionally apart of our work, the need for housing is so dire and because this will help with the sustainability question for our other programs, we are moving forward. Additionally, we are going to request that the city make an application of the state for additional CDBG dollars to couple with these funds so that we have funds for housing rehab for those under 80% AMI with the hope that this will create mixed use 4-unit properties (the unit limit for CDBG use).
- Habitat for Humanity – Met with EDs from Rutland, Bennington, and Central VT to further discuss MOU update/creation, as well as how we can work together on, but also the limitations to, NWWVT providing counseling and loans to Habitat customers. There is a critical need for us to work together to find a sustainable funding source for these loans. (June + July 2022)
- Vermont Affordable Housing Coalition – Start on advisory board on September 21, 2022.

### **CONSULTANT ENGAGEMENTS (New!)**

- **Action Circles** (Amy Shollenberger)
  - We continue to meet with Action Circles to work on the development of an advocacy agenda in support of our community outreach objective in our strategic plan. This will include a number of activities to improve our relationships with and knowledge of NWWVT with the legislators who are currently in place and those that will be elected in the future, as well as discussions on our future efforts around affordable homeownership. This will include discussions with the board, as well. When there is more to the framework for these discussions, I will share it with the board.

- **OpenGate Consulting** (Bernadette Orr)
  - Bernadette will be with us at the October board meeting to continue her work on the strategic plan.
- **Momentum Communications** (Elise Annes)
  - We have begun our working with [Momentum Communications](#). The [scope of work](#) will include internal (staff and board) and external stakeholder conversations, a customer base assessment, a marketing and communications audit, and recommendations for our marketing, outreach, communications and social media strategies. **Elise is asking us to provide 5-10 stakeholders with whom she should speak – if you have ideas on stakeholders that we should speak with, please do let me know.**
- **HR Acquired** (Teresa Miele)
  - Working with Teresa Miele provided an [HR assessment](#) of the organization's human resource functions. Teresa will be assisting us with a number of tasks, including the update of our emergency plan (which was required to be developed during COVID), a review and clean-up of our personnel files as we are not in compliance with good practice and laws which require certain compliance practices around I-9's, medical records and personnel records, the update of our procedures across our human resource practice, as well as our education on HR policies and procedures.
- **Source and Recruit** (Matt Burzon and Rachel Connor)

## LEGISLATIVE UPDATE

- None

## OPERATIONS

- October 31 – November 4: We will be limited our office hours to make substantive progress on our programmatic procedures across the organization.

## MARKETING, COMMUNICATION and OUTREACH

- We have developed several social media posts over the course of the last two months. Please follow us, comment and encourage others to do the same.

## HUMAN RESOURCES

- *Lender position* – It has been challenging to find an applicant for this role.
- *Director of Communications, Strategy and Outreach* –
- *Lender Training* – The entire lending team engaged in a 12-hour lending practicum training held by NeighborWorks America the week of September 12<sup>th</sup>. Additionally, Loan Servicer, Jerry DePhillips, completed the 20-hour licensing course toward becoming a licensed lender. While Jerry will not take the position we have open, he will serve as back-up when needed after receiving his license.
- *Finance* – Due to childcare challenges, our Sr. Staff Accountant will need to go to approximately 20 hours per week beginning November 28<sup>th</sup>. While she is continuing to work on care, we will be working with Insero and Your Part-time Controller to manage the workload. I am of the hope that we will have the Director of Finance and Lending on staff by that time, as well.

## **GRANTS**

### **Document Inventory:**

- [Funder and Grant Reporting and Compliance inventory](#). This is a database of funders, reporting requirements and timelines. Grant agreements and reports for your review at your convenience are planned to be included. Additionally, we will review this report semi-annual to confirm that we are in compliance with our reporting requirements to all funders.
- NWWVT [FY 2021 Audit](#) – The audit was presented to the board in June.
- NWA 3-year [PROMPT Review and audit report](#) – Recommended Exemplary rating. PROMPT review every 3 years and ‘desk review’ on off years.
- Home Repair 2022 grant application was submitted to VCDP this week. It requests \$450,000 for the support of 30 projects with grants totally more than \$140,000. The program provides grants and loans to low-income households. In the coming year we will provide grants out of previously funded home repair projects, and our unrestricted funds from our revolving loan fund, as necessary.

## **STRATEGIC PLAN** ([SP link here](#))

### **Document Inventory**

- [Strategic Plan](#)
- Workplans
  - [Executive Director Workplan](#)
  - [Homeownership Center](#)
  - [Home/Rental Repair and HEAT Squad](#)

NOTE: Our work on the strategic plan has been delayed with the various transitions in the organization and namely in the leadership team. There will not be a comprehensive workplan for lending or finance at this time, however I am confident that the day-to-day operations of these departments are well in hand, and the long-term objectives for each department from the strategic plan will be addressed at some point in the future. As we move through the year, all workplans will be adjusted.

## **COMMITTEES**

### **FINANCE COMMITTEE and RESOURCE DEVELOPMENT REVIEW**

**Meeting Notice:** Finance Committee meets every first Wednesday of the month at 1130am. If you would like to attend, please let me know. Your representatives to the Finance Committee are Keri Franzoni and Melinda Humphrey.

- June financials are available for your review, which will soon be followed by July and August. Given the setbacks in staffing that we have been dealing with the Finance team is behind. There is nothing wrong, just behind. We have created a calendar of activities so that the department and financials are back on track for the November meeting at which time you will receive regularly scheduled September financials.
- We are in the process of working on the FY23 budget, as well. It is a struggle without knowing when the grants for home repair and HEAT Squad will be available, however once they are known, we will more easily be able to look ahead and plan for FY24 and even FY25.
- Financial Policies – While we did approve those in June of 2022, Christie is providing an additional review and there will be further recommendations for a future conversation.

## **LOAN COMMITTEE**

### **Document Inventory**

- [Loan Policy](#) – I would encourage you to review this policy.

**Meeting Notice:** Loan Committee meets every third Wednesday of the month at 430pm. If you would like to attend, please let me know. Your representative to the Loan Committee is Peg Flory. Jen Yakunovich also attends.

- We did not have a meeting of the Loan Committee in August.
- The September meeting will be held on Wednesday, September 21<sup>st</sup>.

## **PROGRAMS COMMITTEE**

- This continues to be a place holder for future development of a programs committee to review in more detail the funding, capacity and outcomes of the programs at NWWVT including those of the Homeownership Center as well as Home Repair, Rental Repair and HEAT Squad.
- As a reminder, the issue we've had is the lack of capacity of the board and staff to develop meaningful engagement activities other than providing the goals vs actuals in the monthly production dashboard.

## **LINES OF BUSINESS AND PROGRAMS**

- [FY22 Production Goals](#) – These production goals are those provided to NeighborWorks America. At this time, with so much funding up in the air, we cannot update them for our internal purposes for HS, rental repair and home repair. For our lending and counseling programs, these goals are the goals we will include in our production reports to you.
- FY 22 NWWVT Dashboard – [June 2022](#). These are the production reports against goals. Please review the “about” and “analysis” section of each page of the production report for questions and concerns.

## **HOMEOWNERSHIP CENTER (HOC)**

- **HUD Invoice – Audit by NeighborWorks America**
  - Our grant from HUD for HOC operations comes to us through NeighborWorks America. In FY19 we received approximately \$28,000. We submit an invoice for reimbursement of time and fringe benefits. We do not submit timesheets and benefits costs to reach as support documentation. For the first time, NeighborWorks America was audited. We were chosen at random as one of the organizations to audit. We sent in documentation as requested to support the invoice. We did not provide documentation that followed HUD guidelines as we were not required to submit this before. We are now aware of the HUD guidelines on how to accurately account for hourly time and hourly benefits both in our invoice and in our backup documentation which we file for our own review with the invoice submitted. However, because fringe benefits can only be submitted on an hourly basis, fully monthly/annual costs cannot be submitted as we had done, we may be required to return up to \$18,000 in funding. At this time, after further internal conversations and with NWA consultants, we do not believe that the entire \$18,000 will be requested, but it may be a portion. In future years we will continue to follow HUD guidelines to be in compliance with invoice and backup documentation requirements.
- **Shared Equity Program**
  - **Properties for sale:**
    - 9 River Street, Proctor – The owner of this property is not in compliance with the program.

- We have hired attorney Adam Power to work with us on purchasing and/or selling the home to the person currently in the home (the “renter”) – the owner renting to someone is not allowed under the Shared Equity program guidelines.
- We had been working with VHFA and Agency of Commerce and Community Development (Agency on allowing us to sell the home because it will be too expensive for a shared equity customer to purchase at this time. It has been in the program for 10 years, so VHFA and ACCD agreed.
- This has been an ongoing issue for nearly two years. The potential buyer (“renter” currently in the home) is seeking a VA loan and that takes considerable time for the purchase to go through.
- **NOTE:** We are trying to stick it out in that we could sell the property at market value (\$240,000 in July 2021). Therefore, there is considerable potential upside in the sale of this home (which is needed to rehab the other foreclosed and vacant properties we have on our balance sheet).
  - 264 Plains Rd, Pittsford – This **property sold** to a new Shared Equity customer!
  - [Property List](#) (link only)
- **Homebuyer Education Class:**

*Program Notes:*

- We have two HBE educators who are contracted to provide the course, as well as preparation and follow-up. It’s costs us about \$500 per course and we charge \$100 per household.
- For the customer to receive the certificate (which *may be* required by the first mortgage lender), households are required to take one-hour of counseling with Nancy. This process requires extensive intake and follow-up by our customer service coordinators, as well. Thus, one can easily calculate the financial loss we take on providing this service given that we limit the class to 6 households per HBE class, which we hold monthly either in-person or virtually.
- **HOC Operations** – There are a great deal of compliance issue to be taken up

## **REPAIR AND ENERGY EFFICIENCY PROGRAMS**

### ***HEAT Squad***

- We continued to work with Efficiency Vermont on the funding we received from the state in FY 2021. We will likely have to retroactively provide grants to customers who have participated in our program this year, but without a grant agreement we are hesitant to publicize. Once we do have the grant agreement, we will be able to further market the program with these further incentives.
- We have engaged with staff on the \$500,000 allocation we received from the FY22 Federal Government budget through Congressionally Directed Spending. We met with Energy Committee staff, and the ball is now in our court to get the additionally requested information in to them. It was confirmed that these funds require a 0% match of additional funding sources, which is the most ideal case for us.

### ***Home Repair***

- We have modified our process for customer intake so that the Home Repair Coordinator is the first point of contact, as we feel that this is more in line with our core values in centering the customer. While going well, we continue to evaluate this process, by how the customer is reacting, as well as the number of projects we convert from home evaluations to projects using our grants and loans.

- As was mentioned above, we submitted for FY22 funding, and increases our standard grant amount from \$3000 to \$5500.

### ***Rental Repair (Vermont Housing Improvement Program – VHIP)***

- The current guidelines for the program include between \$30,000-\$50,000 in rehab dollars available to landlords who contribute a 20% match in funding sources and agree to house primarily the formerly homeless at HUD fair market rents for a period of 5 years.
- Round 1 - We currently have 24 units in our pipeline. Round 2 – This grant agreement was executed earlier this month, so we are able to fund an additional 92 units.
- The total grant award was nearly \$3.3M. These funds are Federal ARPA dollars.

## **LENDING**

### *Program Notes*

NWWVT is a Treasury Department [CDFI Fund](#) certified [Community Development Financial Institution](#) (CDFI). We are one of seven [CDFIs in Vermont](#). CDFI's “... are specialized community based financial institutions with a primary mission to promote economic development by providing financial products and services to people and communities underserved by traditional financial institutions, particularly in low-income communities. CDFIs include community development banks and credit unions, and non-regulated institutions such as non-profit loan funds or venture capital funds.”

- While we do provide extensive financial information annually, this CDFI status allows us to apply for *grant* dollars to which we can lend to the community for a variety of purposes (we've primary used our funds for down payment assistance lending).
- While these funds are at no cost to us, the challenge with these funds is the amount of work it takes to complete an application, the extremely competitive nature of application process itself, and the requirement that 60% of these funds be provided to those households under 80% of area median income.
- We currently have a grant for \$882,000 that was received during COVID as 'rapid recovery' funding. These funds must be spent by the end of 2023 and we are already half way through the spending of these funds. *CDFI Certification tracking document*: Forthcoming.

- **Operations**

- Please see the *loan committee workbook* for updates on loans approved and loans in the portfolio, as well as the value of the portfolio to date.
- Lending Team is meeting regularly every other week and we're keeping track of a list of issues that need to be completed for better operations of the department. These are largely completed projects at this time, however this did include
  - properly reporting to credit reporting agencies (complete),
  - confirming adjustable-rate mortgages are adjusted monthly (complete),
  - understanding and properly accounting for the Participation Loan Program (PLP) loans through Peoples, Berkshire Bank + Bank of Middlebury, Peoples (M+T), and Heritage (ongoing),
  - communication letter out to all customers on payments and availability of loan modifications (complete – will happen at the beginning of each year), and

- corporate advances – we had provided advances to customers using our own unrestricted cash to 10 borrowers to assist them in paying for property taxes – we need to reach out to do loan modifications (ongoing).
- **Escrow Management:** This issue is concerning and is in the process of being updated. Escrow management requires the accounting of approximately 30 loans where we escrow such things as property taxes, utilities and insurance payments for the customer. Their monthly mortgage payment includes payments toward these bills. Upon payment do we pay the bill for the customer. We have not been appropriately accounting for updated escrow payments and thus there are likely to be large swings in the monthly mortgage payments for some customers. Property taxes are the largest amount paid and since these bills are now becoming due, we can provide a more accurate picture for these customers going forward. Once we have that list in order we will provide an update.
- **NOTE:** These are all critical issues that need to be monitored and managed by the Director in the future.
- Lending efforts have started slowly for 2022, and that anticipated slow down given continued COVID impacts, fuel costs and inflation have substantially impacted the amount of loans that we are receiving.

### **REDI (Race, Equity, Diversity and Inclusion)**

- I continue to engage weekly with the Social Equity Caucus and bi-weekly with the White Affinity Group.
  - The **Social Equity Caucus** is a group of legislatures and community advocates which meets weekly. *“The mission of the Social Equity Caucus is to focus deliberately on improving outcomes for marginalized peoples and create a vehicle for Vermonters to access their representation, leadership and community. It is not enough to get rid of institutionalized inequality—we aim to institutionalize equity and inclusivity.”*
  - The **White Affinity Group** is an affinity group of the SEC which meetings twice monthly. *“The purpose of the white affinity group of the Social Equity Caucus (SEC) is to name and address harmful, oppressive behaviors that perpetuate white supremacy culture and contribute to systemic racism in coordination with the SEC.”*
  - Executive Director of Racial Equity, State of Vermont, [Xusana Davis's report](#) to the 2022 Vermont Legislature ([2021 Report](#))
- **NAACP, Rutland Chapter** – I am an individual member and attend these monthly meetings. Melinda is on the board and has provided me with contact information to engage the housing committee. I’ve reached out to the NAACP to volunteer for their housing committee.
- **NOTE:** I have been challenged by my schedule to attend as many of these events as I had been before the summer months. I am of the hope that I can get back to a more regular schedule in September.

### **PROPERTY PORTFOLIO**

- Dashboard Review and Progress Updates
  - **Kazon Building** - 110 Marble Street (our office)
    - **Mike Lorraine, long time property manager, has announced that he will retire at the end of October.**
      - Mike and I met with USDA last week for the annual site inspection and 3-year review. We now have good contacts for USDA and understand what needs to be done to properly manage these projects in accordance with our agreement with USDA.
      - With Mike’s retirement, I am in negotiations with Rutland Housing Trust for the maintenance of the properties. 110 Marble Street, our office building, has an eviction in process and without full occupancy the budget for the building doesn’t cashflow. Thus, it will be difficult to find a full-time property manager who will take this on.

- Capital improvements are needed at some point in the next few years. There is approximately \$77,000 in the capital budget, however with the lack of cashflow and the water main fix that happened last month, we'll likely have to ask for release of some of these funds.
- I am in contact with EverNorth to discuss the exit of the LIHTC structure.
- **290 Marble Street – Apartments**
  - Unit 4 - Due to the eviction of the tenant in unit 4, we are preparing for the rehab of that unit. A contractor is coming to do a site visit and prepare a scope of work by September.
  - Unit 3 – Due to many challenges with this tenant over the past several years, we are working with our attorney, Adam Power, on a request to the tenant to leave the property, as well as State Housing Authority and Rutland Mental Health to remove the tenant without eviction and on a recommendation to keep his voucher. We will also provide him with an offer of \$3000 to leave the property without going through the eviction process.
  - Building -
    - Extensive repairs are needed to the entire building brick – need to get an estimate and consider funding for the summer. We had hired a contractor to do this work, however due to lack of workers, he hasn't been able to finish. Additionally, the work of this contractor on another project was not of quality standards and thus we've asked him not to continue.
    - 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.
  - This process of returning the land to the donor and providing additional land to the one homeowner is nearly complete. This should be completed by ~~June 2022~~ September 2022.
  - Attorney Tad Powers has developed new deed and covenants for this transaction. Working with Tinmouth Properties (donor) and the mortgage hold to finalize deeds and documents.
- **Single Family Homes (due to foreclosures)**
  - **32 Pageant St, Bennington**
    - Single Family home which needs extensive repairs. We have been provided a scope of work at a cost of \$180,000.
    - We just renewed insurance on the property in the amount of ~ \$800 for the year.
    - Funding for rehab:
      - VHCB has noted that they may be able to provide us funding to assist in the rehab of this home.
      - Bennington Hospital - We are working with a representative from the hospital such that they would provide assistance on the front end and be able to leave a small amount of equity in the home.
      - VHFA – We will be seeking funds from the “Missing Middle” funds that the legislature provided in the FY22 budget.
      - NWWVT - It is likely that will have to put something into this home, as well. This is a foreclosed Shared Equity Program home. It was foreclosed upon 5 years ago and for a variety of reasons I was provided, we have not rehab'd the home. It is only going to be left to further decay if we don't do something very soon. Additionally, the City of Bennington, a representative for the area and neighbors have reached out to us very recently about the fact that we've left it for so long given the housing crisis.



- We will likely put this property up for sale during rehab but will first have to get an appraisal.
- **271 Frisbee Hill, Castleton**
  - Mobile Home is in very poor condition and should be removed.
  - We will be putting this up for sale soon. This reason for not doing so yet is capacity.
  - Property taxes are \$1084 per year.