



ANDREW R. FIELD, Chairman
ALLAN S. HUNT, Executive Director

VERMONT HOUSING FINANCE AGENCY

VERMONT HOUSING FINANCE AGENCY
BOARD MEETING
STATE TREASURER'S CONFERENCE ROOM
THURSDAY, JANUARY 10, 1980
1:30 p.m.

1. Approval of minutes of last meeting, December 3, 1979.
2. Multifamily program.
 - A. Permanent loan resolution: Bristol, Milton, Island Pond.
 - B. Letter of Intent - Randall Associates.
 - C. Proposal - King Street Revitalization Corp.
 - D. Comparison of Darling Inn proposals.
 - E. Discussion of Kirker letter - See enclosure.
 - F. Review of 1980 HUD Set-aside.
 - G. Management Control Update.
3. Single Family update of 1979 program.
4. Housekeeping
 - A. Updated and recommendations on group health plan.
 - B. Resolution authorizing comptroller to make investments.
 - C. Preliminary discussion on delegation of authority.
5. Legislative Update - National and State.
6. Other Old or New Business to come before the Board.



ANDREW R. FIELD, Chairman
ALLAN S. HUNT, Executive Director

VERMONT HOUSING FINANCE AGENCY

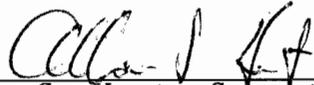
VHFA CONFERENCE CALL
January 30, 1980 at 3:00 p.m.

PRESENT: Vice-Chairman Shaw, Commissioners Behney,
Ledbetter, Myette and Gardner.

The meeting was called to order at 3:15. The Vermont State Housing Authority selection of N.C.I.C. to be the developer of the Darling Inn project was discussed since it was contrary to the Agency's selection. After extensive discussion regarding that action and the cancellation of the HAP Agreement on William Wessel's Vergennes project, it was moved, seconded and unanimously approved to request a special meeting with the Board of the Vermont State Housing Authority to discuss both situations.

There being no further action, the meeting was adjourned.

Respectfully submitted,



Allan S. Hunt, Secretary



ANDREW R. FIELD, Chairman
ALLAN S. HUNT, Executive Director

VERMONT HOUSING FINANCE AGENCY

VERMONT HOUSING FINANCE AGENCY
BOARD MEETING
MONDAY, DECEMBER 3, 1979, 3:45 p.m.
BOARD ROOM, 1st VERMONT BANK, WATERBURY

PRESENT: Chairman Field, Vice-Chairman Shaw, Commissioners Hebard, Gardner, Spangler & Ledbetter, Mr. Hunt, Mr. Dickson, Mr. Frazier, Ms. Nichol; Mr. Lee and Mr. Brock of the Felecity Acres Preservation Association, Mr. Dibbern, Mr. Rennerd, Mr. Harris, Ms. Alter and a member of the press.

The meeting was called to order at 3:45 p.m. Ben Gardner corrected the minutes of the meeting of October 23 saying the meeting was at 9:00 a.m., not 9:00 p.m., and that he should have been listed as a participant in the November 2 conference call.

A motion to correct and approve the minutes of October 23 and the conference call of November 2 and to approve the minutes of the November 5 meeting, was made and passed unanimously.

The Board heard from William Dibbern, developer of the Williamstown family housing development, and members of the Felecity Acres Preservation Association who are opposing the development. A motion was made, seconded and passed unanimously to follow the staff recommendation regarding proof of adequacy of water and sewer systems before start of construction and to let the A-95 process and HUD deal with the issue of conformance to the town and regional plan.

Martin Harris and Cleo Alter of Lower Champlain Non-Profit Housing presented their request that access to the bathrooms be through the bedroom in the one bedroom apartments in the Lower Champlain development. The Board moved to deny the request and asked that the units be redesigned to allow access from public areas as well as the bedrooms. The motion passed unanimously.

The Board unanimously adopted the permanent financing resolutions for both the Bradford and Brandon projects. In the case of Bradford, the Board voted to allow the amount of the builders' warranty to be reduced from 15% to 12% of the construction cost or \$70,000.

Discussion turned to the Darling Inn project in Lyndonville. The Commissioners agreed that they would be willing to consider a proposal from NCIC or NVDA should one be submitted. Mr. Dickson explained to the Board that NCIC was considering setting up a limited partnership with a non-profit corporation as the sole general partner. The Board had no objections to this approach.

A motion was made, seconded, and unanimously adopted authorizing a Letter of Intent for Harrington Apartments at 147 Maple Street in Burlington.

Mr. Hunt explained that 42 banks had been solicited for participation in the energy conservation loan program and positive responses have been received from 13 of those banks. A motion was made and unanimously approved to proceed with the program and begin to advertise it in the paper. The ads would include a list of participating banks. The Board also agreed to raise the loan limit to \$3,000.

Mr. Frazier presented the Agency's quarterly financial statements to the Board.

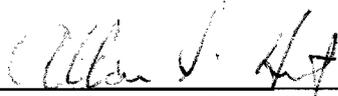
Mr. Hunt explained that the Agency has received a request for a seed money loan from Guardianship Trust, a non-profit organization which is developing apartments for the handicapped. Chairman Field requested that the Board be provided with more information about the group and the people involved. The Board unanimously approved a loan of up to \$5,000 with "appropriate" interest charges.

Mr. Hunt told the Board that some VHFA financed units in the Grandview Condominium project are being sold to investors. The developer claims this is because VHFA's income limits are too low. The Board unanimously consented to raise the income limits from \$19,000 to \$22,000 for the Grandview Condominiums.

Upon recommendation of the Executive Director, the Board unanimously voted not to receive any new multi-family proposals until January 1.

The meeting adjourned at 5:45 p.m.

Respectfully submitted,



Allan S. Hunt, Secretary

VERMONT HOUSING FINANCE AGENCY

WAIVER OF NOTICE

I hereby waive notice of the meeting of Vermont Housing Finance Agency held on the 30th day of January, 1980.

Issued at Montpelier, Vermont this 2^d day of May 1980.



Commissioner, Vermont
Housing Finance Agency

VERMONT HOUSING FINANCE AGENCY

WAIVER OF NOTICE

I hereby waive notice of the meeting of Vermont Housing Finance Agency held on the 30th day of January, 1980.

Issued at Montpelier, Vermont this 2^d day of May 1980.

Ernie A. Hebard
Commissioner, Vermont
Housing Finance Agency



ANDREW R. FIELD, Chairman
ALLAN S. HUNT, Executive Director

VERMONT HOUSING FINANCE AGENCY
BOARD MEETING
4th FLOOR CONFERENCE ROOM, PAVILION OFFICE BUILDING
Tuesday, February 26, 1980
1:30 p.m.

1. Approval of minutes of January 10 and January 30 (conference call).
2. Multifamily program
 - A. Discussion of Darling Inn, Lyndonville (with VSHA).
 - B. Discussion of Wessel proposal Vergennes (with VSHA).
 - C. Proposed revisions to VHFA underwriting requirements (with VSHA).
 - D. Proposed VHFA Handbook (with VSHA).
 - E. Policy decision re West Townshend.
 - F. Financing Resolutions:
 - (1) Barton
 - (2) Bradford family
 - (3) Waterbury I
 - (4) Maple Street Apartments - Construction Financing
 - (5) Hardwick - Maple Street Apartments
 - (6) Jensen (King St. NSA), Construction Financing
 - G. New Proposals:
 - (1) Saxtons River
 - (2) Wilmington (take it off the table)
 - H. Letter of Intent:
 - (1) West Townshend
 - (2) Maple Street Apartments
 - I. Requests for Mortgage Increases:
 - (1) Bradford
 - (2) Island Pond
 - (3) Jensen?
 - (4) Barton

3. Single Family Program: Update.
4. Heat Conservation Loan Program: Update.
5. Employee Benefit Plan.
6. Discussion of Revised Budget.
7. Proposal to amend Agency Seal
8. Request for Additional "Seed Money" - Vermont Council of Community Mental Health Services.
9. Other Old or New Business

PROPOSED VSHA/VHFA
MEETING AGENDA
4th Floor Pavilion Building
1:30 p.m., February 26, 1980

1. Discussion of procedures used to select developer on Darling Inn.
2. Discussion of cancellation of Vergennes HAP Agreement and reassignment to Vergennes.
3. General Policy Questions:
 1. Family Housing - Duplexes only?
 2. Elderly Housing - attached or detached community room.
 3. Control of Replacement Reserve under revised fast-track regulations (883.703), as partial substitute for Project Cost Escrow.
4. Discussion of Handbook



ANDREW R. FIELD, Chairman
ALLAN S. HUNT, Executive Director

VERMONT HOUSING FINANCE AGENCY

VERMONT HOUSING FINANCE AGENCY
BOARD MEETING
THURSDAY, JANUARY 10, 1980, 1:30 p.m.
STATE TREASURER'S OFFICE, MONTPELIER

PRESENT: Chairman Field, Vice-Chairman Shaw, Commissioners Myette, Behney, Hebard, Ledbetter, and Gardner; Mr. Hunt, Mr. Dickson, Mr. Frazier, Ms. Nichol, VHFA; Mr. Driscoll, DCA; members of the press.

It was moved and seconded to approve the minutes of the meeting of December 3, 1979. The motion carried.

Mr. Hunt presented a summary of state Legislation pending which involves VHFA. Commissioner Ledbetter explained the status of H.705, a bill to raise VHFA's bonding limit to \$300 million. It was moved and seconded to endorse H.705. The motion carried.

Mr. Hunt explained the status of the Ullman bill still pending in Congress. The following resolution was moved:

WHEREAS, single-family mortgage funds are still extremely scarce in Vermont, funds for energy conservation loans have been specifically requested by the Governor in his State of the State message, and Section 8-assisted housing is still badly needed and subsidies have been allocated by HUD to the State of Vermont; now therefore,

IT IS HEREBY RESOLVED that the Executive Director is hereby directed to take the following actions:

- (1) conduct a market study to determine the extent of the demand for VHFA single-family funds; and
- (2) solicit proposals from housing sponsors willing to develop multifamily housing to be assisted by the Section 8 program;

IT IS THEREFORE RESOLVED that it is the intent of Vermont Housing Finance Agency to issue new bonds in 1980 in the maximum amount consistent with market demand, state legislation, and the transitional rules under federal legislation.

The motion was seconded and was approved unanimously.

Mr. Hunt reported that developments under construction in Bristol, Milton, and Island Pond were nearing completion. He recommended that permanent financing resolutions be adopted for each of these developments. It was moved and seconded to adopt these resolutions. (Attached) The motion carried.

Ms. Nichol reported on the progress of Randall Associates' proposal to rehabilitate and construct eleven units of family housing at 323-325 St. Paul Street, in Burlington NSA. Mr. Hunt recommended that a Letter of Intent be issued. It was moved and seconded to authorize a Letter of Intent to Randall Associates. The motion carried unanimously.

Ms. Nichol presented a proposal from the King Street Revitalization Corporation to rehabilitate eleven family units at 174-176 Maple Street, in the Burlington NSA. After extensive discussion, it was moved and seconded to give preliminary approval to this proposal. The motion carried, Mr. Field voted no.

Mr. Hunt reviewed the 1980 HUD allocation of Section 8 units to Vermont. He reported that 300 units were allocated to the state agencies, of which 22 are to be elderly rehab units, 11 family units, and 267 are unrestricted. HUD has asked that consideration be given to family housing but has given no mandate. He reported that an additional 90 units of family rehab were allocated to the NSA program. Chairman Field expressed the hope that VHFA could reach agreement with the state housing authority on the distribution of the 300 state agency units throughout the state, and on the elderly/family proportion.

Mr. Hunt presented a chart comparing operating expense budgets of 20 occupied VHFA developments, and a report on the status of all Section 8 developments and proposals.

Mr. Hunt reported that of the \$29 million in single-family mortgages to be purchased from proceeds of the 1979 bond issue, \$13 million have been purchased to date.

Mr. Frazier presented a comparison of VHFA's existing group health and disability insurance coverage with a proposed expansion of

benefits. Chairman Field requested a comparison with other state agencies and large Vermont employers.

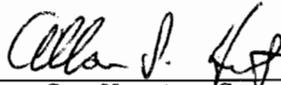
A motion was made to adopt a resolution authorizing the Controller of the Agency to make investments of funds in accordance with the various bond resolutions and state law (see attached). The motion was seconded and carried.

Ms. Nichol and Mr. Hunt presented a detailed comparison of two proposals to rehabilitate the Darling Inn in Lyndonville, one from Timothy Mayo and James Loney, and one from Northern Community Investment Corporation. At the conclusion of this review, it was moved and seconded to reaffirm VHFA's previous approval of the Mayo/Loney proposal. It was suggested that VHFA encourage Vermont State Housing Authority to reconsider the Mayo/Loney proposal, and inform them of VHFA's continued support. The motion was approved unanimously.

Mr. Hunt presented a letter from David J. Kirker, sponsor of the Danville/St. Johnsbury proposal, requesting a mortgage increase, even though bonds have been issued and the construction loan has already been closed, due to factors that were out of his control. At this point Mr. Kirker was admitted to the meeting to argue for his request. After extensive questioning, Mr. Kirker left the meeting. Further discussion ensued. It was moved and seconded to table Mr. Kirker's request. The motion carried.

The meeting was adjourned at 4:00 p.m.

Respectfully submitted,



Allan S. Hunt, Secretary

Attachments



ANDREW R. FIELD, Chairman
ALLAN S. HUNT, Executive Director

VERMONT HOUSING FINANCE AGENCY

AGENDA

BROWN DERBY RESTAURANT, 101 NORTHFIELD STREET, MONTPELIER
March 18, 1980, Tuesday

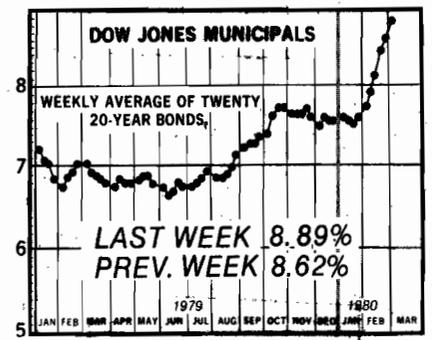
12:00 - VHFA Luncheon Meeting
1:30 - VSHA/VHFA Meeting

12:00 VHFA Board Meeting

1. Permanent Financing Resolutions
 - a. Bethel/Montpelier financing resolution.
 - b. Richford financing resolution.
 - c. Randolph financing resolution.
2. King Street Corporation: Request to reduce deposits.
3. Rutland: Increased equity to Linden Terrace (Memo enclosed).
4. Saxton's River: Letter of Intent.
5. Milton: Request to release easement.
6. Wilmington: Preliminary approval.
7. Plainfield: Preliminary approval.
8. Other old or new business.

1:30 VHFA/VSHA Joint Board Meeting

1. Lyndonville proposals.
2. Vergennes proposals.
3. Reconciliation of policy differences in VHFA and VSHA developer's handbook.





ANDREW R. FIELD, Chairman
ALLAN S. HUNT, Executive Director

VERMONT HOUSING FINANCE AGENCY

VERMONT HOUSING FINANCE AGENCY
BOARD MEETING
4th FLOOR CONFERENCE ROOM, PAVILION OFFICE BUILDING
TUESDAY, February 26, 1980
12:30 p.m.

PRESENT: Chairman Field, Vice-Chairman Shaw, Commissioners Hebard, Gardner, Behney, and Myette (by speakerphone); Mr. Hunt, Mr. Dickson, Ms. Nichol, Ms. Thielen, Mr. Frazier, VHFA; Mr. Driscoll, DCA.

It was moved and seconded to approve the minutes of the meeting of January 10 and the conference call minutes of January 30 and February 22. The motion was approved.

Mr. Dickson asked the commissioners to authorize distribution of the proposed VHFA Developers Handbook, subject to prior review and approval by Chairman Field. A motion was made and seconded to distribute the Handbook pending possible later consolidation with a handbook being prepared by Vermont State Housing Authority, provided that the VHFA Handbook should include a statement that it does not cover VSHA procedures and requirements and suggesting that potential developers also refer to the VSHA handbook. Chairman Field asked that VHFA staff prepare a list of substantial differences between this handbook and the VSHA handbook when it becomes available. The motion carried.

Mr. Hunt asked the Board to establish a policy toward determining financial feasibility of Section 8 projects in cases where a developer says he can operate the project at below-prevailing cost because of certain special arrangements he proposes to make, but where such special arrangements would not be available to VHFA as mortgagee in possession or to a substitute developer. As an example, the case of PACE, Inc. proposal for West Townshend was described. However, rather than establish a general policy, it was moved and seconded to require the West Townshend developers to either (a) contribute at least ten percent equity, including a one-year supply of dried, stacked wood, or (b) obtain a rent increase from HUD equal to 110 percent of the Fair Market Rent. The motion carried.

Ms. Nichol described the current status of proposals in the Burlington Neighborhood Strategies Area submitted by the King Street Neighborhood Revitalization Corporation and by Richard Jensen. She explained that both projects would only be feasible if VHFA provides construction financing at 9.5 percent and stated that a loan guarantee from the City of Burlington would be given for any part of the construction not otherwise covered by a bond or letter of credit. It was moved and seconded to pass the financing resolutions for both projects (see attached resolutions). The motion carried.

Mr. Hunt recommended that a Letter of Intent to finance the West Townshend proposal be issued, subject to the requirements imposed above. He also recommended that a Letter of Intent to finance the Maple Street Apartments be issued to the King Street Neighborhood Redevelopment Corporation, subject to the loan guarantee discussed above. It was moved and seconded to authorize these Letters of Intent. The motion passed.

Ms. Nichol presented the commissioners with a letter from George Huntington, owner of the Bradford project, requesting a mortgage increase of \$19,412. She advised the Board that a rent increase would be required from HUD to support the additional debt service. After some discussion, it was moved and seconded to authorize the mortgage increase subject to approval by HUD of the necessary rent increase. The motion carried.

At approximately 1:30 p.m. the commissioners and staff of Vermont State Housing Authority arrived. VSHA Commissioner Spangler disqualified himself from the discussion because of a conflict of interest. An extensive discussion of the Darling Inn, Lyndonville proposals ensued. During this discussion several interested parties spoke to the commissioners, including representatives of the Area Agency on Aging, the Lyndonville Senior Center, and Mr. James Loney. It was moved and seconded to rescind the action of January 10, 1980 which had reaffirmed VHFA's approval of the Mayo/Loney proposal. The motion was defeated by a vote of 1 to 5. After further discussion, it was moved and seconded to table the issue for three weeks and to ask the competing developers to discuss a possible joint venture; if this is not acceptable, VHFA staff is directed to review both proposals to verify costs, interest rates, design and availability of CSA grant funds; at the conclusion of this review a joint board meeting of VHFA and VSHA will reconsider the proposals. The motion carried.

VSHA Executive Director William Kearns, described the status of William Wessel's proposal for Vergennes. He stated that VSHA has declared a default of the Agreement to Enter Into a Housing Assistance Payments Contract and has advertised for new proposals in Vergennes. It was agreed that VHFA and VSHA will consider such new proposals after the staff have visited the sites.

Chairman Field explained that VHFA has authorized distribution of its Developers Handbook. A general discussion of Section 8 procedures ensued. At the conclusion of this discussion, the members and staff of VSHA left the meeting.

Ms. Nichol presented the commissioners with a letter from Marcel and Anita Gervais, general partners of the Island Pond development, requesting a mortgage increase of \$9,000. She advised the Board that a rent increase would be required from HUD to support the additional debt service. Mrs. Gervais addressed the Board to explain the reasons for the request. The commissioners offered Mrs. Gervais two options:

- (a) a short-term loan of \$9,000 at 8.5 percent to be repaid upon receipt of the next installment of limited partners' contributions, or
- (b) a long-term mortgage increase, subject to approval by HUD of the necessary rent increase.

A motion to that effect was made and seconded. The motion carried.

At this point Chairman Field left the meeting and Vice-Chairman Shaw took the chair.

Ms. Nichol described a number of unanticipated cost increases in the proposal of Richard Jensen to rehabilitate 13 apartments in the Burlington NSA. Mr. Hunt presented a memorandum dated February 25, 1980, in which he recommended that the proposed mortgage be increased by \$441,029 and that VHFA provide all of the construction financing instead of 50 percent as was previously approved. His recommendation was conditioned upon HUD approval of a requested rent increase, and a VHFA cost estimate or examination of bids to substantiate the contractor's construction budget. A motion was made and seconded to accept Mr. Hunt's recommendation. The motion carried.

Mr. Hunt presented the commissioners with a letter from Mr. Ray Babcock, president of Frank Babcock & Son, Inc., owner of the Barton development, requesting a mortgage increase of \$9,640. He advised the Board that a rent increase would be required from HUD to support the additional debt service. Mr. Babcock addressed the Board to explain the reasons for the request. After some discussion it was moved and seconded to authorize the mortgage increase subject to approval by HUD of the necessary rent increase. The motion carried, Mr. Hebard abstaining.

Mr. Hunt explained the status of the single-family program, indicating only about 60% of the loans the Agency is committed to purchase have been purchased. Since most of the funds have been committed by the banks, it is difficult to understand why the purchasing is so slow.

Ms. Thielen presented a proposal from Mr. Lawrin P. Crispe of Brattleboro to rehabilitate 16 family units on seven sites in the Village of Saxton's River. It was moved and seconded to give preliminary approval to the proposal and to transmit it to VSHA for submission to HUD, although this does not imply approval of all

details. In particular, the proposal must be financially feasible at a 10 percent permanent loan rate, and improvements must be made to adjoining properties to the satisfaction of the VHFA staff. The motion carried.

Mr. Hunt and Mr. Frazier brought the Board up to date on the status of the Heat Conservation Loan program. Although the funds have been going out slowly, additional Agency advertising should increase activity in this program.

Mr. Frazier presented several alternative proposals for an Employee Benefit Plan. It was moved and seconded to adopt "Plan B" of Mr. Frazier's summary sheet. This plan includes the following:

1. Group term life insurance of 100% of annual income;
2. Short term disability self-insurance for employees with six months' service, in which VHFA pays 100% of after-tax salary, reduced by social security and workmen's compensation payments;
3. Long term disability insurance from Union Mutual, which after 26 weeks will pay 60% of income up to \$2,000 per month to age 65;
4. Group health plan modifications to the existing plan but treating maternity the same as illness and establishing maximum out-of-pocket expenses of \$500/person or \$1,500/family.

The motion carried, Commissioner Behney abstaining.

Mr. Frazier presented a recommendation for an employee pension plan, under which a combination of pension benefits and tax-deferred annuities would be offered, at the employee's choice. He asked for conceptual approval before he sought bids to determine the cost of such a plan. A motion was made and seconded to approve Mr. Frazier's recommendation within the limits established by the Agency's budget.

Mr. Frazier presented a proposed revised budget for fiscal year ending June 30, 1980. The revisions reflected primarily the addition of a single-family program director and an assistant bookkeeper, which he is now requesting, and the previous addition of legal counsel and a management coordinator, which were already approved. The revised budget also increased the General Fund Reserve from \$250,000 to \$600,000. A motion was made and seconded to approve the single-family director and assistant bookkeeper positions. The motion carried. A motion was then made and seconded to approve the revised 1980 budget. The motion carried.

Mr. Hunt presented a proposed resolution, recommended by Agency counsel, to amend the By-Laws to conform the official seal of the Agency to the seal on actual use by the Agency. It was moved and seconded to approve the resolution (attached). The motion carried.

Mr. Hunt presented a request from the Vermont Council of Community Mental Health Services to increase the existing seed-money loan by an additional \$20,000. He recommended that the increase be granted, subject to verification by HUD that all of the proposals for Section 202 loan funds have been submitted. It was moved and seconded to authorize the additional loan, subject to the discretion of the Executive Director. The motion carried, Commissioner Gardner abstaining.

Mr. Hunt explained that the owners of the Milton development have asked that the easement over adjoining lands, required by the Commissioners as a condition of approval of their proposal, be discharged. A motion was made and seconded to table the request. The motion carried.

Mr. Dickson and Mr. Hunt presented a series of recommendations for changes to the Agency's Section 8 underwriting requirements. After extended discussion, a motion was made and seconded to revise these requirements as follows:

1. reduce the Agency's projected spread from 1.5 points to 1 point;
2. reduce the Agency's commitment fee from 2 points to 1.5 points, with $\frac{1}{2}$ point to be collected at initial closing and 1 point to be collected at final closing, of which $\frac{1}{2}$ point would be deposited in a "Project Cost Escrow Pool" to be used for any project included in the pool;
3. reduce the Project Cost Escrow from 3 points to 1.5 points, subject to a firm agreement with VSHA giving VHFA full control of the Replacement Reserve Fund;
4. increase the equity requirement from 5 percent to 10 percent but keep the budgeted return on equity as is, it being understood that the Board will consider requests for waiver of this requirement on smaller developments.

The motion carried.

The meeting adjourned at 5:30 p.m.

Respectfully submitted,


Allan S. Hunt, Secretary



ANDREW R. FIELD, Chairman
ALLAN S. HUNT, Executive Director

VERMONT HOUSING FINANCE AGENCY

MINUTES OF VHFA CONFERENCE CALL 9:30 a.m., February 22, 1980

PRESENT: Vice-Chairman Shaw, Commissioners, Hebard, Behney, and Myette, Ms. Nichol.

Vice-Chairman Shaw chaired the meeting in Mr. Field's absence. Ms. Nichol explained the need for permanent financing resolutions for the following developments: (1) Maple Street Apartments in Hardwick, (2) Butler Apartments in Waterbury, (3) Colonial Village (family units only) in Bradford and (4) Roaring Brook Housing in Barton. It was moved, seconded, and unanimously approved to adopt the four resolutions as proposed.

It was then moved and seconded that the Agency Bylaws be amended to allow the Chairman and Vice-Chairman to sign documents in the absence of the Executive Director and Deputy Director. This motion passed unanimously.

The Commissioners then agreed that the time of the Board Meeting on February 26 should be advanced to 12:30 p.m.

There being no further business to come before the Board, a motion was made and unanimously approved to adjourn.

Allan S. Hunt, Secretary

WAIVER OF NOTICE AND CONSENT TO ACTION

I hereby waive notice of the meeting of Vermont Housing Finance Agency held by telephone conference call on Friday, February 22, 1980, and I further waive notice of the amendment to the by-laws of the Agency which was adopted at that meeting and which authorizes the Chairman and/or the Vice Chairman of the Agency to sign real estate closing documents on behalf of the Agency with respect to transactions that have been approved by the Agency; and further, I expressly consent to said amendment to the by-laws of the Agency.

Dated at Montpelier, Vermont, this 26th day of February, 1980.



Commissioner, Vermont Housing
Finance Agency

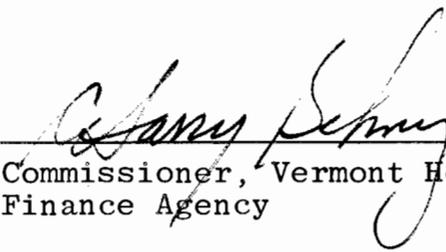
FRANKLIN LLOYD
KOCIMAN
ATTORNEY AT LAW
TOWN ROAD
BURLINGTON, VERMONT
05402

(802) 434-3004

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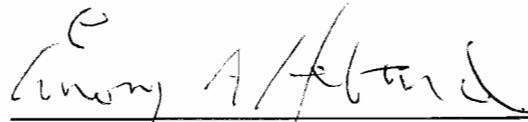


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Dated at Montpelier, Vermont, this 26th day of February, 1980.



Commissioner, Vermont Housing
Finance Agency

FRANKLIN LLOYD
KOCHMAN
ATTORNEY AT LAW
TOWN ROAD
BURLINGTON, VERMONT

05402

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Commissioner, Vermont Housing
Finance Agency

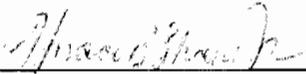
FRANKLIN LLOYD
KOCIMAN
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TOWN ROAD
WINDMILL VILLAGE, VERMONT
05402

(802) 434-3004

WAIVER OF NOTICE AND CONSENT TO ACTION

I hereby waive notice of the meeting of Vermont Housing Finance Agency held by telephone conference call on Friday, February 22, 1980, and I further waive notice of the amendment to the by-laws of the Agency which was adopted at that meeting and which authorizes the Chairman and/or the Vice Chairman of the Agency to sign real estate closing documents on behalf of the Agency with respect to transactions that have been approved by the Agency; and further, I expressly consent to said amendment to the by-laws of the Agency.

Dated at Montpelier, Vermont, this 26th day of February, 1980.



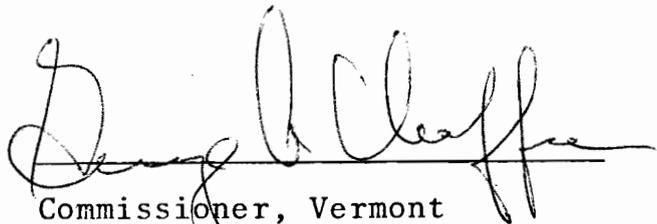
Commissioner, Vermont Housing
Finance Agency

VERMONT HOUSING FINANCE AGENCY

WAIVER OF NOTICE

I hereby waive notice of the meeting of Vermont Housing Finance Agency held on the 26th day of February, 1980.

Issued at Montpelier, Vermont this 24 day of May 1980.



Commissioner, Vermont
Housing Finance Agency

"BE IT HEREBY RESOLVED AS FOLLOWS: Vermont Housing Finance Agency hereby determines that:

- (1) Butler Apartments, housing for the elderly in Waterbury, Vermont (the "Development") is primarily for occupancy by persons and families of low and moderate income;
- (2) the construction costs incurred by the Sponsors will be for housing development costs within the meaning of the Act;
- (3) there exists a shortage of decent, safe and sanitary housing at rentals or prices which persons and families of low or moderate income are able to afford within the general housing market area of Waterbury and private enterprise and investment are unable, without assistance, to provide an adequate supply of residential housing and sufficient mortgage financing for residential housing for occupancy by such persons and families;
- (4) the Sponsor of the Development will increase the supply of well-planned, well-designed housing for persons and families of low and moderate income and such Sponsor is a financially responsible person;

"THEREFORE, the Executive Director is hereby authorized and directed to ascertain that all applicable covenants and conditions of the Letter of Commitment have been fulfilled. Upon a satisfactory determination of the foregoing, the Chairman or Executive Director is hereby authorized and directed to secure a Promissory Note, Mortgage and Security Agreement, Regulatory Agreement, and all necessary certifications and other documents pertaining to the Development; and is further authorized and directed to execute the Regulatory Agreement, to furnish a requisition of funds to the Trustee and to disburse such funds sufficient to make a loan for the Development in accordance with the Commitment Letter."

"BE IT HEREBY RESOLVED AS FOLLOWS: Vermont Housing Finance Agency hereby determines that:

- (1) Colonial Village, housing for families in Bradford, Vermont (the "Development") is primarily for occupancy by persons and families of low and moderate income;
- (2) the construction costs incurred by the Sponsors will be for housing development costs within the meaning of the Act;
- (3) there exists a shortage of decent, safe and sanitary housing at rentals or prices which persons and families of low or moderate income are able to afford within the general housing market area of Bradford and private enterprise and investment are unable, without assistance, to provide an adequate supply of residential housing and sufficient mortgage financing for residential housing for occupancy by such persons and families;
- (4) the Sponsor of the Development will increase the supply of well-planned, well-designed housing for persons and families of low and moderate income and such Sponsor is a financially responsible person;

"THEREFORE, the Executive Director is hereby authorized and directed to ascertain that all applicable covenants and conditions of the Letter of Commitment have been fulfilled. Upon a satisfactory determination of the foregoing, the Chairman or Executive Director is hereby authorized and directed to secure a Promissory Note, Mortgage and Security Agreement, Regulatory Agreement, and all necessary certifications and other documents pertaining to the Development; and is further authorized and directed to execute the Regulatory Agreement, to furnish a requisition of funds to the Trustee and to disburse such funds sufficient to make a loan for the Development in accordance with the Commitment Letter."

"BE IT HEREBY RESOLVED AS FOLLOWS: Vermont Housing Finance Agency hereby determines that:

- (1) Roaring Brook Housing, housing for families in Barton, Vermont (the "Development") is primarily for occupancy by persons and families of low and moderate income;
- (2) the construction costs incurred by the Sponsors will be for housing development costs within the meaning of the Act;
- (3) there exists a shortage of decent, safe and sanitary housing at rentals or prices which persons and families of low or moderate income are able to afford within the general housing market area of Barton and private enterprise and investment are unable, without assistance, to provide an adequate supply of residential housing and sufficient mortgage financing for residential housing for occupancy by such persons and families;
- (4) the Sponsor of the Development will increase the supply of well-planned, well-designed housing for persons and families of low and moderate income and such Sponsor is a financially responsible person;

"THEREFORE, the Executive Director is hereby authorized and directed to ascertain that all applicable covenants and conditions of the Letter of Commitment have been fulfilled. Upon a satisfactory determination of the foregoing, the Chairman or Executive Director is hereby authorized and directed to secure a Promissory Note, Mortgage and Security Agreement, Regulatory Agreement, and all necessary certifications and other documents pertaining to the Development; and is further authorized and directed to execute the Regulatory Agreement, to furnish a requisition of funds to the Trustee and to disburse such funds sufficient to make a loan for the Development in accordance with the Commitment Letter."

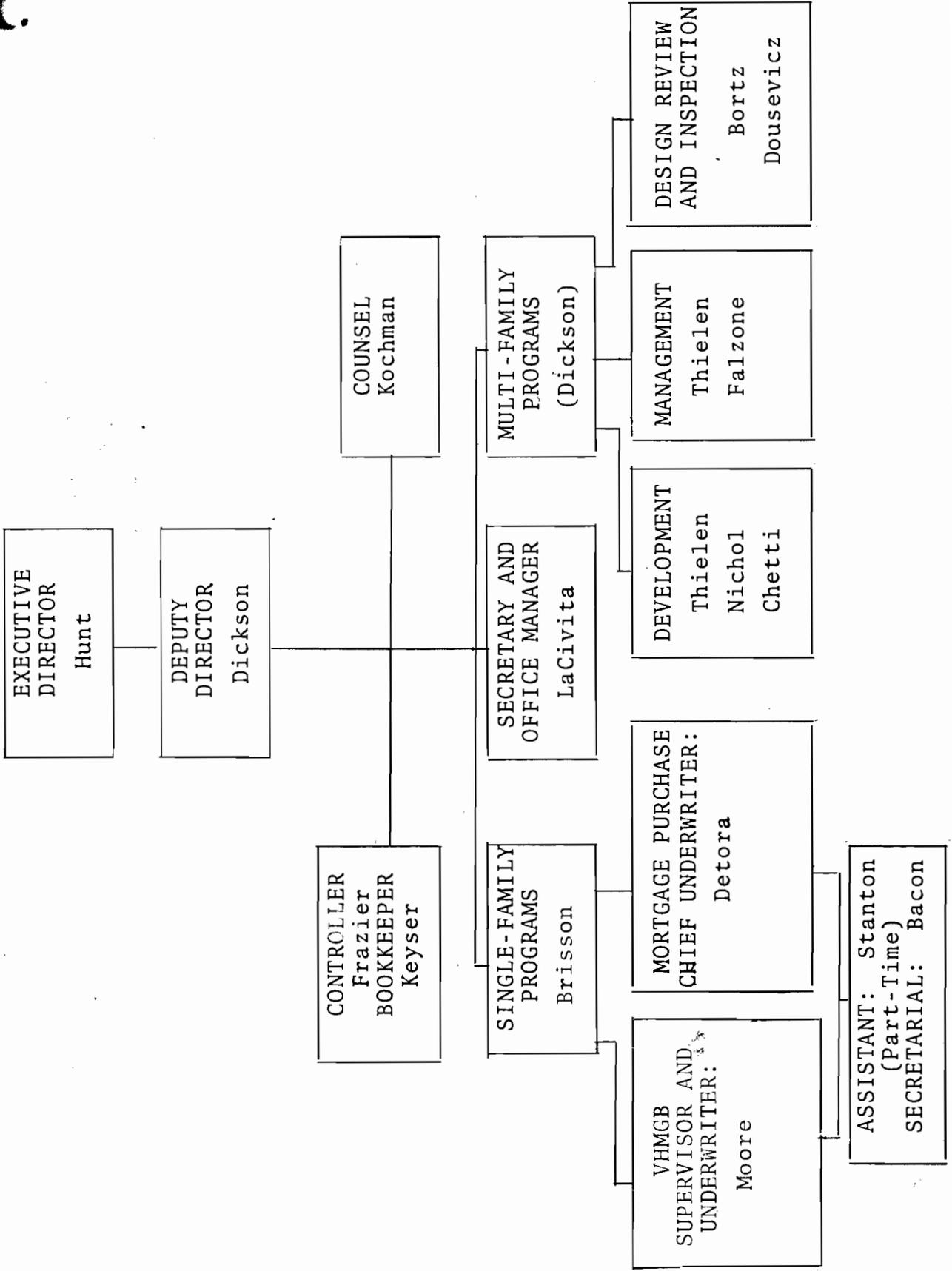
PROPOSED RESOLUTIONS AMENDING THE FORM OF
THE SEAL OF VERMONT HOUSING FINANCE AGENCY

RESOLVED, that Section 1.4 of the By-laws is amended to read as follows:

Seal: The official seal of the Agency shall be in the form of two concentric circles between which shall be inscribed the words "Vermont Housing Finance Agency." Such seal may also include such other insignia as may be approved or ratified by Resolution of the Commissioners; and it is further

RESOLVED that the form of the official seal as it has heretofore appeared on authorized instruments evidencing obligations of the Agency, or any other authorized documents of the Agency, is hereby ratified and approved, and the Secretary is directed to cause an impression of said seal to be made upon the official minutes of the meeting at which this Resolution is adopted.

ORGANIZATION CHART, VHFA/VHMG





ANDREW R. FIELD, Chairman
ALLAN S. HUNT, Executive Director

VERMONT HOUSING FINANCE AGENCY

March 28, 1980

Mr. Andrew R. Field, Chairman
235 Elm Street
Montpelier, Vermont 05602

Dear Andy:

This is in response to your request at the VHFA/VSHA meeting of March 18 that the staffs of the two agencies comment on the exchange of memoranda between yourself and Jim Finneran during May, June and July of 1979. At your request, I am distributing this letter to the commissioners of both agencies.

As you know, we have worried about this topic for several years and I have made my views known to our commissioners in writing before. You may wish to refresh your memory by referring to a memo entitled "The Respective Roles of VHFA and VSHA," which included a letter to HUD Regional Administrator Ed Martin and was distributed to our commissioners at your request in late March or early April of last year. The existing situation was described in detail in a letter (during my absence) from Don Dickson to you dated March 30, 1979. I believe you gave a copy of that letter to Mr. Finneran, but I will also enclose a copy for the benefit of those other commissioners who were not part of the negotiations.

In brief, it seems to me that the division of responsibilities that you and Jim seem to have been tending toward is only one of at least five ways in which the Section 8 program could be administered in Vermont, and that this option does not go far enough to solve the problems of duplication and disagreement we have struggled with for so long. I would like to describe some of the alternatives that have occurred to me, and explain in detail why I think another option would be preferable.

SECTION 8 PROCESSING OPTIONS:

Here are five options, all possible under present law and regulations:

1. VSHA could delegate all contract administration to VHFA, in accordance with a binding memorandum of understanding.
2. VSHA could agree (again, in a binding understanding) to accept all proposals and certifications submitted by VHFA but VSHA would sign and administer the Section 8 Agreement and Contract, except for certain designated functions delegated to VHFA (eg, control of rent adjustments, replacement reserves, return on equity, and excess funds; receipt of financial statements); VHFA would pay VSHA for check-writing and tenant eligibility reviews.
3. VSHA could delegate all developer contact and proposal preparation to VHFA; VSHA would retain the right to review and approve the location, developer, manager and number of units, but accept all other details and certifications submitted by VHFA and so on as in No. 2.
4. We could continue the existing system.
5. We could adopt the proposed Field/Finneran system in which VSHA takes the lead in developing the preliminary application with the owner.

I'm sure we could devise any number of other options if we tried.

RECOMMENDATION:

I think the cleanest and most thorough solution to the problem of duplication and disagreement would be option 1, under which VSHA would delegate all contract administration to VHFA for all Section 8 projects financed by VHFA. The delegation could be by a formal, binding memorandum of understanding, which could either cover all Section 8 units allocated to the State during a given period of time, or could be terminated by mutual consent. VSHA would still administer contracts for Section 8 existing units, the Section 8 moderate rehab program, any Section 8 units financed under the Authority's 11(b) program, and the remaining Section 23 units, in addition to whatever non-Section 8 functions it might take on in the future.

Option 2 is, in my opinion, less favorable. It would have two advantages: VHFA would have to hire no extra staff (whereas one or two additional people might be needed under option 1), and it is probably closest to the legislative intent of the General

Assembly when it created Vermont's Section 8 program in 1976. However, it would retain the present problems of inexplicable delays and errors in preparing and executing the Section 8 Agreement, the Contract, and the monthly rental assistance checks. There would always be a potential for confusion or conflict over functions not explicitly designated to one agency or the other.

Option 3 would still be better than the present system because it would eliminate the present problem of developers getting contradictory guidelines from two agencies. However, it gives to VSHA the right to review and approve matters which I honestly believe, as a participant in the legislative process and whenever I read the Act which created the program, the General Assembly intended to reserve to VHFA.

Option 4, to continue the existing system, seems to be unsatisfactory to all concerned.

Option 5, the system which seemed to have been emerging from your exchange of memos with Jim Finneran, would probably save developers the aggravation of contradictory guidelines. However, I respectfully suggest that it represents a basic concession to VSHA of the fundamental decisions in soliciting and developing proposals. We would see only those types of developers and developments that fall into the rather rigid mold that VSHA has been shaping over the past two years. VHFA would relinquish any creative role in shaping the basic outlines of the developments we finance, and would relinquish the opportunity to evaluate the capability, personality, and intentions of the developer at an early enough stage to do anything about it. A form of this proposed system has in fact occurred in some instances already, and has created problems. Barton is one example that has already been brought to your attention.

With apologies for the length of this letter, I will try to comment in detail on the exchange of memos, and then go into the background, the law, and the logic behind my own recommendation.

DISCUSSION:

I. Option 5: The Field/Finneran Proposal

I will direct my comments first to the three issues raised in your first memo of May 8, 1979:

1. Set-Asides: Allowing the VSHA to determine set-asides with "automatic endorsements" by VHFA is a big mistake. For one thing, this policy would allow them to pursue their rural housing outreach program without regard to "Fair-Share". This year's allocation is a prime example of this:

Allocations were made primarily based on existing proposals solicited by VSHA staff, at the expense of more needy areas where the staff had been less active.

Also, VSHA's favorite allocations often are tied into a response to pressures from local groups who want to sponsor housing. The Bensen, Orwell and Shoreham project resulted from this process, leading to an allocation of 45 units in communities totalling only 1500 persons! Almost a year has gone by with no results. I'm afraid this will happen time and time again if they determine set-asides.

It should be pointed out that the present system of jointly approving set-asides has created very little conflict between the two agencies.

Other issues relating to allocation of set-asides are rent levels and the elderly/family mix. I fear that the Agency leaving something as important as set-asides to another body may adversely affect our bond sales efforts, since we appear to be delegating statutory authority over a fairly important step with no review.

2. Site Selection: Far too often we disagree over the appropriateness of a site. The most frequent problem is distance from services. Some Vermont State Housing Authority field personnel will approve almost anything. I do agree that carefully reviewed and Board-approved guidelines could lessen this possibility.

In response to your sub-paragraph (a), while I once favored the Agency taking options, I don't any longer. I believe that offering a site to developers without going through zoning, etc. is dangerous, since it suggests that there will be fairly automatic approval of the proposal, which certainly isn't the case. Neither agency can afford as much staff time searching and evaluating potential sites as can the Vermont development profession.

3. Preliminary Application: Here's where the main problems occur. Jim Finneran's proposal would be unworkable, since it precludes a thorough VHFA analysis of the developer, as well as detailed discussion with the developer of the full impact of the financial risks and long-term requirements he or she is undertaking. Revealing these at some later date when we finally meet the individual will make us look like the "bad guys," since this developer will have spent considerable money by that time. The resentment thus caused, cuts VHFA staff off from the frequent and detailed communication with developers necessary to operate in the very complex system of Section 8. This has happened several times.

Furthermore, given the Authority's propensity to advocate low operating budgets, we stand a very real chance of getting many unfeasible budgets and then having to resist various pressures from VSHA and the developer to approve them "as is". A thorough analysis of a proposed budget cannot be efficiently done without direct contact with the sponsor. Going through VSHA staff for detailed questions and answers is obviously inefficient. Furthermore, we have been told time after time that Authority staff consistently fails to return phone calls--in one case a job superintendent called the Authority 20 times, trying to find out what to do with Davis-Bacon wage reports, with no response. It will be even worse if VSHA staff has to transmit all of VHFA's questions and requirements too.

A further problem with this proposed system would be the almost total lack of VHFA design input into the preliminary design. The project would arrive for our review and it would be difficult to request revisions, since the budget is also set. Examples of this happening already are numerous, including the almost total reliance on duplexes for families, as well as the single-family, individual-entrance concept for the elderly. One recent proposal, not yet presented to the Board, has been designed at considerable expense and local approvals obtained, before it was shown to VHFA staff. It is now extremely difficult to achieve any changes in design.

Another problem is the tendency of the Authority to find and work with very marginal developers, with no money or experience. Under Jim's proposed system, it would be difficult to refuse a sponsor based on inexperience or lack of financial capability since they had already gone to the expense of preparing a full application, including plans! Following the system you outlined in your memo of July 3, 1979 would make somewhat more sense, subject to all my other reservations.

I must frankly agree with your assessment on page 2 of the July 3 memo in which you suggest that the real intention of Mr. Finneran is his desire to run the whole show. I am gravely concerned that this system would be viewed by rating services and investors alike as a capitulation of our basic underwriting obligations and as such, create a large degree of doubt that we are running our own show. The system contemplated by Jim Finneran would be fine if we were a bank lending 60%-75% of the total loan. This is not the case. So I have suggested several more drastic revisions to our Section 8 system which, in my opinion, make a lot more sense.

II. Option 1: VHFA as Contract Administrator

I strongly recommend an agreement whereby the State Housing Authority exercises its statutory option not to administer allocations of Section 8 funds for new construction and substantial

rehabilitation, permitting the Housing Finance Agency to administer such funds. In return, VHFA would indemnify VSHA and hold VSHA harmless against any responsibility for error or negligence in the administration of these funds. VSHA would continue to administer funds under the Section 8 "existing" program, Section 23 leased housing programs, and its other authorized activities. This division of responsibility would not require legislative action.

A. Statutory Authority

Vermont State Housing Authority is authorized by law to administer Section 8 funds by virtue of 24 V.S.A. Section 4005(d), which reads in part:

"Except as provided in Section 4008(10) of this title, the State Housing Authority shall be the public housing agency with statewide responsibility eligible to administer allocations of money under 42 U.S.C.A. § 1437f. These allocations shall be subject to the approval of the Vermont Housing Finance Agency."¹

Section 4008 of Title 24 is a list of enumerated powers of housing authorities, one of which is the following:

"(10) To administer, as its option, allocations of money made under 42 U.S.C.A. § 1437f."

This provision creates the option for the State Housing Authority to choose not to administer Section 8 funds.

The Housing Finance Agency has the power to receive and administer Section 8 funds directly and to undertake consolidated processing on behalf of any other agency of the State. These powers are contained in 10 V.S.A. § 621, which reads in part:

§ 621. General powers and duties.

The Agency shall have all of the powers necessary and convenient to carry out and effectuate the purpose and provisions of this chapter, *** including, without limiting the generality of the foregoing, the power to:

(1) Make and execute contracts and all other instruments necessary or convenient for the exercise of its powers and functions under this chapter, including contracts and instruments which may be made and executed with the state or the United States or any agency or instrumentality of either of them ***.

1. 42 U.S.C.A. § 1437f is Section 8 of the U.S. Housing Act of 1937, amended.

(3) Receive and accept grants, aid or contributions, from any source, of money, property, labor or other things of value, to be held, used and applied to carry out the purposes of this chapter subject to the conditions upon which the grants, aid and contributions may be made, including, but not limited to gifts or grants from any agency or instrumentality of the United States or of this state for payment of rent supplements to eligible persons or families or for the payment in whole or in part of the interest expense of residential housing or for any other purpose consistent with this chapter;

(4) Provide, contract or arrange for consolidated processing of any aspect of the financing of residential housing under this chapter in order to avoid duplication thereof by either undertaking the processing in whole or in part on behalf of any department, agency, or instrumentality of the United States or of this State ***.

The overlapping responsibilities which VHFA and VSHA now perform have created precisely the kind of duplication that 10 V.S.A. § 621(4) was intended to cure.

In light of the powers given to VHFA in 10 V.S.A. § 621, it is perhaps not necessary for VSHA formally to assign its administrative responsibility to VHFA. It would suffice for VSHA simply to choose not to administer the new construction/substantial rehab program. However, to ensure a common understanding of mutual rights and responsibilities a written agreement would provide added clarity.

B. Division and Coordination of Proposed Responsibilities

The effects of this transfer of responsibility for new construction and substantial rehab would be as follows:

(a) The Housing Authority would retain all responsibility for receiving and administering Federal subsidies for existing housing, such as the Section 23 leased housing program, the Section 8 - existing program, and any similar future programs, and would continue to perform the functions it has performed since its inception in 1968. In addition, it might choose to get involved in new housing activities not now being conducted by either state agency. The Board of Commissioners would remain unchanged. The Housing Authority would relinquish its responsibility for administering new construction and rehab subsidies, which it only began doing actively in 1977.²

2. Technically the Authority approved some new construction developments in 1976 but in fact they made little effort to review and evaluate these developments and the first contract was not signed until October, 1977.

(b) The Finance Agency would retain its responsibility for developing proposals and underwriting mortgage loans for multifamily housing, as the legislature intended by the adoption of S.87 in 1976, and would begin to exercise responsibility for administering the Federal subsidies that provide the primary security for those same mortgage loans.

(c) The only direct coordination required between these two functions is the allocation of Federal subsidy funds among the existing housing, new construction, and substantial rehab programs. This coordination is already provided by the HUD Area Office in consultation with the Agency, the Authority, and DCA.

C. Advantages of the Proposed Division of Responsibilities

A number of arguments lending support to the division of responsibility proposed herein can be made, including the following considerations:

1. Historical background
2. Staffing and experience
3. Risks and incentives
4. Sources of operating revenues
5. Coordination of efforts
6. Existing contacts
7. Precedents in other states.

Each of these arguments will be presented in turn.

1. Historically, the Housing Authority has dealt with existing housing and the Financy Agency has dealt with new construction. When the Housing Authority was formed in 1968, it was charged with administering HUD's Section 23 leased housing program, in which the Authority leases existing apartments from private landlords and sub-leases them to low-income tenants. Although a number of the apartments leased by the Authority under Section 23 were newly-constructed by developers in anticipation of obtaining long-term leases, this construction was undertaken by private developers with private financing, and with little involvement by the Authority in design and construction. There has been no new construction under this program since the Nixon moratorium on housing programs in January, 1973.

In 1975 the Authority was given a set-aside of 160 units under HUD's new Section 8 program. Initially the Authority attempted to allocate most of these units to new construction. However, when the end of the federal fiscal year drew near, the Authority had been totally unsuccessful in developing

feasible proposals; the HUD Area Office therefore issued what was in effect an ultimatum, to use the set-aside for existing units or lose the funds. It was not until the Finance Agency was authorized in 1976 to finance multifamily housing that the State began getting involved in new construction.

Even then, the Authority's role under the "slow-track" system was limited to approval of the towns in which new developments would be located; the Authority merely rubber-stamped proposals and sent them to HUD. It did not get involved in the details of proposals until the spring and summer of 1977.

In contrast, the Finance Agency has had no experience with existing mental housing; it has dealt exclusively with lending institutions, builders, homeowners, and developers of new construction. The proposals that the Authority rubber-stamped in 1976 for submittal to HUD were carefully evaluated by the Agency for financing.

2. The staff and Commissioners of the Housing Authority are organized, experienced and qualified to administer existing units, whereas the staff and Commissioners of the Finance Agency are more experienced and qualified to evaluate and underwrite new projects. The Housing Authority staff consists primarily of three components: a field staff, which deals on a daily basis with many landlords and tenants throughout the state; a project management staff which performs on-site supervision and management of the Section 23 projects leased by the Authority; and an office support staff which performs the clerical and accounting functions necessary to keep track of the dozens of landlords and the hundreds of tenants and their individual leases and housing assistance payments. Recruitment and compensation of Authority staff are closely regulated by HUD.

The Finance Agency staff consists primarily of two components: a single family mortgage underwriting staff and a multifamily mortgage underwriting staff. In addition, a Controller keeps track of all Agency funds and investments and administers relations with the trustees of the various bond issues. Recruitment and compensation of Agency staff are supervised by VHFA Commissioners. The present multifamily staff was hired on the basis of their experience in the multifamily housing field and all possess relevant expertise in the field of housing development. In addition to its staff, the Commissioners of the Finance Agency each bring relevant and valuable insights to bear on the Agency's underwriting decisions. Ex Officio members of the Commission have close professional knowledge of finance and/or housing development by virtue of their respective official positions. You and the other appointed VHFA Commissioners are also very helpful and knowledgeable by virtue of your professional backgrounds.

3. The risks and incentives bearing upon the Finance Agency in its mortgage lending role tend to force the Agency to make a careful and responsible review and evaluation of proposed new construction projects. The Finance Agency operates solely with borrowed funds. Its bonds are not backed by the State of Vermont. The necessity of repaying these borrowed funds forces the Agency to consider very carefully four aspects of each proposal:
- (a) operating budgets must include sufficient revenue to meet all expected expenses of the project and sufficient reserves to provide for unexpected contingencies;
 - (b) management capability must be experienced and stable to provide a high level of maintenance and tenant satisfaction;
 - (c) the market for housing in the area must be strong enough to assure a high level of occupancy throughout the life of the mortgage;
 - (d) the quality of construction, the location, and the size and amenities of the apartments must provide high-quality, convenient housing for low and moderate income tenants; hopefully it will also be attractive enough that in event of foreclosure the Agency could quickly find a willing buyer.

In contrast, there are few principal risks of error bearing upon the Authority; if a project operates at a loss or defaults on its loan payments, the Authority suffers no loss. If a project is poorly managed or is foreclosed, the Authority can simply withdraw the contract for Federal subsidies or transfer it to a new owner.

Furthermore, there are even more incentives bearing upon the Authority that tend to increase the underwriting risks of the Agency. As two examples, the Authority has set itself the task of reducing both the construction and operating budgets proposed by developers of subsidized housing, and has displayed a strong preference for sponsors with little or no experience in multifamily development and very meagre financial resources to call upon in the event of unexpected difficulties. The Agency's interest, in contrast, lies in achieving a high level of quality and amenities, both in construction and in management and maintenance, including a comfortable budget to provide for contingencies. In part, these considerations increase the security of the Agency's investment, but the Agency is also deeply concerned about the long-term welfare and satisfaction of tenants in the housing it provides.

4. The Agency earns operating revenues on Section 8 new construction and rehab, but the Authority does not -- the Authority earns substantial operating revenues on the Section 8 existing program. Under the Section 8-existing program, the Authority earns from HUD a fee for preliminary (pre-leasing) expenses of up to \$275 per unit, and a monthly administrative fee per unit of 3 percent of the average Fair Market Rent for a two-bedroom apartment. In contrast, under the so-called "fast track" system for processing Section 8-new construction/rehab proposals, HUD allows no reimbursement for preliminary expenses and no on-going administrative fee. The reason is that the fast-track new construction/rehab program is based on the assumption that all processing and administrative work is performed by a Housing Finance Agency, which can support itself by the spread between its borrowing rate and its lending rate.

In the past, the Agency and the Authority have discussed the possibility of the Agency reimbursing the Authority for its expenses. There are three problems with this technique:

(a) the Agency is reluctant to pay for personnel not under its control to perform functions which merely duplicate those the Agency must still perform on its own behalf;

(b) the Agency's spread and its commitment fees must cover not only its own staff expenses but also its Trustee fee, auditing costs, legal fees, and possible shortfalls in its Capitalized Interest Account if a project is delayed in construction and does not open on schedule; the spread also becomes a valuable "contingency" to cover any unexpected interruptions in cash flow, thus serving as a hedge against the risk of default;

(c) because projects are processed and bonds must be sold well in advance of the making of the mortgage loan, the Agency does not realize its operating revenues on a particular project until at least a year after the Authority has incurred its expenses. In some cases, if a project is ultimately not accepted, the Agency may realize no revenues even though significant preliminary expenses were incurred.

It clearly makes much more sense for the Agency to do its own underwriting of new and rehab developments and pay its own expenses, and for the Authority to concentrate its efforts on the "existing" program for which it earns generous operating revenues from HUD.

5. It will be much easier to coordinate separate but complementary activities of the two organizations in two separate programs through the Section 8 allocation process than it has been to coordinate their overlapping and sometimes competing activities in the same program. You and the other Commissioners

4. By law the Agency is limited to 1.5 percentage points spread in interest rates, but in reality the effective spread is considerably less

will recall recent instances where the two agencies disagreed. However, it has been like this for years. Perhaps it can be argued that it is healthy to have a double-check on all proposals. However, developers must already try to reconcile pressures from HUD, the architect, the builder, the site, the State Fire Marshall, Act 250, the Office of Historic Preservation, the town and often the village selectmen or trustees, the zoning board, planning board, health department, highway department, etc. They must also satisfy the concerns of the Agency that provides their financing. To add VSHA as yet another reviewing body that lacks any concrete interest or mandate merely adds to the difficulties of an already-difficult development process. The process is already so frustrating, complex, and time-consuming that most experienced Vermont builders stay away from it. The result is that most developers active in the program are from out-of-state or are quite inexperienced.

In contrast, coordination between the Section-8 existing program and the Section 8-new and rehab program should be simple. The HUD Service Office in Manchester, New Hampshire is given a percentage allocation between the two programs which it must observe. Within the State, the "existing" program is most appropriate in areas where there is an adequate stock of existing rental units that (perhaps with moderate rehab) can meet the minimal quality standards of that program. The new/rehab program is most appropriate in areas where there is a shortage of such units. In addition, the use of existing units is most appropriate in sparsely-settled rural areas where "projects" are inappropriate, and new construction is most efficient in denser areas where market demand supports such "projects". To a great extent, the distribution of units from each program to various towns around the state can be made on the basis of housing needs data compiled by regional planning commissioners and the State Department of Housing and Community Affairs. The mechanism for making this allocation could be simply an annual meeting (or more frequently, if necessary) between HUD officials and representatives of DCA, the Agency, and the Authority. Once a rational allocation was made, no further formal coordination between the Agency and the Authority would be needed.

6. The Agency and the Authority have already developed the networks of contacts needed to administer these two separate programs. The Authority has long-established relations with landlords throughout the State, first developed under the old Section 23 program and further extended under the Section 8-existing program. The Authority also has established relations with local service agencies that give it direct contact with low-income renters. It deals with both of these groups in operating the Section 8-existing program.

The Finance Agency, on the other hand, has established strong working relationships with regional planning commissions, developers, builders, FHA, and construction lenders, which are the major actors in the new/rehab program. The Authority has had almost no direct contact with these groups until very recently.

7. There are precedents in other states which give reason to believe that a division of responsibilities into programs for existing units and programs for new or rehab units will be successful. In Massachusetts, for example, all new construction and substantial rehab programs (such as Section 236 and Section 8-new/rehab) have traditionally been operated by the Massachusetts Housing Finance Agency, functioning with a great deal of independence from state government. Responsibility for administering the Section 8-existing program has been lodged in the Department of Community Affairs, a line department of state government. DCA also regulates local housing authorities in Massachusetts. Although this is not precisely the same structure as that being proposed here, it is evidence that the two types of programs can be operated independently of one another with a minimum of friction. A similar structure has been set up in Connecticut, again with DCA managing Section 8-existing and Connecticut Housing Finance Agency managing new and rehab programs.

D. Summary of Option 1

A division of responsibility for assisted housing in which the Housing Authority administers programs for existing apartments and the Finance Agency administers programs for new construction and substantial rehabilitation would be far superior to the current situation. In particular, it would strengthen the Agency's control over developers, proposals, and projects and thereby increase the basic security underlying the Agency's multifamily mortgage bonds. It would also rationalize and expedite the development process and help to maintain or even increase the amount of Section 8 funds allocated to the State in the future. The principal objection to option 1 is the need to hire extra clerical staff to process HUD checks and review tenant eligibility, functions in which VHFA has little real interest.

- III. Option 2: VSHA administers all contracts but accepts all proposals and certifications presented by VHFA; VHFA performs all proposal development and construction functions, and retains certain ongoing financial responsibilities such as control of rent adjustments, replacement reserves, return on equity, and excess funds, and review of financial statements; VHFA would pay VSHA to process HUD checks and review tenant eligibility.

As I mentioned above, this option has the advantage of being most closely in line with legislative intent. I am enclosing a copy of Act No. 176 of the Vermont General Assembly, enacted on March 26, 1976. This Act established the procedures and responsibilities to be used to develop and administer the Section 8 program in Vermont. It will be clear when you read this Act that the Legislature intended that the selection, development and financing of Section 8 projects were to be controlled closely by Vermont Housing Finance Agency, and the administration of Section 8 funds was to be done by Vermont State Housing Authority.

The Legislature expressed this intent in the following way:

1. Section 4 of the Act authorized VHFA to make loans to housing sponsors.
2. Section 5 of the Act required the Agency to determine:
 - (a) whether the housing sponsor is qualified under Vermont law, (b) the value of the housing project, (c) the repayment period and interest rate of the loan, (d) the rents and profits.
3. Section 5 of the Act also empowered the Agency to inspect any project and to order any changes necessary to protect its investment or the welfare of its occupants and to bring it into conformity with applicable codes.
4. Section 6 of the Act requires the Agency to determine:
 - (a) who may occupy the housing, within the definition established in Section 1 of the Act; (b) what are legitimate housing costs; (c) the general market areas projects should be located in; and (d) whether the sponsors are financially responsible and their development is well-planned and well-designed.
5. Simultaneously with these provisions, and in Section 7 of the same Act, the Legislature provided that the administration of subsidy funds was to be performed by VSHA. The fact that these allocations of responsibility were made simultaneously and by a single vote should indicate that the Legislature intended the two agencies to complement each other, not duplicate each other, and that VHFA was intended to perform the development role while VSHA was intended to perform the administration of HUD contract funds. To argue that VSHA should also perform the full range of development responsibilities is to imply that the Legislature deliberately intended to create overlapping jurisdictions. I attended the hearings on this bill and testified at several of them. I assure you that they intended for the two agencies to have separate roles in the Section 8 process and that VHFA was expected to play the lead role in developing projects.

State law does not mandate that VSHA must approve the selection of proposals. Under 24 V.S.A § 4005(d), VHFA must approve (or disapprove) Section 8 allocations, and therefore has the right, though not a duty, to impose conditions on its approval. In fact, state law does not provide that the allocations are subject to the approval of VSHA and according to the letter of the law, VHFA would be the sole state agency authorized to approve or disapprove the allocations. VSHA's role is merely to administer the allocations once they are made. In fact, VHFA has so far chosen not to impose any conditions on its approval where VHFA's interests are only indirectly affected, i.e., allocations under the Section 8 existing program. In the past, VHFA has allowed VSHA an equal voice in the approval of allocations, but this is not required by State law.

The Vermont Housing Authority Act is vague with respect to the meaning of the phrase "administer allocations of money". A number of administrative arrangements could be concocted that would comply with this law, such as what I have termed option 2, in which VHFA would prepare and submit to HUD all Fast Track proposals using the state set-aside allocation, making all required certifications of each proposal under its authority to use special procedures. VSHA would execute the ACC and administer the HAP Contract upon substantial completion. This method would comply with 24 V.S.A. Sec. 4005(d), because no "allocations of money" are actually available to administer until the ACC is in effect. This method is authorized under the Vermont Housing Finance Agency Act, which gives VHFA the power to:

Provide, contract or arrange for consolidated processing of any aspect of the financing of residential housing under this chapter in order to avoid duplications thereof by either undertaking the processing in whole or in part on behalf of any department, agency or instrumentality of the United States or of this state...(10 V.S.A. Sec. 621(4)). (Emphasis added.)

It would also comply with the underlying philosophy of HUD's Fast Track system, which is that the public agency that is bearing the financial risk of a development should make most of the determination of project quality. I believe this would be an acceptable arrangement, and the one that most clearly obeys the letter and intent of Vermont Law.

Option 2 also has the advantage that VHFA would not have to hire and train more staff to perform functions that VSHA staff already performs for their Section 23, Section 8 (existing), and previous Section 8 new construction and substantial rehab projects. It would probably be the most efficient in terms of staffing, but it would harbor a potential for continued disagreement over responsibilities.

March 28, 1980

IV. Option 3: Proposal development and certification by VHFA, VSHA review and approval of location, developer, manager and number of units; contract administration as in option 2.

I have little to add to my discussion on p. 3 above. This would be an improvement over the existing system but not much.

It is difficult for me, as a staff employee, to critique a proposal emanating from you as chairman. However, I know you expect an honest evaluation and I would feel derelict in my duties if I failed to be candid. Furthermore, I know you were under considerable pressure to arrive at a compromise settlement, so the proposal which emerged may not represent your personal preference. Finally, because you have given me considerable discretion in managing the affairs of the Agency you might not be aware of some of the events and practical considerations that have a bearing on the proposal you and Jim were working on.

With this in mind, I must respectfully state my opinion that the proposed arrangement would be worse, from the Agency's viewpoint, than the existing arrangement. VHFA would be in a passive posture toward the types of housing and sponsors we would be financing--reacting rather than initiating, accepting rather than shaping--and we would be forced to accept many proposals that had reached a stage of development too advanced for us to influence in any meaningful way.

Sincerely,

Allan S. Hunt
Executive Director

ASH/el
Enclosure

cc: Bill Kearns
VSHA Commissioners
VHFA Commissioners



ANDREW R. FIELD, Chairman
ALLAN S. HUNT, Executive Director

VERMONT HOUSING FINANCE AGENCY

April 8, 1980

MINUTES
VERMONT HOUSING FINANCE AGENCY
BOARD OF COMMISSIONERS
March 18, 1980 - 12:00 p.m.
Brown Derby Restaurant, Montpelier

IN ATTENDANCE: Chairman Field, Vice-Chairman Shaw, Commissioners Hebard and Behney, Mr. Hunt, Mr. Dickson, Ms. Thielen, Ms. Nichol, members of the press, Mr. Mahoney, Mr. Gurley.

Chairman Field opened the meeting at 12:00 p.m. It was moved, seconded and voted to waive reading of the minutes.

It was moved and seconded to approve permanent financing resolutions for the following projects: (1) Bethel (Depot II), (2) Montpelier (Hebert Farms), (3) Richford, (Missiquoi Manor), (4) Randolph (Randolph Circle). The motion passed unanimously.

The Board discussed William Kolhepp's request that he receive credit for an additional \$24,000 in equity which he has contributed to his Rutland development. Upon the recommendation of the Executive Director, it was moved and seconded to credit this additional equity upon correction of construction defects and to set a time limit by which these corrections must be accomplished. The motion carried.

After a presentation by Ms. Thielen and on the recommendation of the Executive Director, it was moved, seconded and unanimously approved to authorize a Letter of Intent for the Saxton's River development.

Mr. Hunt asked the Board to remove from the table the request by Milton Associates to modify its requirement that a certain indefeasible easement be granted to the Agency adjacent to their Meadow Lane project. It was moved, seconded, and unanimously agreed that the request be denied at this time. It was the feeling of the Board that at such time as the project hooks on to the municipal sewerage system the easement might be released with the covenant that no development occur on that parcel of land.

Ms. Thielen presented the Board with a proposal for 29 units of housing for the elderly in Wilmington in the Craft's Inn. The motion was made by Commissioner Shaw, seconded by Commissioner Behney, to grant preliminary approval to this proposal. Commissioner Hebard voted in the negative due to the fact that the building is located within the 10 year flood zone. Commissioners Shaw, Behney and Field voted in favor.

Ms. Thielen then requested that the Board approve issuance of a Letter of Intent for this development. Mr. Shaw amended his original motion to call for the issuance of a Letter of Intent. Again, Mr. Hebard voted in the negative. The other commissioners voted in favor.

Ms. Nichol presented a proposal for 8 units of housing for the elderly and 5 units of family housing in Plainfield. Chairman Field recommended that ample planting and scaping of the building containing the units for the elderly be provided and that shutters be placed in the front of this building unless deemed unacceptable by the Historic Preservation Division. The motion was made, seconded and unanimously adopted to give preliminary approval to this proposal and forward it to V.S.H.A. subject to an equity contribution of 10%, ample landscaping and the addition of shutters.

Mr. Dickson presented a tentative "Housing Allocation Plan" for 1980 Section 8 units. After some discussion, including the suggestion that two months be allowed for submission of proposals in targeted towns, it was moved, seconded and unanimously agreed that the Housing Allocation Plan be adopted.

Mr. Hunt announced to the Board that Thomas Brisson had been hired as Single Family Program Director.

Ms. Nichol presented a proposal for 22 units of family housing within Winooski's Neighborhood Strategy Area. Board members agreed that they would like to visit the area in question. It was moved and seconded that conceptual approval of this proposal be given and further staff processing be continued, without submitting the proposal to HUD at this time. The motion passed unanimously.

Mr. Gurley of Goldman-Sachs reported on the condition of the bond market and its relationship to a potential single family bond issue. He recommended that the Agency not attempt an issue of more than \$50 million. He predicted the market will continue to worsen until the third quarter of this year. He warned the Agency to expect a loan rate of 11 - 11.5 percent. It was moved and seconded that the Agency prepare a single family issue of a size to be determined at a later date. The motion carried unanimously.

At 2:00 the Board joined the Vermont State Housing Authority Commissioners for a joint board meeting. In attendance: VHFA Commissioners Field, Shaw, Behney and Hebard; VSHA Commissioners Finneran and Harris; Mr. Hunt, Mr. Dickson, Ms. Thielen, Ms. Nichol, from VHFA; Mr. Kearns,

Ms. Plante and Mr. Williams from VSHA; Ms. Shaw, Mr. Gurley, Ms. Owne, Mr. Mayo, Mr. Loney; Mr. Morris, Mr. Durgin and other members of the Vermont Fair Housing Coalition; members of the press.

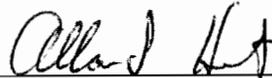
Mr. Field opened the meeting and began a discussion of the two competing proposals to rehabilitate the Darling Inn in Lyndonville. Ms. Nichol summarized the highlights of both proposals, the Mayo-Loney proposal and the NCIC proposal, and the history of the competition. Mr. Field then asked Ms. Owre of NCIC and subsequently Mr. Mayo and Mr. Loney to comment on the merits of their individual proposals. It was then moved and seconded that VHFA withdraw its previous approval of the Mayo-Loney proposal. Commissioners Shaw, Hebard, and Behney voted in the affirmative, Chairman Field in the negative. It was then moved and seconded that VHFA endorse the NCIC proposal. Commissioners Shaw, Hebard and Behney voted "aye" and Chairman Field voted "nay". The motion carried.

Mr. Kearns reported that Mr. Carrera and the team of Babcock and Wessel had been asked to submit competing proposals for housing for the elderly in Vergennes. Mr. Finneran requested that these proposals be presented at a joint board meeting.

Mr. Durgin stated that the Fair Housing Coalition would like to meet with the VHFA Board. He declined Mr. Field's suggestion that it be done at the conclusion of this meeting. The Board and Coalition agreed to meet at a later date.

The meeting was adjourned at 3:00 p.m.

Respectfully submitted,



Allan S. Hunt

"BE IT HEREBY RESOLVED AS FOLLOWS: Vermont Housing Finance Agency hereby determines that:

- (1) Depot II, housing for the elderly and families in Bethel, Vermont (the "Development") is primarily for occupancy by persons and families of low and moderate income;
- (2) the construction costs incurred by the Sponsors are for housing development costs within the meaning of the Act;
- (3) there exists a shortage of decent, safe and sanitary housing at rentals or prices which persons and families of low or moderate income are able to afford within the general housing market area of Bethel and private enterprise and investment are unable, without assistance, to provide an adequate supply of residential housing and sufficient mortgage financing for residential housing for occupancy by such persons and families;
- (4) the Sponsor of the Development will increase the supply of well-planned, well-designed housing for persons and families of low and moderate income and such Sponsor is a financially responsible person;

"THEREFORE, the Executive Director is hereby authorized and directed to ascertain that all applicable covenants and conditions of the Letter of Commitment have been fulfilled. Upon a satisfactory determination of the foregoing, the Chairman or Executive Director is hereby authorized and directed to secure a Promissory Note, Mortgage and Security Agreement, Regulatory Agreement, and all necessary certifications and other documents pertaining to the Development; and is further authorized and directed to execute the Regulatory Agreement, to furnish a requisition of funds to the Trustee and to disburse such funds sufficient to make a loan for the Development in accordance with the Commitment Letter."

"BE IT HEREBY RESOLVED AS FOLLOWS: Vermont Housing Finance Agency hereby determines that:

- (1) Hebert Farms, housing for families in Montpelier, Vermont (the "Development") is primarily for occupancy by persons and families of low and moderate income;
- (2) the construction costs incurred by the Sponsors are for housing development costs within the meaning of the Act;
- (3) there exists a shortage of decent, safe and sanitary housing at rentals or prices which persons and families of low or moderate income are able to afford within the general housing market area of Montpelier and private enterprise and investment are unable, without assistance, to provide an adequate supply of residential housing and sufficient mortgage financing for residential housing for occupancy by such persons and families;
- (4) the Sponsor of the Development will increase the supply of well-planned, well-designed housing for persons and families of low and moderate income and such Sponsor is a financially responsible person;

"THEREFORE, the Executive Director is hereby authorized and directed to ascertain that all applicable covenants and conditions of the Letter of Commitment have been fulfilled. Upon a satisfactory determination of the foregoing, the Chairman or Executive Director is hereby authorized and directed to secure a Promissory Note, Mortgage and Security Agreement, Regulatory Agreement, and all necessary certifications and other documents pertaining to the Development; and is further authorized and directed to execute the Regulatory Agreement, to furnish a requisition of funds to the Trustee and to disburse such funds sufficient to make a loan for the Development in accordance with the Commitment Letter."

"BE IT HEREBY RESOLVED AS FOLLOWS: Vermont Housing Finance Agency hereby determines that:

- (1) Randolph Circle, housing in Randolph, Vermont (the "Development") is primarily for occupancy by persons and families of low and moderate income;
- (2) the construction costs incurred by the Sponsors are for housing development costs within the meaning of the Act;
- (3) there exists a shortage of decent, safe and sanitary housing at rentals or prices which persons and families of low or moderate income are able to afford within the general housing market area of Randolph and private enterprise and investment are unable, without assistance, to provide an adequate supply of residential housing and sufficient mortgage financing for residential housing for occupancy by such persons and families;
- (4) the Sponsor of the Development will increase the supply of well-planned, well-designed housing for persons and families of low and moderate income and such Sponsor is a financially responsible person;

"THEREFORE, the Executive Director is hereby authorized and directed to ascertain that all applicable covenants and conditions of the Letter of Commitment have been fulfilled. Upon a satisfactory determination of the foregoing, the Chairman or Executive Director is hereby authorized and directed to secure a Promissory Note, Mortgage and Security Agreement, Regulatory Agreement, and all necessary certifications and other documents pertaining to the Development; and is further authorized and directed to execute the Regulatory Agreement, to furnish a requisition of funds to the Trustee and to disburse such funds sufficient to make a loan for the Development in accordance with the Commitment Letter."

"BE IT HEREBY RESOLVED AS FOLLOWS: Vermont Housing Finance Agency hereby determines that:

- (1) Plainfield Housing, housing in Plainfield, Vermont (the "Development") will be primarily for occupancy by persons and families of low and moderate income;
- (2) the construction costs incurred by the Sponsors will be for housing development costs within the meaning of the Act;
- (3) there exists a shortage of decent, safe and sanitary housing at rentals or prices which persons and families of low or moderate income are able to afford within the general housing market area of Plainfield and private enterprise and investment are unable, without assistance, to provide an adequate supply of residential housing and sufficient mortgage financing for residential housing for occupancy by such persons and families;
- (4) the Sponsor of the Development will increase the supply of well-planned, well-designed housing for persons and families of low and moderate income and such Sponsor is a financially responsible person;

"THEREFORE, the Executive Director is hereby authorized and directed to ascertain that all applicable covenants and conditions of the Letter of Commitment have been fulfilled. Upon a satisfactory determination of the foregoing, the Chairman or Executive Director is hereby authorized and directed to secure a Promissory Note, Mortgage and Security Agreement, Regulatory Agreement, and all necessary certifications and other documents pertaining to the Development; and is further authorized and directed to execute the Regulatory Agreement, to furnish a requisition of funds to the Trustee and to disburse such funds sufficient to make a loan for the Development in accordance with the Commitment Letter."

"BE IT HEREBY RESOLVED AS FOLLOWS: Vermont Housing Finance Agency hereby determines that:

- (1) Winooski NSA, housing in Winooski, Vermont (the "Development") will be primarily for occupancy by persons and families of low and moderate income;
- (2) the construction costs incurred by the Sponsors will be for housing development costs within the meaning of the Act;
- (3) there exists a shortage of decent, safe and sanitary housing at rentals or prices which persons and families of low or moderate income are able to afford within the general housing market area of Winooski and private enterprise and investment are unable, without assistance, to provide an adequate supply of residential housing and sufficient mortgage financing for residential housing for occupancy by such persons and families;
- (4) the Sponsor of the Development will increase the supply of well-planned, well-designed housing for persons and families of low and moderate income and such Sponsor is a financially responsible person;

"THEREFORE, the Executive Director is hereby authorized and directed to ascertain that all applicable covenants and conditions of the Letter of Commitment have been fulfilled. Upon a satisfactory determination of the foregoing, the Chairman or Executive Director is hereby authorized and directed to secure a Promissory Note, Mortgage and Security Agreement, Regulatory Agreement, and all necessary certifications and other documents pertaining to the Development; and is further authorized and directed to execute the Regulatory Agreement, to furnish a requisition of funds to the Trustee and to disburse such funds sufficient to make a loan for the Development in accordance with the Commitment Letter."

"BE IT HEREBY RESOLVED AS FOLLOWS: Vermont Housing Finance Agency hereby determines that:

- (1) The Darling Inn, housing for the elderly in Lyndonville, Vermont (the "Development") will be primarily for occupancy by persons and families of low and moderate income;
- (2) the construction costs incurred by the Sponsors will be for housing development costs within the meaning of the Act;
- (3) there exists a shortage of decent, safe and sanitary housing at rentals or prices which persons and families of low or moderate income are able to afford within the general housing market area of Lyndonville and private enterprise and investment are unable, without assistance, to provide an adequate supply of residential housing and sufficient mortgage financing for residential housing for occupancy by such persons and families;
- (4) the Sponsor of the Development will increase the supply of well-planned, well-designed housing for persons and families of low and moderate income and such Sponsor is a financially responsible person;

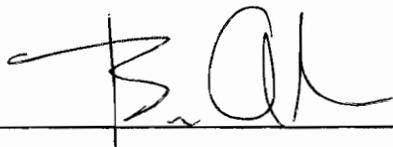
"THEREFORE, the Executive Director is hereby authorized and directed to ascertain that all applicable covenants and conditions of the Letter of Commitment have been fulfilled. Upon a satisfactory determination of the foregoing, the Chairman or Executive Director is hereby authorized and directed to secure a Promissory Note, Mortgage and Security Agreement, Regulatory Agreement, and all necessary certifications and other documents pertaining to the Development; and is further authorized and directed to execute the Regulatory Agreement, to furnish a requisition of funds to the Trustee and to disburse such funds sufficient to make a loan for the Development in accordance with the Commitment Letter."

VERMONT HOUSING FINANCE AGENCY

WAIVER OF NOTICE

I hereby waive notice of the meeting of Vermont Housing Finance Agency held on the 18th day of March, 1980.

Issued at Montpelier, Vermont this 2d day of May 1980.



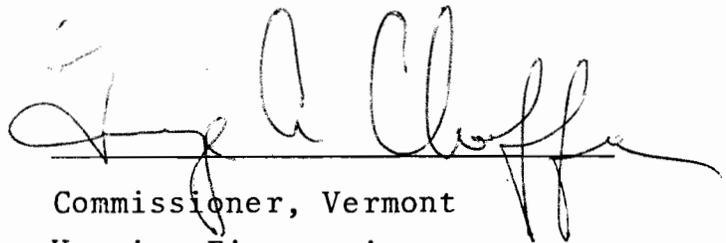
Commissioner, Vermont
Housing Finance Agency

VERMONT HOUSING FINANCE AGENCY

WAIVER OF NOTICE

I hereby waive notice of the meeting of Vermont Housing Finance Agency held on the 18th day of March, 1980.

Issued at Montpelier, Vermont this 24 day of May 1980.


Commissioner, Vermont
Housing Finance Agency

VERMONT HOUSING FINANCE AGENCY

WAIVER OF NOTICE

I hereby waive notice of the meeting of Vermont Housing Finance Agency held on the 15th day of March, 1980.

Issued at So. Burlington 1, Vermont this 30th day of April 1980.

Richard D. Myette *per*

Commissioner, Vermont
Housing Finance Agency

VERMONT HOUSING FINANCE AGENCY

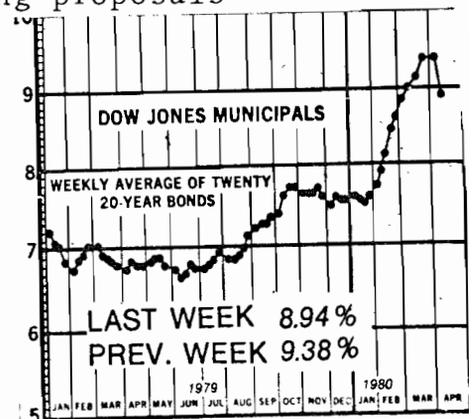
Board Meeting

135 Church Street, Burlington

Monday, April 21, 1980

8:30 a.m.

1. Approval of minutes of meetings of February 26, March 18 and April 9, 1980.
2. Administrative Items
 - a. Authorization to bid on office building
 - b. Ratification of new staff position
 - c. Meeting date for Vermont Fair Housing Coalition
3. Single Family Program
 - a. Discussion of rent skewing
 - b. Discussion of bank survey
 - c. Update on solar energy demonstration program
4. Multifamily Program
 - a. Permanent financing resolutions for Waterbury II and Enosburg (attached); request for \$5,083.00 mortgage increase for Enosburg (see attached letter)
 - b. Letter of Intent for Lyndonville; construction financing resolution (attached)
 - c. Letter of Intent for Plainfield; construction financing resolution (attached); request for waiver of 10 percent equity (see attached letter)
 - d. Morrisville family proposal: request for waiver of 12-unit limit
 - e. St. Albans elderly proposal: discussion of market (see information enclosed)
 - f. Winooski NSA proposal: preliminary approval and Letter of Intent (see enclosed summary) request for construction financing
 - g. Vergennes proposals: selection among competing proposals (see enclosed recommendation)
 - h. Discussion of VSHA request for bonus units
5. Other old or new business.





ANDREW R. FIELD, Chairman
ALLAN S. HUNT, Executive Director

VERMONT HOUSING FINANCE AGENCY

VERMONT HOUSING FINANCE AGENCY
BOARD MEETING

VERMONT STATE TREASURERS OFFICE
WEDNESDAY, APRIL 9, 1980 - 9:30 a.m.

PRESENT: Vice-Chairman Shaw, Commissioners Hebard, Behney, Chaffee; Mr. Hunt, Mr. Brisson, Ms. Detora, VHFA; Mr. Bakiris, Mr. Gurley, Goldman-Sachs; Mr. Donovan, Hawkins, Delafield & Wood; Mr. Driscoll, DCA; Mr. Morris, Vermont Legal Aid.

Vice Chairman Shaw opened the meeting by welcoming the new Commissioner of Banking and Insurance, George Chaffee, to the Board.

Mr. Gurley of Goldman-Sachs explained that since the last Board Meeting the bond market had improved and could absorb \$75 million. A discussion ensued regarding the benefits of refunding two previous Single Family issues to eliminate the "moral obligation". After extensive discussion, it was decided not to pursue the refunding plan at this time if bank and builder surveys indicated sufficient demand for \$75 million in "new" money. Mr. Hunt noted that the Builder Surveys already received indicated a demand in excess of \$35 million.

Mr. Hunt next discussed the feelings he had received from the bankers, realtors and home builders during the five meetings held throughout the state. The most obvious concerns were as follows:

- (1) Consideration for raising the income limits to reflect higher interest costs.

- (2) Elimination of the first-time home buyer rule for new construction.
- (3) A Graduated Mortgage Plan (GMP) would be helpful.
- (4) An origination fee of 1% would be helpful and necessary to banks.
- (5) That some mechanism should be developed to assist banks in lending on owner built homes.

With respect to a memo presented the Board entitled "Recommendations and Options for the 1980 Mortgage Purchase Program"; (attached as Exhibit A), the Board took the following actions:

(1) With respect to income limits, the Board adopted, upon motion of Commissioner Hebard and seconded by Commissioner Behney, to have a skewed income requirement based upon family size subject to recommendation of staff on exact limits and approval of them at the next meeting. The motion was approved unanimously.

(2) Upon motion of Commissioner Hebard and seconded by Commissioner Behney, the Board unanimously adopted the following recommendations in the memo:

I (A) 2 & 3; I (B) 1 & 2

With respect to the Graduated Payment Mortgage (GPM), Commissioner Hebard expressed concern at having VHMGB involved. Mr. Hunt explained that such loans would be guaranteed by a private mortgage insurance company.

(3) Upon motion of Commissioner Hebard and seconded by Commissioner Behney, the recommendations on page 2 with the exception of Number VII, and with the understanding that a VI will forego an origination fee and allow the mortgagor to amortize the fee in the mortgage were unanimously approved.

With respect to page 3 of the recommendations, the Board deferred action on #2; agreed conceptually with recommendation #3; deferred action on recommendation #5; Items #1 and #4 were already covered by previous actions.

With respect to Energy standards, the Board unanimously approved #9 except to add the words "as practical" to A.1,2,3.

Relative to the Builder Set-Aside Program, Director Hunt recommended that only builders with lots "in-hand" be considered, that participation be limited to a maximum \$1,000,000, that builders be required to have a construction financing letter and that the builder set-aside program be limited to a maximum of \$20 million. These recommendations were unanimously agreed to by the Board.

Next, Mr. Hunt noted that he had received a communication from Merrill Lynch requesting consideration for co-manager status on the upcoming Bond issue. The Board directed Director Hunt to write a letter indicating that the Board would not consider adding new underwriters due to the late date but might do so in the future.

There being no further business to come before the Board, it was agreed that the next meeting would be held on April 21 at 8:30 in the VHFA office. The meeting was adjourned at 11:25.

Respectfully submitted,



Allan S. Hunt
Secretary

VERMONT HOUSING FINANCE AGENCY

WAIVER OF NOTICE

I hereby waive notice of the meeting of Vermont Housing Finance Agency held on the 8th day of April, 1980.

Issued at Montpelier, Vermont this 2d day of May 1980.



Commissioner, Vermont
Housing Finance Agency

VERMONT HOUSING FINANCE AGENCY

WAIVER OF NOTICE

I hereby waive notice of the meeting of Vermont Housing Finance Agency held on the 8th day of April, 1980.

Issued at So Burlington, Vermont this 30th day of April 1980.

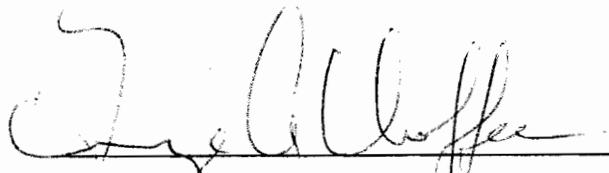
Richard A. Nayette *com/pt*
Commissioner, Vermont
Housing Finance Agency

VERMONT HOUSING FINANCE AGENCY

WAIVER OF NOTICE

I hereby waive notice of the meeting of Vermont Housing Finance Agency held on the 5th day of April, 1980.

Issued at Montpelier, Vermont this 20th day of May 1980.



Commissioner, Vermont
Housing Finance Agency

April, 1980

VERMONT HOUSING FINANCE AGENCY
PROPOSED ENERGY CONSERVATION STANDARDS
NEW CONSTRUCTION

1. Attic or ceiling insulation shall be R-38 (i.e. 12" of fiberglass or better).
2. Outside walls shall be insulated to R-19 (i.e. 6" of fiberglass or better).
3. Floors of heated space over unheated crawl spaces, unheated basements and/or unheated garage areas shall be insulated to R-19. All floor joists headers/rim joists shall be insulated to R-11.
4. Vapor barriers must be properly installed to prevent moisture damage.
5. Continuous soffit and ridge venting is the recommended method for ventilating attic areas. Properly sized gable end vents may be substituted for continuous ridge vents. Attic insulation shall be installed so as not to inhibit air flow from soffit vents into attic spaces.
6. Windows shall be double or triple glazed. Metal windows shall have a thermal break. Single glazed windows are accepted with the installation of a storm window. All windows must be weather stripped.
7. All exterior doors shall be insulated and weather stripped. A storm door is required when the primary door is a hollow core door or is over 25% glass.
8. All exterior joints and openings shall receive proper caulking or sealant to prevent air infiltration.
9. Maximum practical solar orientation shall be employed which includes, minimum window area to the north and maximum window area to the south.

In addition to the above requirements, the Vermont Housing Finance Agency urges builders to consider the following guidelines:

1. Installing time controled thermostats.
2. Installing at the primary dwelling entrance, a short hallway with doors at both ends which serves to prevent the loss of heated air.
3. Installing alternative heating systems such as, but not limited to, the following:
 - a. Off-peak electric heat
 - b. Oil-wood-coal furnaces or stoves
 - c. Electric storage
 - d. Additional flue for wood stove
4. Installing foundation wall insulation.

April, 1980

VERMONT HOUSING FINANCE AGENCY
PROPOSED ENERGY CONSERVATION STANDARDS
EXISTING HOUSING

Existing housing securing mortgage loans purchased by Vermont Housing Finance Agency shall conform to the following energy conservation standards, where verification is possible under normal inspection appraisal practices.

1. Attic or ceiling insulation shall be R-38 or maximum practicable without altering the basic architectural design of the building.
2. Floors of heated space over unheated crawl spaces, unheated basements and/or unheated garage spaces shall have an insulation value of R-19 where practicable. All floor joist headers/rim joists shall be insulated to R-11 where practicable.
3. Ventilation. All attic space shall be properly vented as should soffit, if practicable.
4. All exterior doors shall be insulated and weather stripped. A solid wood door is considered insulated. A storm door is required when the primary door is a hollow core type or contains in excess of 25% glass.
5. Windows shall be double-glazed. Single-glazed windows are acceptable with the installation of storm windows.

A G E N D A
State Treasurer's Office
Montpelier, Vermont
May 2, 1980 - 1:00 pm

- 1) Adoption of Series Resolution authorizing the issuance and sale of \$75,000,000 Single Family Bonds, 1980 Series A.
- 2) Resolution authorizing the acceptance of Application and Commitment Agreements with mortgage lenders and builders and the execution of the Purchase and Servicing Agreements.
- 3) Vergennes - Construction financing resolution.
- 4) Rockingham Hotel - preliminary approval.
- 5) Winooski NSA (tentative)
- 6) Set date for next meeting (May 15).
- 7) Amendment to construction standards provision of 1980 Mortgage Purchase Program.
- 8) Other old or new business.

SNAID

David Perkins



ANDREW R. FIELD, Chairman
ALLAN S. HUNT, Executive Director

VERMONT HOUSING FINANCE AGENCY

VERMONT HOUSING FINANCE AGENCY

BOARD MEETING

135 Church Street, Burlington, Vermont

Monday, April 21, 1980 - 8:30 a.m.

PRESENT: Vice-Chairman Shaw, Commissioners Behney, Gardner, Chaffee and Myette; Ted Tedford, Burlington Free Press; Mr. Hunt, Mr. Dickson, Mr. Brisson, Mr. Frazier, Ms. Nichol and Ms. Thielen, VHFA.

Vice-Chairman Shaw opened the meeting at 8:30 a.m. The minutes of February 26 and March 18, 1980 were approved as submitted.

Executive Director Hunt explained that he and Chairman Field had decided not to bid on an office building that had been discussed previously with several commissioners because it was not properly zoned. The commissioners authorized him to continue searching for more spacious office facilities.

Mr. Hunt distributed copies of the Preliminary Official Statement dated May 1, 1980 for a \$75,000,000 single family mortgage purchase bond issue. He explained that the bond sale had been moved up because of favorable market conditions. Mr. Hunt reported that he had solicited bids for pool mortgage insurance for the entire mortgage portfolio held under the bond resolution dated June 16, 1978, both previous issues and the impending issue. He reported that the two lowest bids were from Mortgage Guarantee Insurance Corporation (MGIC) and VEREX. He recommended that MGIC be selected because of its larger size and greater experience and because more Vermont banks are already familiar with MGIC standards and procedures. Additionally, MGIC has in place primary insurance for graduated payment mortgages. It was moved and seconded to ratify the selection of MGIC as pool insurer. The motion passed by a vote of 4-0.

Mr. Brisson explained the proposed income limits for the current bond issue, which were as follows:

	<u>Family Size</u>		
	<u>Single</u>	<u>2-4 Members</u>	<u>5 or more</u>
Existing Housing	\$22,000	\$24,000	\$26,000
New Construction	\$24,000	\$26,000	\$28,000

For the purposes of this proposal, a family shall include:

1. Those adult persons who:
 - a. Execute the mortgage note and mortgage deed, and;
 - b. Intend to live in the mortgaged dwelling; and;
2. Dependents of those adult persons.

Mr. Brisson explained that these income limits were developed based on an anticipated interest rate to the borrower of 12 percent, but that if the rate can be decreased to 11 percent, then each income limit could be reduced by \$1,500. It was moved and seconded to adopt the recommended income limits for this program, but to direct that the limits be reduced appropriately to reflect any reduction in interest rate. The motion was approved by a vote of 4-0.

Mr. Hunt reported that of the \$75,000,000 to be issued, \$62,360,000 will be available for mortgage loans. He recommended that \$16,810,000 be reserved for Builder Set-Asides (the "New Homes Program"). He also reported that bank requests for funds totalled \$51,700,000 and recommended that seven of the 31 participating banks be cut back so that total bank commitments will equal \$45,550,000. He distributed a list of recommended allocations. After a brief discussion it was moved and seconded to accept the recommended schedule of allocations. The motion was approved by a vote of 4-0.

Mr. Brisson distributed a set of proposed Energy Conservation Rules for the single family mortgage purchase program, and a brief summary for publication. These rules will apply to residences securing loans to be purchased in the current bond issue. After minor changes in wording it was moved and seconded to approve the proposed rules for publication. The motion carried by a vote of 4-0.

Mr. Hunt next discussed a request from the State Energy Office for the Agency to provide permanent financing for up to 10 demonstration houses incorporating unusual active or passive features.

It was moved and seconded to approve the solar energy demonstration program utilizing "Recycled" funds up to \$600,000 provided the mortgages are privately insured. The motion passed by a vote of 4-0.

Mr. Hunt referred the commissioners to his memo, mailed previously, entitled "Results of Market Studies in St. Albans to Ascertain the Need for Additional Elderly Units as Proposed for the Holy Angels Convent," and the copies of correspondence attached to it. After extended discussion it was moved and seconded to accept the Executive Director's judgement that a sufficient market will exist for this development when it is completed, and to direct VHFA staff to present a full proposal for consideration by the commissioners. The motion passed by a vote of 4-0. Commissioner Behney left after this discussion.

Mr. Hunt advised the Board that construction of the Waterbury II development ("Elderberry Housing") and the Enosburg Falls Housing for the Elderly is nearly complete and recommended that permanent financing resolutions be approved for both projects. Mr. Dickson presented a letter from Richard Carr on behalf of Mr. Abraham Brown, owner of the Enosburg development, requesting a mortgage increase of \$5,083.29 to provide for construction of a commercial kitchen in the project. This kitchen will be used by a Lunch program sponsored by Champlain Valley Area Agency on Aging. CVAAA will pay approximately \$1,560 per year for use of this kitchen, which is expected to provide sufficient funds for utilities, maintenance, and added debt service. A motion was made and seconded to approve the mortgage increase and permanent financing resolution for the Enosburg project, and the permanent financing resolution for Waterbury II. The motion was adopted by a vote of 3-0. Commissioner Myette arrived at the meeting at the conclusion of this vote.

Ms. Nichol reported on the progress of NCIC's proposal for rehabilitation of the Darling Inn in Lyndonville, and conveyed a request for VHFA participation in construction financing. Executive Director Hunt recommended issuance of a Letter of Intent to finance the Darling Inn project. It was moved and seconded to authorize issuance of a Letter of Intent and to approve the financing resolution (attached), both contingent upon receipt by NCIC of their proposed grant from Community Services Administration. The motion passed by a vote of 4-0.

Ms. Nichol reported on the progress of A. Judson Babcock's proposal for 13 units of housing in Plainfield. She presented Mr. Babcock's request for VHFA construction financing, and his request for a waiver of the requirement for at least 10 percent equity. She explained that it is a small project, and that because Mr. Babcock is expected to be ready in time for financing with proceeds of the 1979 bond issue at an interest rate of 9.5 percent, the project is financially feasible with only 7.5 percent equity. A motion was made and seconded to deny the waiver. After further discussion that motion was withdrawn and a motion was made and seconded to approve the waiver contingent on the project not being syndicated. This motion passed unanimously. Upon Mr. Hunt's recommendation it was moved and seconded to authorize issuance of a Letter of Intent and to pass the construction financing resolution attached. This motion was passed unanimously.

Ms. Nichol presented a request by Lynnfield Development Company to waive the limit of 12 family units per site, to permit development of 20 family units on a site in Morrisville. She reported that at least one other developer is expected to submit a proposal for Morrisville. After a discussion of the proposed Lynnfield site and the 20-unit site plan, it was moved and seconded to deny the waiver request. The motion passed by a vote of 4-0.

Ms. Nichol presented a proposal from Louis Lann, Murray Hendel, and Patrick Spaulding for 22 family units in the Winooski NSA, discussed initially at the meeting of March 18, 1980. She recommended

preliminary approval and forwarding the proposal to HUD, including approval of construction financing. Mr. Hunt recommended issuance of a Letter of Intent upon receipt of a favorable credit report. After extensive discussion it was moved and seconded to accept these recommendations for 16 of the 22 units, with the exception of the 6-unit building at 61-63 Mallets Bay Avenue, which is disapproved because of the lack of play space for children. The motion passed unanimously.

Ms. Thielen presented two competing proposals for 24 elderly units in Vergennes. One proposal was from Valley View Associates, a general partnership consisting of A. Judson Babcock and William Wessel. The other proposal was from Paul J. Carrerra of Middlebury. VHFA staff recommended acceptance of the Babcock/Wessel proposal based on the superiority of the proposed site and the advanced stage of development of the drawings. She reported, however, that the size of the community space has apparently been reduced since this proposal was previously approved last fall, and is no longer adequate to serve as a meals site as requested by VCAAA. A motion was made and seconded to accept the Babcock/Wessel proposal contingent on restoring the community space to the size shown in the drawings approved last fall, and to forward the proposal to Vermont State Housing Authority after financial feasibility has been established to the satisfaction of VHFA staff. The motion was approved by a vote of 4-0.

Mr. Dickson reported that the HUD Field Office had asked VSHA for a list of projects that could be under construction by September 30 if "bonus" Section 8 units were made available. He distributed the list of projects that VSHA had submitted to HUD. It was moved and seconded to approve the allocation of "bonus" Section 8 units to those sites on the VSHA list that have already been inspected and approved by vhfa staff, but to substitute other staff-approved sites for those on the VSHA list not already inspected by VHFA. The motion passed by a vote of 4-0.

Ms. Nichol described a proposal from Maple Street Building Company, a general partnership consisting primarily of Angelo, Remo, and James Pizzagalli, to rehabilitate the former General Electric building at 57 Maple Street in the Burlington NSA. The project would provide 36 units of housing for families. She presented their request for a recourse loan during construction and a non-recourse loan upon completion. She recommended approval of this proposal subject to the same three-year, 3 percent temporary equity escrow deposit required of limited partnerships for a non-recourse loan. Mr. Hunt recommended issuance of a Letter of Intent contingent upon receipt of personal financial statements. A motion was made and seconded to accept these recommendations. The motion was approved unanimously.

Mr. Hunt presented a letter from Mr. Charles Covey of Bennington, requesting that VHFA's Heat Conservation Loan Program be made available to rental housing. After some discussion of the feasibility of expanding the program to this extent it was moved and seconded to deny the request. The motion was approved by a vote of 4-0.

Mr. Hunt distributed a memorandum regarding multifamily staffing. He reported that he has created a new staff position entitled Director of Development and has appointed Polly Nichol to the position. He asked the commissioners to ratify this position and to amend the VHFA By-Laws to authorize the holder of this position to sign mortgage Loan closing documents and proposal certifications to HUD. He pointed out that if this is done, Ms. Nichol's old position as a Housing Development Specialist will then be filled by a new entry level employee. A motion was made to ratify creation of the position of Director of Development. This motion was carried unanimously. It was then moved and seconded to approve the attached resolution amending VHFA By-Laws to authorize the Director of Development to sign mortgage Loan closing documents and proposal certifications to HUD. This resolution was also approved unanimously.

Mr. Hunt reminded the commissioners that Chairman Field had agreed at the meeting of March 18, 1980 to set a date for an open discussion with members of the Vermont Fair Housing Coalition. He predicted that the next VHFA board meeting will probably be around May 1, to pass the series resolution and execute the contract of sale for the single-family bond issue. It was agreed that the Vermont Fair Housing Coalition should be invited to attend that meeting.

It was moved and seconded to go into executive session to discuss various personnel matters, and to excuse the staff. The motion carried. During executive session, several adjustments in salary were approved and reported to the Executive Director, as well as a request to review salary levels for the up-coming 1981 budget.

The meeting was adjourned at approximately 11:45 a.m.

Respectfully submitted,



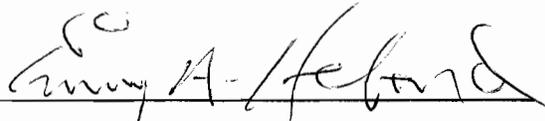
Allan S. Hunt, Secretary

VERMONT HOUSING FINANCE AGENCY

WAIVER OF NOTICE

I hereby waive notice of the meeting of Vermont Housing Finance Agency held on the 21st day of April, 1980.

Issued at Montpelier, Vermont this 2^d day of May 1980.



Commissioner, Vermont
Housing Finance Agency

VERMONT HOUSING FINANCE AGENCY

WAIVER OF NOTICE

I hereby waive notice of the meeting of Vermont Housing Finance Agency held on the 21st day of April, 1980.

Issued at Montpelier, Vermont this 2^d day of May 1980.



Commissioner, Vermont
Housing Finance Agency

"BE IT HEREBY RESOLVED AS FOLLOWS: Vermont Housing Finance Agency hereby determines that:

- (1) Elderberry Housing, housing in Waterbury, Vermont (the "Development") is primarily for occupancy by persons of low and moderate income;
- (2) the construction costs incurred by the Sponsors are for housing development costs within the meaning of the Act;
- (3) there exists a shortage of decent, safe and sanitary housing at rentals or prices which persons of low or moderate income are able to afford within the general housing market area of Waterbury and private enterprise and investment are unable, without assistance, to provide an adequate supply of residential housing and sufficient mortgage financing for residential housing for occupancy by such persons and families;
- (4) the Sponsor of the Development will increase the supply of well-planned, well-designed housing for persons and families of low and moderate income and such Sponsor is a financially responsible person;

"THEREFORE, the Executive Director is hereby authorized and directed to ascertain that all applicable covenants and conditions of the Letter of Commitment have been fulfilled. Upon a satisfactory determination of the foregoing, the Chairman or Executive Director is hereby authorized and directed to secure a Promissory Note, Mortgage and Security Agreement, Regulatory Agreement, and all necessary certifications and other documents pertaining to the Development; and is further authorized and directed to execute the Regulatory Agreement, to furnish a requisition of funds to the Trustee and to disburse such funds sufficient to make a loan for the Development in accordance with the Commitment Letter."

"BE IT HEREBY RESOLVED AS FOLLOWS: Vermont Housing Finance Agency hereby determines that:

- (1) Enosburg Falls Housing for the Elderly, housing in Enosburg, Vermont (the "Development") is primarily for occupancy by persons of low and moderate income;
- (2) the construction costs incurred by the Sponsors are for housing development costs within the meaning of the Act;
- (3) there exists a shortage of decent, safe and sanitary housing at rentals or prices which persons of low or moderate income are able to afford within the general housing market area of Enosburg and private enterprise and investment are unable, without assistance, to provide an adequate supply of residential housing and sufficient mortgage financing for residential housing for occupancy by such persons;
- (4) the Sponsor of the Development will increase the supply of well-planned, well-designed housing for persons of low and moderate income and such Sponsor is a financially responsible person;

"THEREFORE, the Executive Director is hereby authorized and directed to ascertain that all applicable covenants and conditions of the Letter of Commitment have been fulfilled. Upon a satisfactory determination of the foregoing, the Chairman or Executive Director is hereby authorized and directed to secure a Promissory Note, Mortgage and Security Agreement, Regulatory Agreement, and all necessary certifications and other documents pertaining to the Development; and is further authorized and directed to execute the Regulatory Agreement, to furnish a requisition of funds to the Trustee and to disburse such funds sufficient to make a loan for the Development in accordance with the Commitment Letter."

"BE IT HEREBY RESOLVED AS FOLLOWS: Vermont Housing Finance Agency hereby determines that:

- (1) The Maple Street Apartments in Burlington, Vermont (the "Development") is primarily for occupancy by persons and families of low and moderate income;
- (2) the construction costs incurred by the Sponsors will be for housing development costs within the meaning of the Act;
- (3) there exists a shortage of decent, safe and sanitary housing at rentals or prices which persons and families of low or moderate income are able to afford within the general housing market area of Burlington and private enterprise and investment are unable, without assistance, to provide an adequate supply of residential housing and sufficient mortgage financing for residential housing for occupancy by such persons and families;
- (4) the Sponsor of the Development will increase the supply of well-planned, well-designed housing for persons and families of low and moderate income and such Sponsor is a financially responsible person;

"THEREFORE, the Executive Director is hereby authorized and directed to ascertain that all applicable covenants and conditions of the Letter of Commitment have been fulfilled. Upon a satisfactory determination of the foregoing, the Chairman or Executive Director is hereby authorized and directed to secure a Promissory Note, Mortgage and Security Agreement, Regulatory Agreement, and all necessary certifications and other documents pertaining to the Development; and is further authorized and directed to execute the Regulatory Agreement, to furnish a requisition of funds to the Trustee and to disburse such funds sufficient to make a loan for the Development in accordance with the Commitment Letter."

RESOLUTION DELEGATING AUTHORITY TO SIGN
CERTAIN DOCUMENTS ON BEHALF OF THE AGENCY:

Be it resolved:

- (1) That a Director of Development shall be employed by the Executive Director and shall be an Officer of the Agency, with such duties and responsibilities as may be assigned by the Executive Director;
- (2) That the Director of Development is hereby authorized to sign any certifications made by the Agency to the U. S. Department of Housing and Urban Development or to other public agencies in connection with the Agency's Loans to Sponsors Program;
- (3) That the Chairman, Vice-Chairman, and Director of Development are hereby authorized to sign any real estate closing documents on behalf of the Agency with respect to transactions that have been approved by the Agency.

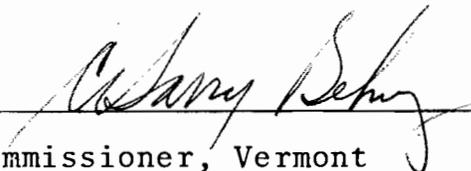
Bethel
Trust

VERMONT HOUSING FINANCE AGENCY

WAIVER OF NOTICE

I hereby waive notice of the meeting of Vermont Housing Finance Agency held on the 2nd day of May, 1980.

Issued at Montpelier, Vermont this 9th day of May 1980.


Commissioner, Vermont
Housing Finance Agency



ANDREW R. FIELD, Chairman
ALLAN S. HUNT, Executive Director

VERMONT HOUSING FINANCE AGENCY

A G E N D A

VERMONT HOUSING FINANCE AGENCY BOARD MEETING
ANNABELLE'S RESTAURANT-PITTSFIELD, VERMONT
May 13, 1980 - 4:00 p.m.

- 1) Approval of Minutes of May 2, 1980
- 2) Report on 1980 Single Family Bond Issue
- 3) Report on staffing and office relocation efforts
- 4) Multifamily Program
 - a. West Rutland proposal: preliminary approval
 - b. Waterbury II, Enosburg Permanent Financing
 - c. Letter of Intent - Pizzagalli
 - d. Equity requirements for developers:
Should we continue to require 10 percent
equity in view of decreasing interest rates?
If so, should we continue to require 3%
temporary equity from Limited Partnerships?
- 5) Other old and new business



ANDREW R. FIELD, Chairman
ALLAN S. HUNT, Executive Director

VERMONT HOUSING FINANCE AGENCY

VERMONT HOUSING FINANCE AGENCY

BOARD MEETING

State Treasurer's Office, Montpelier, Vermont

Friday, May 2, 1980 - 1:00 p.m.

PRESENT: Chairman Field, Vice-Chairman Shaw, Commissioners Hebard, Gardner, Chaffee, Myette (speaker-phone); Mr. Hunt, Mr. Brisson, Ms. Nichol, Ms. Thielen, Mr. Kochman, Mr. Frazier, Mr. Dickson, VHFA; Mr. Gurley, Goldman-Sachs; Mr. Zeiss, E.F. Hutton & Co., Inc.; Mr. Robinson, Ms. Vaughn, Hawkins Delafield & Wood; Mr. DeSear, Brown Wood Ivey Mitchell & Petty; Mr. Driscoll, DCA; Mr. Hochman and Mr. Raszman from the Town of Rockingham.

The minutes of the meeting of April 21, 1980 were approved.

The Chairman stated that the first matter to come before the meeting was consideration of the advisability of adopting a series resolution authorizing the issuance and sale of approximately \$75,000,000 Single Family Mortgage Purchase Bonds, 1980 Series A to provide funds for deposit in the Bond Reserve Fund, the 1980 Series A Cost of Issuance Account, the Mortgage Reserve Fund, and the 1980 Series A Single Family Mortgage Purchase Program Account. A section by section review of this document was led by Mr. Robinson.

After discussion, on motion duly made by Commissioner Shaw and seconded by Commissioner Gardner, the Series Resolution was unanimously adopted. (See Series Resolution attached.)

Mr. Gurley reviewed the ratings of this issue (Aa/AA-), the price, amortization, and cash flow from the issue. He presented the Commissioners with a set of historical statistics comparing this bond issue with the Agency's previous issues and with recent issues of other HFA's. He pointed out that our NIC will be about 8.94 percent, whereas Maine paid 9.3 percent only two days earlier. He reported that he expected all the bonds to be sold by the end of today. Mr. Gurley described the various components of the underwriter's gross spread, which is \$19.24 per thousand, and explained the maturity structure of the 31-year term bonds.

The Chairman presented to the meeting a copy of a proposed Purchase Contract to be dated May 2, 1980, with Goldman, Sachs & Co. and E. F. Hutton & Company, Inc. providing for the sale to said firms of the \$75,000,000 Single Family Mortgage Purchase Bonds, 1980 Series A, authorized by the General Bond Resolution and by the 1980 Series A Resolution just adopted by the Agency. He also presented to the meeting a proposed Official Statement dated May 2, 1980, containing the Official Statement of the Agency with respect to its Single Family Mortgage Purchase Bonds, 1980 Series A. Said proposed Purchase Contract and Official Statement were considered by the Commissioners, and thereupon, on motion duly made by Commissioner Myette and seconded by Commissioner Shaw, the following resolution was unanimously adopted:

RESOLUTION AS TO EXECUTION AND DELIVERY OF PURCHASE CONTRACT

RESOLVED, that the \$75,000,000 Single Family Mortgage Purchase Bonds, 1980 Series A, authorized at this meeting, shall be sold to Goldman, Sachs & Co. and E.F. Hutton & Company, Inc., acting for and on behalf of certain investment dealers including themselves, at an aggregate price of \$72,696,300 and interest accrued on said bonds from May 1, 1980 to the date of delivery of and payment for said bonds, on the terms and conditions set forth in the proposed Purchase Contract to be dated May 2, 1980, submitted at this meeting, and upon the basis of the representations therein set forth; and

FURTHER RESOLVED, that the Chairman of Executive Director be and each of them hereby is authorized, on behalf of this Agency, to execute said proposed Purchase Contract and to deliver it to said purchasers; and that said commissioners and all other commissioners of this Agency are hereby authorized and directed to carry out or cause to be carried out all obligations of this Agency under said Purchase Contract; and that the execution by the Chairman or Executive Director of the proposed Official Statement of the Agency included in the Official Statement submitted at this meeting, and the delivery of said Official Statement to said purchasers, are hereby authorized, and this Agency hereby authorizes said Official Statement and the information contained therein to be used in connection with the sale of said bonds.

The Purchase Contract was then executed with the representatives and a good faith check in the amount of \$750,000 was presented to the Agency.

The Chairman presented to the meeting a copy of a resolution accepting the applications and commitments of the mortgage lenders and authorizing the execution of the Mortgage Loan Application and Commitment Agreements, Builder Application and Commitment Agreements, Three Party Agreements, Mortgage Loan Purchase Agreements and Mortgage Loan Servicing Agreements.

Upon motion duly made and seconded, the resolution was unanimously adopted and is recorded herein as pages 3a and 3b.

RESOLUTION OF THE VERMONT HOUSING FINANCE AGENCY ACCEPTING APPLICATIONS AND COMMITMENTS OF MORTGAGE, LENDERS AND AUTHORIZING THE EXECUTION OF MORTGAGE LOAN APPLICATION AND COMMITMENT AGREEMENTS, BUILDER APPLICATION AND COMMITMENT AGREEMENTS, THREE PARTY AGREEMENTS, MORTGAGE LOAN PURCHASE AGREEMENTS AND MORTGAGE LOAN SERVICING AGREEMENTS.

BE IT HEREBY RESOLVED that the acceptance by the Chairman or Executive Director of the Vermont Housing Finance Agency of the applications and commitments of Mortgage Lenders to make certain Mortgage Loans to be purchased by the Agency from the proceeds of the Single Family Mortgage Purchase Bonds 1980 Series A is hereby authorized and confirmed and the following Mortgage Lenders are hereby appointed Depositories under Section 1101 of the Single Family Mortgage Purchase Bond Resolution adopted June 16, 1978:

<u>Mortgage Lender</u>	<u>Amount of Mortgage Loans to be Purchased</u>
Bennington Cooperative Savings & Loan Assoc., Bennington	\$ 800,000
Bradford National Bank, Bradford	1,000,000
Burlington Savings Bank, Burlington	2,500,000
Caledonia National Bank, Danville	200,000
Chittendon Trust Company, Burlington	4,000,000
Factory Point National Bank, Manchester Center	500,000
First Inter-State Bank, White River Junction	1,000,000
First Vermont Bank and Trust Company, Brattleboro	2,000,000
Franklin-Lamoille Bank, St. Albans	2,000,000
Green Mountain Bank, Winhall	400,000
The Howard Bank, Burlington	2,500,000
Lyndonville Savings Bank and Trust Company, Lyndonville	500,000
Marble Savings Bank, Rutland	4,000,000
The Merchants Bank, Burlington	1,000,000
Middlebury Cooperative Savings and Loan Assoc., Middlebury	500,000
Mountain Trust Company, Stowe	600,000
National Bank of Middlebury, Middlebury	500,000
Northfield Savings Bank, Northfield	2,000,000
Passumpsic Savings Bank, St. Johnsbury	1,000,000
Peoples Trust Company of St. Albans, St. Albans	2,000,000
Proctor Trust Company, Proctor	1,000,000
Randolph National Bank, Randolph	\$ 1,000,000
Randolph Savings Bank, Randolph	750,000
Rutland Savings Bank, Rutland	4,000,000
Sterling Trust Company, Johnson	600,000
The Union Bank, Morrisville	800,000
Vermont Federal Savings and Loan Association, Burlington	3,000,000
The Vermont National Bank, Brattleboro	4,000,000
Wells River Savings Bank, Wells River	600,000
Woodstock National Bank, Woodstock	300,000
Total Committed by Agency to Mortgage Lenders	\$ 45,050,000
Total to be Committed by Agency to Builders	17,250,000
Total	\$ 62,300,000

BE IT FURTHER RESOLVED that the acceptance by the Chairman or Executive Director of the Vermont Housing Finance Agency of the applications and commitments of Builders to construct housing to be financed by Mortgage Loans to be purchased by the Agency from the proceeds of the Single Family Mortgage Purchase Bonds, 1980 Series A, is hereby authorized and confirmed;

BE IT FURTHER RESOLVED that the forms of the Mortgage Loan Application and Commitment Agreements, Builder Application and Commitment Agreements, Three Party Agreements, Mortgage Loan Purchase Agreements, and Mortgage Loan Servicing Agreements presented at this meeting are hereby authorized and approved, and the Chairman or Executive Director be and hereby are authorized to execute, attest, and deliver the Mortgage Loan Application and Commitment Agreements, Builder Application and Commitment Agreements, Three Party Agreements, Mortgage Loan Purchase Agreements and the Mortgage Loan Servicing Agreements among the Agency, each Mortgage Lender and each Builder, as appropriate.

Mr. Brisson explained that because the interest rate on these mortgages will be significantly lower than had been expected, the income limits will be reduced in accordance with the resolution adopted on April 21, 1980. The effective income limits will be as follows:

	<u>Family Size</u>		
	<u>Single</u>	<u>2-4 members</u>	<u>5 or more</u>
Existing Housing	\$20,500	\$22,500	\$24,500
New Construction	\$22,500	\$24,500	\$26,500

Mr. Brisson and Mr. Hunt reported that the interest rate will be 10.25 percent, the terms will be 30 years, \$45,050,000 will be allocated to banks and \$17,250,000 will be allocated to builders.

After discussion, on motion duly made by Commissioner Myette and seconded by Commissioner Shaw, the attached resolution was un-animously adopted.

Mr. Brisson reported that a number of small builders have applied for a Builder's Set-Aside who have excellent reputations but who are not participants in the Home Owners Warranty (HOW) program. He said the reasons are that, 1) the program is relatively new in Vermont and 2) many smaller builders feel a strong sense of independence and do not desire to join a builders warranty association. He recommended that the Board provide for waivers of the HOW requirement on a case-by-case basis. Accordingly, on motion duly made by Commissioner Shaw and seconded by Commissioner Hebard, the following resolution was unanimously adopted:

RESOLUTION CONCERNING WAIVER OF REQUIREMENTS
FOR HOMEOWNERS WARRANTY

RESOLVED, that portion of the 1980 Mortgage Purchase Program

requiring new construction to comply with HUD MPS 4900.1 is hereby amended to require such compliance only insofar as compliance is evidenced by VA, FHA or HOW acceptance. In case of builders who are not HOW approved, the requirement may be waived in the discretion of Agency staff.

Ms. Thielen reported that the proposal of Babcock and Wessel for 24 elderly units in Vergennes, approved at the last meeting, is financially feasible only if construction financing is available at an interest rate of 11 percent or lower. She recommended that VHFA provide the construction financing because the general contractor, T.H.A., Inc. is bondable and has built several VHFA projects without problems, and because the developer is also experienced in Section 8 and VHFA requirements. After discussion, a motion was duly made and seconded to adopt the construction financing resolution, (attached), subject to the availability of funds either from the line of credit or from future bond proceeds; and subject to a financing fee of either 1 point if VHFA staff conduct all inspections, or one-half point plus costs if we hire an outside inspector. Commissioner Gardner asked the staff to provide him with a list of VHFA construction loans, and he and Chairman Field agreed to provide the staff with a list of qualified inspectors. The motion was also made subject to a reduction in the total mortgage if the interest rate for interim financing is less than 11 percent. The motion passed unanimously and the resolution respecting Vergennes was adopted (see attached).

Ms. Thielen presented a proposal for 41 units of elderly housing in the Rockingham Hotel in Bellows Falls. The proposal was submitted by Mark Hochman through Cambridge Prospect Corporation; both Hochman and CPC are expected to be general partners in a limited partnership. The Commissioners questioned Mr. Hochman

about his negotiations with various general contractors and requested that he get bids from Vermont Contractors. Mr. Hochman agreed and also stated that he will have a Clerk of the Works for the construction of this project. Commissioners also questioned Mr. Hochman and Mr. Raszman about the market for 4,000 square feet of commercial space fronting on Rockingham Street. Mr. Hochman stated that he will attempt to start marketing the retail space immediately. Ms. Thielen explained that this is a slow track project directly from HUD, in connection with a community development block grant, and that HUD has established a deadline for the developer to obtain financing. It was moved and seconded to give tentative, conceptual approval to the project in order to keep open the HUD funds, pending evidence of sufficient demand for commercial space. The motion was approved.

Ms. Nichol reminded the commissioners that, at the meeting of April 21, they had approved a proposal for the rehabilitation of four apartment buildings in the Winooski NSA, but had rejected a fifth building. She reported that the developers are now proposing a substitute fifth building on W. Canal Street. After considerable discussion, primarily concerning play space and apartment layouts, a motion was made and seconded to reject the substitute building. This motion carried. It was pointed out that the developer would be welcome to resubmit this proposal with changes, especially in apartment layout.

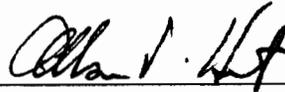
Mr. Hunt reported that the Vermont Fair Housing Coalition had not been notified of today's meeting because there was insufficient time for them to mobilize their membership. Mr. Field suggested that we should not try to combine a regular business meeting with a discussion with the group, because the meeting

would then be excessively long. He suggested that they be invited to a special meeting on May 29 or 30.

Mr. Hunt and Mr. Gurley notified the commissioners that the bond closing for the Single Family issue will be on May 13 and 14.

The meeting was adjourned at 3:05 p.m.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Allan S. Hunt", is written above a horizontal line.

Allan S. Hunt,
Secretary

RESOLVED: That portion of the 1980 Mortgage Purchase Program requiring new construction to comply with HUD MPS 4900.1 is hereby ammended to require such compliance only insofar as compliance is evidenced by VA, FHA or HOW acceptance. In case of builders who are not HOW approved, the requirement may be waived in the discretion of Agency staff.



ANDREW R. FIELD, Chairman
ALLAN S. HUNT, Executive Director

VERMONT HOUSING FINANCE AGENCY

VERMONT HOUSING FINANCE AGENCY BOARD MEETING
BETHANY CONGREGATIONAL CHURCH
115 MAIN STREET, MONTPELIER
THURSDAY, MAY 29, 1980 9:00 AM

1. Approval of minutes of the meeting of May 13, 1980
2. Multifamily Program
 - A. Preliminary Approval of Holy Angels Proposal, St. Albans
 - B. Selection among competing proposals for Waitsfield
3. Discussion with Vermont Fair Housing Coalition
 - A. Present status of Section 8 programs
 1. The 70% - 30% split for family and elderly
 2. Types of housing (duplexes, etc.)
 3. Location issued (site configuration, distance from services)
 4. VHFA construction financing
 - B. Community-based non-profit sponsorship of housing
 - C. Developing channels of communication between VHFA and VFHC
4. Other old or new business



ANDREW R. FIELD, Chairman
ALLAN S. HUNT, Executive Director

VERMONT HOUSING FINANCE AGENCY

VERMONT HOUSING FINANCE AGENCY

BOARD MEETING

TUESDAY, MAY 13, 1980, 4:00 PM

ANNABELLE'S RESTAURANT, PITTSFIELD

PRESENT: Chairman Field, Vice-Chairman Shaw, Commissioners Hebard, Gardner and Behney; Deputy Director Dickson, Ms. Chetti, Mr. Kochman, Mr. Frazier, Mr. Brisson, VHFA; members of the press.

Vice-Chairman Shaw opened the meeting at 4:15 p.m., the Chairman having been temporarily detained. The minutes of the meeting of May 2, 1980 were approved as submitted. A question was raised about the requirement imposed at that meeting for evidence of demand for commercial space in the Rockingham Hotel, but the question was tabled.

Mr. Dickson reported that efforts to hire a new housing development specialist to fill Ms. Nichol's position were near fruition. He also reported that members of the staff had visited an office building for rent on South Union Street, and felt that it would be adequate to house the Agency. After discussion, it was moved and seconded to approve rental of this space, subject to negotiation of the actual terms of a lease and subject to the approval of the Chairman. The motion was approved unanimously.

Mr. Dickson reported that the Pizzagalli proposal for rehab of the GE building in the Burlington NSA has complied with all requirements for a Letter of Intent, and recommended that it be issued. Commissioner Gardner asked if the power pole at the corner of the site would be removed. Since the answer was unavailable, he strongly recommended to the staff that it be removed. It was moved and seconded to authorize issuance of a Letter of Intent. The motion was approved unanimously.

Ms. Chetti presented a proposal from Ronald, Louis and Christopher Fucci of Rutland as Colonial Apartments Partnership, a limited partnership. The proposal is to construct 14 units of housing for the elderly in West Rutland. The contractor would be RemCo Management and Company, which is owned by the Fucci's. They are requesting preliminary approval including construction financing. Some concern was expressed over the proximity of the railroad, but it was agreed that the courtyard design would prevent the apartment complex from facing towards the railroad. Chairman Field arrived during this discussion. Concern was also expressed over the relatively high rents.

These are 116 percent of the HUD-published Fair Market Rents. A number of suggestions were made of ways in which the rents could be reduced, including a reduction in unusually high property taxes, a reduction in unusually high sitework costs, an extension of the mortgage amortization schedule from 30 to 40 years with a 30-year balloon payment, and getting the Town of West Rutland to finance the renovation of its own municipal utilities on the site. It was moved and seconded to give preliminary approval to the proposal contingent on a significant reduction in rents. The motion carried unanimously.

Mr. Dickson reminded the Board that they had raised the minimum equity requirement from 5 percent to 10 percent on February 26th in response to rapidly rising interest rates. He reported that interest rates now have dropped back to the level of mid-January. He asked the Board whether they wished to reduce the equity requirement back to 5 percent. After discussion, it was agreed that no action would be taken at this time, but that waivers of the 10 percent equity would be considered on a case-by-case basis.

Mr. Dickson then asked whether the Agency should continue to require a 3 percent temporary equity escrow from limited partnerships of 10 percent permanent equity is provided. It was moved and seconded to waive the temporary equity escrow requirement in cases where 10 percent permanent equity is invested. The motion was approved unanimously.

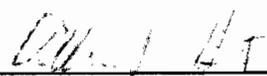
Mr. Dickson notified the commissioners that a meeting has been scheduled with Vermont Fair Housing Coalition at 10:00 a.m. on May 29, at the Bethany Church in Montpelier. Commissioner Hebard recommended that a representative from a town such as West Rutland be invited, to discuss the issue of family housing vs. elderly housing.

Mr. Brisson reported that a hearing has been scheduled regarding the Agency's proposed rules for energy conservation in the single-family program. The hearing is scheduled for 10:00 am on May 21. It was suggested that certain interested public officials be invited, such as Senator Sorrell and Lt. Governor Kunin.

The commissioners took up the question of sufficient demand for commercial space in the Rockingham Hotel project. It was agreed that at this stage of processing the Agency must see a market study of Bellows Falls, including an analysis of prevailing rents for similar space, an analysis of vacancy rates in similar space, and a projection of market demand trends for the foreseeable future.

The meeting was adjourned at 5:30 pm.

Respectfully submitted,



Allan S. Hunt, Secretary



ANDREW R. FIELD, Chairman
ALLAN S. HUNT, Executive Director

VERMONT HOUSING FINANCE AGENCY

AGENDA

VERMONT HOUSING FINANCE AGENCY BOARD MEETING
STATE TREASURER'S OFFICE, MONTPELIER, VERMONT

Wednesday, June 19, 1980 - 1:00 p.m.

1. Approval of minutes of May 29, 1980
2. Report on office space
3. Fy'81 proposed budget
4. Single Family Program
 - a. Status report
 - b. Lane Shops Condominium request
 - c. Town Centre conversion project
 - d. Revised energy conservation standards
5. Multi-Family Program
 - a. Can an individual get a non-recourse loan by putting up 3 percent temporary equity escrow?
 - b. Reconsideration of construction inspection fees.
 - c. Should the Agency continue to finance modular homes? Design, cost and employment considerations.
 - d. Reconsideration of Shelburne proposals.
 - e. Alburg family project: request for mortgage increase and permanent financing resolution.
 - f. Vergennes: Letter of Intent for increased mortgage
 - g. West Rutland: Letter of Intent, including 40-year amortization schedule and 30-year balloon payment.
 - h. Winooski proposal: resubmission of W. Canal St. bldg.
 - i. North Troy: Preliminary approval
 - j. Newport/Derby: Preliminary approval
6. Other old or new business

/ajr



ANDREW R. FIELD, Chairman
ALLAN S. HUNT, Executive Director

VERMONT HOUSING FINANCE AGENCY

MINUTES

VERMONT HOUSING FINANCE AGENCY BOARD MEETING

THURSDAY, MAY 29, 1980, 9:00 AM

BETHANY CHURCH, MONTPELIER

PRESENT: Chairman Field, Vice-Chairman Shaw, Commissioners Hebard and Behney; Mr. Hunt, Mr. Dickson, Ms. Thielen, Ms. Chetti, Mr. Brisson, VHFA; Mr. Ziner and Mr. Berezin.

The Chairman called the meeting to order at 9:00 a.m. The minutes of the meeting of May 13, 1980 were revised to reflect the fact that at that meeting the minutes of May 2, 1980 had been revised. The minutes of the meeting of May 13 were then approved as revised.

Executive Director Hunt informed the Board that the Controller has begun to prepare a General Fund Budget for fiscal year 1981 and needs some guidance as to the amount of Cost of Living Adjustments the Board would be willing to approve. He pointed out that the latest available Consumer Price Index shows a 14.9 percent increase from April 1979 to April 1980. It was suggested by Commissioner Hebard that the Controller check with Ms. Chouinard, Director of Personnel for the State, and propose cost of living adjustments in line with those in effect for State employees. He pointed out that the Legislature approved a 6.5 percent cost of living adjustment and an increase in mileage allowances for travel from 17 cents to 18.5 cents per mile.

Ms. Thielen presented the proposal by Lynnfield Development Corporation (Saul Ziner and Mark Berezin) for substantial rehabilitation of the Holy Angels Convent in St. Albans as 31 units of housing for the elderly. She recommended conceptual approval of the proposal, including forwarding to HUD via Vermont State Housing Authority, and including construction financing, but subject to certain conditions. These were:

- (1) a demand contingent note similar to that executed with Windsor Housing Associates, and;
- (2) competitive bidding of the construction contract, open to Vermont general contractors;
- (3) reduction of rents through a reduction of construction costs.

Mr. Ziner and Mr. Berezin then addressed the Board, discussing their prior experience and in particular the problems currently experienced by properties in Massachusetts that have been owned, constructed, or managed by organizations Mr. Berezin was formerly associated with. The Commissioners questioned Mr. Berezin in some detail and at the conclusion of this discussion a motion was made and seconded to accept the recommendations of the staff. The motion was approved unanimously.

Discussion was begun on two competing proposals to provide 24 units (12 elderly and 12 family) in Waitsfield. It was moved and seconded to reject the proposal submitted by Lynnfield Development Corporation in view of the approval just granted for their Holy Angels proposal and in view of their affiliation with troubled projects in Massachusetts. The motion was approved. At this point the Waitsfield discussion was tabled until later in the meeting and the commissioners recessed to move to a larger room.

At 10:15 a.m. a general round-table discussion was held with members of the Vermont Fair Housing Coalition. The discussion centered around the following issues:

- (1) The 70%-30% split of new Section 8 units between family and elderly;
- (2) Types of housing structures (detached, semi-detached, row houses, etc.);
- (3) The location of housing, especially distance from community services;
- (4) VHFA construction financing;
- (5) Community-based non-profit sponsorship of housing.

There was a full exchange of views and several suggestions for actions that the Agency might take on these issues. The meeting was then recessed again, and the Chairman excused himself for a prior engagement.

At about 12:15 p.m. the meeting was reconvened by Vice-Chairman Shaw. Ms. Chetti led a discussion of the proposal by A. Judson Babcock to develop 12 family and 12 elderly units in Waitsfield. She recommended that the Agency approve Mr. Babcock's proposal, including forwarding to VSHA, contingent upon certain design changes, relocation of the laundry and community space, and assurance of a walkway from the project to shopping facilities on Route 100. She recommended that this approval include construction financing. A motion was made and seconded to accept the recommendation, assuming that the site will not be in the 100-year floodplain. The motion was approved unanimously.

Mr. Hunt and Mr. Brisson reported the results of the public hearing on energy conservation standards for the single family program. They reported considerable resistance to imposition of the standards on existing housing. The commissioners made numerous suggestions for revision of the standards and asked the staff to redraft them, circulate them to selected banks, brokers and appraisers, and to resubmit them for adoption at a future meeting.

Mr. Hunt reported that the developers of the Grandview Condominium in South Burlington have applied for a take-out commitment for additional units in Phase II of the project. Twenty-five units were purchased under the 1979 New Homes Program with an additional 5 units allowed for purchase under the 1979 Mortgage Purchase Program. He recommended that the application be disapproved unless the units are insured and subsidized under the FHA 235 program, because they are in Chittenden County (which has received more than its fair share of builders set-aside commitments) and because many of the units in the project are not owner-occupied (which is a requirement of the program). A motion was made and seconded to approve 12 units under the 1980 Builder Set-Aside Program, if they are under the FHA 235 program, and to consider 12 more units at a later date should additional funds become available. The motion was approved by a vote of 2-0, Vice-Chairman Shaw abstaining.

Mr. Brisson reported that a number of reputable builders under the Builders Set-Aside program have refused to join the Home Owners Warranty (HOW) program. The result is that there is no inspection to assure the Agency that each dwelling meets the appropriate building codes. Mr. Dickson pointed out that the Board had previously authorized the staff to waive the HOW warranty requirement at their discretion. The Commissioners expressed their opinion that waivers would be appropriate if there is some other arrangement for inspection to assure compliance with building codes. In addition, the builder is to provide substantial evidence of what hardships if any will result by being required to join the Homeowners Warranty Council.

Ms. Thielen briefly described three proposals for housing in Shelburne: one from Dorwin Thomas for 11 units of elderly housing, one from Rod Whittier for 20 units of elderly and 10 units of family housing, and one from A. Judson Babcock and Gerald Milot for 20 units of elderly and 10 units of family housing. She recommended that all three proposals be rejected and the units be advertised again. The reasons for this recommendation included the following:

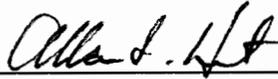
- (1) Mr. Thomas' proposal was not responsive to the original advertisement for 30 units and is too small to accommodate the full set-aside, and furthermore is for elderly only whereas the intent of the set-aside was to produce both elderly and family housing;
- (2) Mr. Whittier's site is 0.9 miles from shopping and other community amenities, which is too far for elderly residents to walk and which would require walking along Route 7 without sidewalks; the site would require a significant change in zoning and a potential conflict of interest exists because the present owner of the land is a Shelburne selectman, and although HUD may issue a waiver of the conflict of interest prohibition in this case, the amount of time required to resolve the issue may delay the project unduly;

- (3) The site proposed by Babcock and Milot is 0.8 miles from shopping and other community amenities, although elderly residents would be able to walk on a sidewalk along a less heavily-travelled road; the site would require a zoning change, which has been requested previously and refused, apparently because of vigorous neighborhood opposition, and Mr. Babcock has already been tentatively approved for three Agency-financed projects (Vergennes, Plainfield and Waitsfield) which the Commissioners felt was the maximum that one sponsor should be developing at one time;
- (4) The Village of Shelburne owns land near the shopping center which would be a superior site for this project if it could be made available. A motion was made and seconded to reject all three proposals and re-advertise the units.

The motion was carried by a vote of 2-0, Mr. Behney abstaining.

The meeting was adjourned at 1:55 p.m.

Respectfully submitted,



Allan S. Hunt, Secretary



ANDREW R. FIELD, Chairman
ALLAN S. HUNT, Executive Director

VERMONT HOUSING FINANCE AGENCY

Minutes

Vermont Housing Finance Agency Board Meeting

Wednesday, June 18, 1980 - 1:00 p.m.

State Treasurer's Office - Montpelier

PRESENT: Commissioners Hebard, Behney, Myette (by speakerphone), and Mr. Ellingson, designee of Commissioner Chaffee; Mr. Hunt, Mr. Dickson, Ms. Nichol, Mr. Brisson, VHFA; Mr. Driscoll, DCA; Mr. Hark, Vermont Legal Aid.

In the absence of the Chairman and Vice-Chairman, the Commissioners present designated Mr. Hebard to serve as temporary Chairman. The meeting was called to order at 1:35 p.m.

The minutes of the meeting of May 29, 1980 were approved as submitted.

Mr. Hunt reported that negotiation on a lease for new office space is in the final stage and he expects the staff will begin moving in mid-July.

Mr. Hunt presented a proposed General Fund operating budget for FY'81. He asked the Commissioners to review the budget and supporting materials and to consider approving it at the next meeting. However, he recommended approval at this time of a 6.5 percent plus \$100 cost-of-living adjustment for all employees effective July 1, 1980. It was moved and seconded to approve this adjustment. The motion was approved by a vote of 4-0.

Mr. Field arrived at this point and chaired the remainder of the meeting.

Mr. Hunt reported on the status of the single-family mortgage purchase program. He indicated that some confusion and controversy remains over the "job-related move" exception to the first-time homebuyer rule. After discussion, it was moved and seconded to clarify this rule by considering any purchase of a home as a result of a change in employment to be a "job-related move", regardless of the reason for the employment change. The motion was approved by a vote of 5-0.

Mr. Hunt and Mr. Brisson presented proposed revisions to the single-family energy conservation standards, based on the public hearing and the Board meeting of May 29, 1980. After discussion, it was moved and seconded to adopt the Single Family Mortgage Purchase Program Energy

Conservation Rules. The motion was approved by a vote of 5-0.

Mr. Hunt presented a request by David DuBrul for a permanent take-out commitment for 12 proposed condominiums in Phase 2 of the Lane Shops complex in Montpelier. The Chittenden Trust will provide construction funds for all 24 units of the project if they are pre-sold before construction starts, and permanent mortgage funds for 12 units if VHFA will provide permanent funds for the other 12 units. After discussion, a motion was made and seconded to approve the request subject to the following conditions:

1. VHFA would prefer to finance the second 12 units but is willing to share ratably in the project as long as our investment never exceeds 50 percent of the project;
2. All space in the project must be devoted either to open space or residential uses, with no commercial uses in the project;
3. There must be extensive planting and landscaping as shown in the scale model presented at this meeting;
4. VHFA strongly encourages participation of the Ottauquechee Land Trust in preserving the former location of the "burned-out building" as a park.

The motion was approved by a vote of 5-0.

Mr. Dickson asked the Commissioners to consider whether they would be willing as a general policy, to make a non-recourse loan to an individual multi-family sponsor if the sponsor deposited the same 3 percent temporary equity escrow required for a non-recourse loan to limited partnerships. Mr. Dickson recommended against such loans as a general policy, with the understanding that this policy as any others may be waived in exceptional circumstances. After discussion, it was moved and seconded to accept the staff recommendation. The motion was approved by a vote of 5-0.

Mr. Dickson and Ms. Nichol asked the Commissioners to reconsider the policy adopted on May 2 which raised the Agency's construction loan inspection fee from 1/2 point to 1 point if VHFA staff conduct all inspections, or 1/2 point plus costs if an outside inspector is hired. They pointed out that this change in policy is inconsistent with the Board's actions on February 26. Those actions were intended to improve the economic feasibility of Section 8 proposals during a period of high interest rates by reducing the Agency's spread, the commitment fee, and the Project Cost Escrow, and by increasing the developer's equity requirement. In contrast, the increased construction fee makes economic feasibility more difficult. During the discussion, Chairman Field expressed the fear that the Agency may not be adequately staffed or compensated for the added risk of construction lending and stated his intention to form a subcommittee consisting of himself and Commissioners Shaw and Gardner to examine the Agency's staffing and organization. Ms. Nichol reminded the Board that the Agency started providing construction loans only when bank financing began to exceed approximately 13 percent, and asked for guidance about when the Agency might stop making construction loans.

After discussion, it was moved and seconded to return the construction loan inspection fee to 1/2 point, except in unusual circumstances. The motion was passed by a vote of 4-1, Chairman Field voting in the negative. Staff was directed to put the construction lending program on the agenda for the next meeting.

Ms. Nichol asked the Board to consider whether the Agency should continue to finance modular homes under the multi-family program. She cited problems of standardized and somewhat stark design, costs equivalent or greater than conventional construction, and the lack of any significant employment benefits for local labor. After discussion, the consensus of the Board was that the Agency should not flatly prohibit the use of modular housing but the staff should strongly enforce good design and esthetic requirements. If more attractive design becomes prohibitively expensive for modular manufacturers, the end result may be conventional construction.

Ms. Nichol reminded the Board of their past actions regarding the Winooski NSA proposal and reported that one building has been deleted from the proposal and two buildings have been added. She introduced Pat Spaulding and Dan Mahoney, the prospective developers, who described the two buildings to be added to the proposal. After discussion, it was moved and seconded to give preliminary approval to the revised proposal, including sending it to HUD. The motion was approved by a vote of 5-0.

Mr. Hunt asked the Commissioners to reconsider their action of May 29, 1980 rejecting all three proposals for Section 8 housing in Shelburne. He reported that HUD Area Counsel in Manchester, N.H. is unsure whether a conflict of interest is represented by ownership of the site proposed by Mr. Whittier by the Chairman of the Board of Selectmen, but has indicated that there could be an early resolution of the issue. He also indicated that the availability of the town-owned site is very uncertain. He recommended conditional approval of the Whittier proposal. After discussion, a motion was made and seconded to give preliminary approval of the Whittier proposal subject to the following conditions:

1. The Planning Commission must give preliminary approval and indicate a schedule for formal approval;
2. HUD must indicate a time schedule resulting in an early resolution of the conflict of interest issue;
3. Rents may not exceed 115 percent of HUD's Fair Market Rent;
4. The developer must secure positive indication that public transportation will be available to serve the development.

The motion was approved by a vote of 5-0.

Mr. Dickson presented a request from Wayne Jameson for a mortgage increase of approximately \$37,000 representing various cost overruns. He recommended that \$5,200 of the request be approved, representing the increased cost of improved exterior siding required by Vermont State Housing Authority. Mr. Dickson also reported that the newly-constructed portion of the development is nearly complete and recommended that the Board adopt the permanent financing resolution attached. A motion was made and seconded to approve a \$5,200 increase and to approve the attached resolution. The motion passed by a vote of 5-0. It was pointed out that Mr. Jameson could resubmit his request at a later date with more detailed supporting documentation.

Mr. Dickson described the efforts of the West Rutland developers to meet the conditions imposed by the Board at the meeting of May 13. The Town of West Rutland has agreed to reduce taxes from \$500 to \$440 per unit, but has refused to contribute towards the cost of sitework and municipal utilities. The developers have reduced their return on equity to a point where the staff feels further reduction would decrease the owners' incentives for good management and decrease funds available for operating cost overruns. Mr. Dickson advised the Board against making a loan with a 40-year amortization schedule and a 30-year balloon payment, because it would establish a precedent for all future proposals and expose the Agency to a significantly higher risk of default. Mr. Hunt noted that a new bond resolution would be required and that Mr. Gurley, representing the Agency's underwriter, has advised him that investors would probably be unwilling to buy such bonds. Mr. Dickson stated that with a normal 30-year mortgage and the tax and profit adjustments, West Rutland rents would be about 114 percent of HUD's FMR's. A motion was made and seconded to approve the rents at 114 percent. The motion passed by a vote of 5-0.

Ms. Nichol presented a proposal for 14 units of housing on two sites in North Troy; (6 elderly and 8 family units). The developers are Jack Starr and Gaylord Gallup, who intend to be general partners in a limited partnership. Delta Construction Company would be the general contractor. After discussion and review of the plans, it was moved and seconded to give preliminary approval to the proposal and forward it to HUD. The motion passed by a vote of 5-0.

Ms. Nichol presented a proposal for 16 units of housing in Newport and Derby, consisting of eight single-family rental units on two sites in Derby and eight duplex units on one site in Newport. The sponsors are Andrew and Carolyn Therrien, and the general contractor would be Frank Babcock & Son, Inc. A motion was made to give preliminary approval and submit the proposal to HUD. The motion passed by a vote of 5-0.

Mr. Dickson informed the Board that the developers of the Rockingham Hotel proposal have complied with all conditions required for a Letter of Intent. However, he pointed out that the evidence they have submitted so far indicates there may be difficulty in renting the commercial space. On the recommendation of Mr. Hunt, a motion was made to authorize issuance of a Letter of Intent subject to satisfactory evidence that the commercial space can be rented. The motion was seconded and approved by a vote of 5-0.

The meeting was adjourned at 4:35.

Respectfully submitted,



Allan S. Hunt, Secretary

"BE IT HEREBY RESOLVED AS FOLLOWS: Vermont Housing Finance Agency hereby determines that:

- (1) Jameson Family Housing, housing in Alburg, Vermont (the "Development") is primarily for occupancy by persons and families of low and moderate income;
- (2) the construction costs incurred by the Sponsors are for housing development costs within the meaning of the Act;
- (3) there exists a shortage of decent, safe and sanitary housing at rentals or prices which persons and families of low or moderate income are able to afford within the general housing market area of Alburg and private enterprise and investment are unable, without assistance, to provide an adequate supply of residential housing and sufficient mortgage financing for residential housing for occupancy by such persons and families;
- (4) the Sponsor of the Development will increase the supply of well-planned, well-designed housing for persons and families of low and moderate income and such Sponsor is a financially responsible person;

"THEREFORE, the Executive Director is hereby authorized and directed to ascertain that all applicable covenants and conditions of the Letter of Commitment have been fulfilled. Upon a satisfactory determination of the foregoing, the Chairman or Executive Director is hereby authorized and directed to secure a Promissory Note, Mortgage and Security Agreement, Regulatory Agreement, and all necessary certifications and other documents pertaining to the Development; and is further authorized and directed to execute the Regulatory Agreement, to furnish a requisition of funds to the Trustee and to disburse such funds sufficient to make a loan for the Development in accordance with the Commitment Letter."



ANDREW R. FIELD, Chairman
ALLAN S. HUNT, Executive Director

VERMONT HOUSING FINANCE AGENCY

VERMONT HOUSING FINANCE AGENCY
BOARD MEETING
239 South Union Street, Burlington
Friday, August 29, 1980--9:00 a.m.

1. Approval of minutes of July 28, 1980.
2. Multifamily Program:
 - A. King Street NSA project; general discussion with Michael Richardson, King Street Neighborhood Redevelopment Corporation.
 - B. Letter of Intent - Vergennes.
 - C. Letter of Intent - 73-75, 128 King Street (Kaiser-Dressel).
 - D. Letter of Intent - Newport/Derby.
 - E. Letter of Intent - North Troy.
 - F. Letter of Intent - Fairfax.
 - G. Preliminary approval - Hancock.
 - H. Preliminary approval - Bridgewater.
 - I. Preliminary approval - Canaan/Beecher Falls.
 - J. Preliminary approval - Hardwick.
 - K. Preliminary approval - W. Burke.
 - L. Preliminary approval - Richmond/Underhill.
 - M. Preliminary approval - Poultney.
 - N. Site plan discussion - Island Pond.

3. Relations with Vermont State Housing Authority, (please bring materials distributed previously).
 - A. Policy toward family housing.
 - B. Contract administration in Winooski and Burlington NSA's.
 - C. Control of replacement reserve and other project funds.
 - D. Reimbursement to VSHA.
 - E. Schedule joint board meeting.
4. Single Family Program.
 - A. Update on Single Family Program.
 - B. Discussion of Secondary Market (enclosure).
5. Other old or new business.

MINUTES

VERMONT HOUSING FINANCE AGENCY BOARD MEETING

MONDAY, JULY 28, 1980 - 9:00 a.m.

135 CHURCH STREET, BURLINGTON

Present: Vice-Chairman Shaw, Commissioners Myette, Hebard, Gardner, and Behney; Mr. Hunt, Mr. Dickson, Mr. Frazier, Ms. Nichol, Mr. Brisson, Mr. Bean, Ms. Bock, VHFA.

The minutes of the meeting of June 18, 1980 were approved as submitted.

Mr. Hunt reported that a lease has been signed with the Chairman's approval for the office building at 239 S. Union Street, and that the agency will be relocated there on Monday, August 4.

Mr. Hunt and Mr. Brisson reported on the status of the single-family mortgage purchase program. Mr. Brisson reported that only 40 percent of the funds have been committed to date. The commissioners discussed the possibility of extending deadlines but agreed to take no action at this time. It was suggested that perhaps advertising the availability of funds, particularly through the Builders Set-Aside program, might increase the rate of commitments.

Mr. Brisson introduced a proposed resolution defining the meaning of the term "new mortgage loans" as the term is used in 10 V.S.A. § 623. The intent of the resolution was to permit the Agency to purchase permanent loans replacing construction loans or other short-term financing, or replacing a land contract or contract for a deed. The resolution is attached. It was moved and seconded to approve the resolution, and the motion carried unanimously.

Mr. Brisson gave the commissioners copies of the forms used to implement the Agency's single-family energy conservation standards. A brief discussion followed.

Mr. Hunt presented a request from Town Centre for VHFA to finance the conversion of rental units on College Street in Burlington into condominiums. Although it has been the Agency's policy not to finance such conversions, Mr. Hunt reported that eight of the units were originally built as condominiums but were rented temporarily until they could be sold. These eight units are separate from the main rental building. He recommended that the Agency approve financing for these eight units. It was moved and seconded to approve the recommendation, and the motion was carried unanimously.

Mr. Hunt asked the Board to approve the fiscal year 1981 budget, which had been distributed at the last meeting. Mr. Frazier explained many of the items in the budget, especially those which have changed significantly from FY 1980. After an extensive discussion, it was moved and seconded to approve the budget as submitted. The motion was approved unanimously. Commissioner Gardner asked for a ten-year projection of expected income from fees and spreads based on anticipated cash flow from existing bond issues. Commissioner Myette asked for a general discussion of the salary structure, including the method of arriving at merit increases and the method of implementing such increases. After an extensive discussion, it was agreed to leave the implementation of the salary schedule to the discretion of the Executive Director.

Mr. Frazier presented a proposed RESOLUTION #1, Authorizing the Establishment of a Pension Plan and Appointing Trustees, and a proposed RESOLUTION #2 Adopting a Limitation Year for the pension plan. It was suggested that the trustees of the pension plan be listed as the Executive Director, Deputy Director, and Controller rather than by name as had been submitted. Following discussion, it was moved and seconded to adopt both resolutions as amended. The motion was carried unanimously.

Mr. Hunt and Mr. Brisson presented a proposal for a graduated payment set-aside of single-family mortgage purchase funds to the firm of Lomas and Nettleton. After discussion the following resolution was moved and seconded:

RESOLVED, that the Executive Director is authorized to enter into a mortgage loan purchase agreement and a mortgage loan servicing agreement with The Lomas and Nettleton Co. which will allow Lomas and Nettleton to: (1) originate and service \$500,000 of FHA 245 loans under the Agency's 1980 program and (2) act as servicer for FHA 235 loans that have been originated or will be originated by lenders participating in the Agency's single family mortgage purchase program.

The motion was approved unanimously.

Following this action Commissioner Behney left the meeting.

Ms. Nichol presented a proposal for 20 units of housing for the elderly on Spring Street in Fairfax. The sponsors would be Burton Steen and Jim Meunier, both of Fairfax, who were present and were introduced to the Commissioners. The proposed mortgage amount is \$573,227. Discussion followed. It was moved and seconded to give preliminary approval and to forward the proposal to Vermont State Housing Authority for submission to HUD; the developers were asked to try to find construction financing from a conventional lender. The motion was approved unanimously.

Mr. Bean presented a proposal for 22 units of housing for the elderly in the village of Island Pond, on a Community Development site adjacent to a park and fronting on the lake. The sponsors would be a limited partnership with Marcel and Anita Gervais as general partners. The proposed mortgage amount is \$669,751. The developers have proposed contributing only five percent equity. A motion was made and seconded to give preliminary approval and to forward the proposal to Vermont State Housing Authority for submission, provided that the proposal include adequate landscaping and space for meals sponsored by the

Area Agency on Aging; a landscaping plan must be submitted before a Letter of Intent will be issued; and the equity requirement will be subject to subsequent determination later in this meeting. The motion was approved unanimously.

Ms. Bock presented a proposal for seven units of housing for families in the King Street NSA in Burlington, located at 73-75 King Street and 128 King Street. The sponsors would be Michael Dressell and Rebecca Kaiser as general partners in a limited partnership. The proposed mortgage amount is \$271,319. Several commissioners requested financial data on the general partners. The proposed acquisition prices for the two properties to be rehabilitated were discussed in detail. Ms. Bock reported that she had received verbal information from the appraiser indicating that the fair market value for one of the buildings is significantly less than the proposed purchase price, but that the sponsors had requested a hearing with the appraiser. It was moved and seconded to give preliminary approval and forward the proposal to HUD, provided that the rents be reduced by allowing in the development budget only the appraised value as reported verbally today. The motion was approved unanimously.

Ms. Nichol reported that the sponsors of the Winooski NSA proposal have met all conditions required for a Letter of Intent. Mr. Hunt recommended that a Letter of Intent be authorized. It was moved and seconded to issue a Letter of Intent to finance the Winooski NSA proposal. The motion carried unanimously.

Ms. Nichol reported that the sponsors of the 57 Maple Street proposal (the GE building) are nearly ready to begin construction and presented a resolution approving the construction loan (attached). It was moved and seconded to approve the proposed resolution. The motion was approved unanimously.

Ms. Thielen and Mr. Hunt reported that the sponsors of the Holy Angels project in St. Albans have submitted all documents required for a Letter of Intent, and submitted a proposed form of demand contingent note for \$60,000 to be attached as a condition of approval. Mr. Hunt recommended that a Letter of Intent be authorized. A motion was made and seconded to authorize the Letter of Intent, subject to approval by VHFA counsel of the form of the demand contingent note. The motion passed unanimously.

Ms. Thielen reported that subsequent to the Board's approval of a Letter of Intent for the Crafts Inn project in Wilmington, several of the people she had called for references responded with negative information, concerning the developer. She said that the Letter of Intent has been issued, conditional on the developer's furnishing a demand contingent note similar to that required in the St. Albans case. The developer has accepted the condition, but the staff wished to inform the commissioners of the situation and ask their advice before issuing a Commitment Letter. After discussion it was moved and seconded to approve the demand note for \$60,000 subject to counsel's review. The motion was approved by a vote of 3-1, Commissioner Hebard voting in the negative.

Ms. Nichol presented a proposed site plan for the Waitsfield proposal, indicating a number of changes from the plan previously approved by the commissioners. She reported that the changes were brought about by the

requirement of Vermont State Housing Authority that all family units be in duplexes. She recommended that the revised site plan and duplex construction be approved, provided that the cost of all roads be prorated so that our mortgage does not fund the total cost of roads to be used for other purposes, and provided that speed bumps be constructed in the road to slow cars passing by the elderly section of the development. A motion was made and seconded to approve her recommendation. The motion was passed unanimously.

Ms. Nichol submitted a request from Edward Harrington, developer of the proposed Harrington Apartments at 147 Maple Street in Burlington, for an increase of \$50,328 in the mortgage for this project. She stated that the increase is due to a substantial revision in the estimated cost of rehabilitation. She recommended that the increase be granted, primarily because the City of Burlington has relocated all the tenants and because the building is a very visible part of the King Street Neighborhood; failure to approve the increase would create a severe hardship for the tenants and the owner of the building, and might cause the Agency serious public relations problems. The projected costs are within the range of other projects approved by the Agency. It was moved and seconded to grant the increase, subject to HUD approval of increased rents and the motion was approved unanimously.

Mr. Dickson presented a request from Barbara Postman, general partner of the Derby Line development, for a mortgage increase of \$12,331. He explained that the reason for the request was a construction cost overrun caused by failure of the general contractor to complete the project, which was then completed by the owner. He stated that a rent increase has already been approved by the HUD Area Office and approval from the Washington office is anticipated shortly. It was moved and seconded to authorize the mortgage increase subject to final HUD approval of the higher rents. The motion was approved unanimously.

Mr. Dickson reported that the Agency's requirement for at least 10 percent developer's equity seems to be discouraging the submission of proposals and that HUD has published a notice revising the Section 8 proposal submission system, which has the effect of making projects feasible with a lower equity requirement. He recommended that the minimum equity requirement be lowered from 10 to 6 percent. A motion was made and seconded to approve Mr. Dickson's recommendation. The motion passed unanimously.

Mr. Dickson reminded the Board that we have followed a general policy requiring developers who have already been approved for elderly housing to construct some housing for non-elderly families before being approved for additional elderly housing. He reported that this policy has resulted in a significant delay in submission of a proposal for elderly housing in Underhill because the developer, Daniel J. O'Brien, has already constructed two large elderly housing projects and seems unable to develop a proposal for family housing, although he has been working on a proposal in Richmond. He asked the Board to consider whether they wish to insist that Mr. O'Brien submit a proposal for family housing before approving another elderly housing proposal, and if so, would they waive the 12-unit per site limit to permit 14 units to be constructed on the Richmond site. A motion was made and seconded to permit 14 units on the Richmond site, and to permit the Underhill proposal to be submitted simultaneously with the Richmond proposal. The motion was passed unanimously.

Ms. Nichol presented a proposed site plan for 60 units of family housing to be constructed on the site of the former Spool and Bobbin factory in the King Street NSA. She asked the Board to give conceptual approval of the site plan and the number of units only, because the staff has reservations about the density of the proposed development and would like some guidance before authorizing the sponsors to prepare a full proposal. After extensive discussion, a motion was made to give conceptual approval to the proposed site plan, provided that no more than 25 percent of the units should be one-bedroom units and that there be no four-bedroom units, and provided that a letter of approval from the Burlington School Board be submitted. The motion was approved unanimously.

Mr. Dickson and Ms. Nichol presented a sketch of a proposed site plan for 10 units of family housing behind two existing buildings on South Champlain Street. They asked the Board for guidance about whether a full proposal should be prepared, because they had reservations about the lack of control over frontage on S. Champlain Street. They reported that one of the properties in question is tied up in an estate that is still being probated. A motion was made to give conceptual approval only if the sponsor controls the street frontage. The motion was seconded and passed unanimously. It was suggested that the sponsor attempt to buy the property in question from the estate and escrow the fund with the probate court.

Mr. Hunt presented a request from Lamoille County Mental Health Service in Johnson for a seed money loan of \$10,000 to be used to prepare a proposal for a group home facility for the chronically mentally ill. It was moved and seconded to authorize the loan, subject to written documentation. The motion passed unanimously.

A number of other items on the agenda relating to coordination of VHFA's activities with those of Vermont State Housing Authority were tabled due to the absence of the Chairman.

The meeting adjourned at 12:15 p.m.

Respectfully submitted,

Allan S. Hunt, Secretary

PROPOSED AGENDA FOR
A JOINT MEETING OF
VERMONT HOUSING FINANCE AGENCY
AND
VERMONT STATE HOUSING AUTHORITY

1. Family Housing:

Should developers who have already sponsored housing for the elderly be required to sponsor housing for families before doing another elderly project?

Recommendation: Yes.

References: Bill Kearns letter dated June 30, sent to you previously by Chairman Field; VSHA proposed resolution dated June 6; Don Dickson's memo to Commissioners dated July 15, 1980.

2. Winooski and Burlington NSAs:

VSHA has already told HUD verbally that VSHA does not wish to administer HAP contracts in the Winooski and Burlington NSAs. HUD is the contract administrator, making all such projects "slow-track." Should VSHA formally elect not to administer these contracts? Should VHFA then volunteer to administer them?

Recommendation: Yes on both questions.

References: Don Dickson's letter to Bill Kearns dated May 23, 1980; Don Dickson's memo to Commissioners dated July 15, 1980.

3. Replacement Reserve and other Project Funds:

New HUD regulations in effect on February 29, 1980 imposed a new replacement reserve requirement significantly higher than VHFA had required (subject to reduction by "the Agency"), which jeopardized financial feasibility of many projects. To compensate, VHFA Commissioners lowered the mortgage

escrow requirement (called the Project Cost Escrow) from 3 percent to 1.5 percent, provided that HUD and VSHA acknowledge VHFA's right to control the amount and expenditure of the replacement reserve. Some projects subject to this condition are now under construction. VSHA has not responded to our request for such acknowledgment.

A more thorough reading of the new HUD regulations has revealed a number of financial matters that HUD has delegated to "the Agency" and we can expect VSHA now to claim control over.

Recommendation: VSHA and HUD should acknowledge VHFA's control over all items that we have traditionally controlled, plus any new items that affect the financial stability of the project.

References: Don Dickson's letter to Bill Kearns dated March 11, 1980; Frank Berk's memo regarding Replacement Reserve; Don Dickson's memo to Commissioners dated July 15, 1980; attached list of responsibilities newly delegated by HUD regulations to "the Agency".

4. VHFA Reimbursement to VSHA:

In September, 1978, VSHA asked VHFA to reimburse its cost of processing Section 8 proposals. VHFA responded in November, 1978 with an offer to pay the cost of necessary VSHA staff work not duplicating VHFA staff work. VSHA did not respond to this offer, but has recently demanded that VHFA enter into an arrangement whereby HUD would pay VSHA an administrative fee. This arrangement is apparently not feasible.

Recommendation: VSHA should accept VHFA's offer of November, 1978 to reimburse them for necessary, nonduplicative work.

References: Kearns letter dated September 20, 1978; Hunt letter dated November 17, 1978; Kearns memo dated June 19, 1980; Hunt memo to Commissioners.
(To be mailed under separate cover.)

References:

1. Kearns letter dated June 30, 1980.
2. VSHA proposed resolution dated June 6, 1980.
3. Dickson memo dated July 15, 1980.
4. Dickson letter to Kearns dated May 23, 1980.
5. Dickson letter to Kearns dated March 11, 1980.
6. Frank Berk memo (updated) regarding Replacement Reserve Fund.
7. List of responsibilities newly delegated to "the Agency" by HUD regulations.
8. Kearns letter to Hunt dated September 20, 1978.
9. Hunt letter to Kearns dated November 17, 1978.
10. Kearns memo to Commissioners dated June 19, 1980.
11. Hunt memo to Commissioners. (To follow.)

RESOLUTION REGARDING NEW MORTGAGE LOANS

RESOLVED, that the Agency finds 1) that, in enacting those portions of 10 V.S.A. § 623 which restrict Mortgage Loans to be purchased by the Agency to "new mortgage loans" or loans the proceeds of which are to be used for "new mortgage loans," the Vermont Legislature primarily intended to prevent the use of the Agency's resources for the refinancing of an existing mortgage the apparent principal purpose of which would be merely to obtain for an existing homeowner a more favorable rate of interest than applies to the existing mortgage, 2) that the Legislature did not intend to prevent the "refinancing" of obligations undertaken for the purpose of the construction of new housing or the "refinancing" of short-term obligations undertaken when market conditions make scarce or unavailable conventional permanent mortgage loans on single-family residential housing; 3) that it is necessary and desirable to create workable standards for giving effect to the Legislative intent and is, therefore,

FURTHER RESOLVED, that for purposes of the Agency's single family programs, no Mortgage Loan shall be deemed ineligible for purchase by the Agency nor ineligible as a reinvestment by a Mortgage Lender pursuant to 10 V.S.A. § 623, solely by reason of the existence, and with respect to the security for the Mortgage Loan, at the time of Commitment by the Mortgage Lender, of any of the following conditions:

1. A mortgage loan payable on demand.
2. A mortgage loan required by its terms to be paid in full not more than three years from the date of the note or other instrument evidencing the obligation.
3. In the case of a loan made for construction purposes, a mortgage loan required by its terms to be paid in full not more than three years from the date of substantial completion of such construction
4. A land contract or contract for a deed, although such situations shall be considered on a case-by-case basis.

RESOLUTION #1:

- (1) Authorizing Establishment of a Pension Plan
- (2) Appointing Trustees

WHEREAS it is the consensus of this meeting that the establishment of a Vermont Housing Finance Agency Pension trust for the benefit of the employees of this corporation will advance the best interests of the corporation through the improvement of its relationships with its employees,

NOW THEREFORE, be it

RESOLVED that there is hereby established the trust known as Vermont Housing Finance Agency Employee Pension Plan, the terms and provisions of which shall be substantially in accordance with the proposed form of agreement between this corporation and the trustees submitted to this meeting; a copy of which plan shall be appended to the minutes of this meeting; and be it further,

RESOLVED that the proper officers of this corporation be and they hereby are authorized and directed to execute on behalf of this corporation a trust agreement between this corporation and the trustees in substantially the same form as the proposed form of such agreement submitted to this meeting and to take such action as may be necessary to inform all employees of the terms and conditions thereof; and be it further,

RESOLVED that, at no time shall it be possible for any part of the corpus of income of said trust to ever be used for, or diverted to, purposes other than for the exclusive benefit of employees and their beneficiaries, except if the Internal Revenue Service determines that said trust does not qualify initially under Section 401 (a) of the Internal Revenue Code as now in effect, or as hereafter amended, or any other applicable provisions of the Federal Tax laws; and be it further,

RESOLVED that the proper officers of this corporation be and they hereby are authorized and directed to take such steps as may be necessary in order to procure the approval of the Bureau of Internal Revenue under Section 401 (a) of the Internal Revenue Code, and any other duly constituted governmental body as may be necessary, of said trust and to make such modifications therein as may be necessary of desirable in order to obtain the approval of such bodies; and be it further,

RESOLVED that the proper officers of this corporation be and they hereby are authorized and directed to take such further action and to execute such further documents or instruments as may be necessary or desirable in order to make said trust effective; and be it further,

RESOLVED that the Treasurer or any Assistant Treasurer be and hereby is authorized to pay the trustees under said trust such sum or sums as may be necessary to meet the cost of such trust during its first year; and be it further,

RESOLVED that it is the intent of the parties to the trust that the trust will conform in all respects to the Employee Retirement Income Security Act of 1974. If any provisions of the plan/trust are not in keeping with said Act or if a provision is omitted, it is the intent of said

parties to make whatever changes may be required to conform, and to that end said Act if hereby incorporated by reference; and be it further,

RESOLVED that

The Executive Director,
Deputy Director, and
Controller

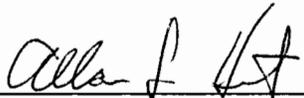
be and the same are hereby appointed trustees under said trust; and be it further,

RESOLVED that

No Pension Committee to be appointed

IN WITNESS WHEREOF I have hereunto set my hand and the seal of Vermont
Vermont Housing Finance Agency on July 28, 1980.

SEAL



A handwritten signature in cursive script, appearing to read "Allan S. Hunt", is written over a horizontal line.

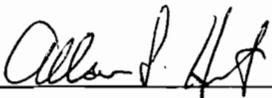
Allan S. Hunt
Executive Director

RESOLUTION #2 - ADOPTION LIMITATION YEAR

RESOLVED, that the Corporation elects as a limitation year for its employee retirement plan the twelve month period beginning on January 1 and ending on each December 30.

IN WITNESS WHEREOF I have hereunto set my hand and the seal of Vermont
Vermont Housing Finance Agency on July 28, 1980.

SEAL



Allan S. Hunt
Executive Director

"BE IT HEREBY RESOLVED AS FOLLOWS: Vermont Housing Finance Agency hereby determines that:

- (1) Maple Street Apartments (II), housing in Burlington, Vermont (the "Development") will be primarily for occupancy by persons and families of low and moderate income;
- (2) the construction costs incurred by the Sponsors will be for housing development costs within the meaning of the Act;
- (3) there exists a shortage of decent, safe and sanitary housing at rentals or prices which persons and families of low or moderate income are able to afford within the general housing market area of Burlington and private enterprise and investment are unable, without assistance, to provide an adequate supply of residential housing and sufficient mortgage financing for residential housing for occupancy by such persons and families;
- (4) the Sponsor of the Development will increase the supply of well-planned, well-designed housing for persons and families of low and moderate income and such Sponsor is a financially responsible person;

"THEREFORE, the Executive Director is hereby authorized and directed to ascertain that all applicable covenants and conditions of the Letter of Commitment have been fulfilled. Upon a satisfactory determination of the foregoing, the Chairman or Executive Director is hereby authorized and directed to secure a Promissory Note, Mortgage and Security Agreement, Regulatory Agreement, and all necessary certifications and other documents pertaining to the Development; and is further authorized and directed to execute the Regulatory Agreement, to furnish a requisition of funds to the Trustee and to disburse such funds sufficient to make a loan for the Development in accordance with the Commitment Letter."



ANDREW R. FIELD, Chairman
ALLAN S. HUNT, Executive Director

VERMONT HOUSING FINANCE AGENCY

AGENDA

VHFA LUNCHEON MEETING
Thursday, September 18, 1980--12:00 p.m.
Brown Derby Restaurant
101 Northfield Street, Montpelier

1. Approval of minutes of meeting of August 29, 1980.
2. Spool & Bobbin building - Preliminary approval.
3. North Bennington proposal - preliminary approval.
4. Fairfax: Letter of Intent
5. Hancock: Letter of Intent
6. Bridgewater: Letter of Intent
7. 73-75, 128 King Street: Letter of Intent
8. Vergennes: Construction Financing Resolution
9. Management problems at Middlebury Meadows

BREAK

- 10: Joint meeting with Vermont State Housing Authority.
(See separate agenda, attached.)

AGENDA
JOINT MEETING OF
VERMONT HOUSING FINANCE AGENCY
AND
VERMONT STATE HOUSING AUTHORITY

Thursday, September 18, 1980--1:00 p.m.
Vermont Agency of Transportation
2nd Floor Conference Room
133 State Street, Montpelier

NOTE CHANGE OF PLACE

1. Proposed Resolutions requiring developers of previous elderly housing projects to produce family projects before producing more elderly housing. (Resolutions previously distributed in July.)
2. Housing Assistance Payments Contracts:
 - a. Contract Administration in Burlington and Winooski NSAs (see May 23, 1980 letter from Don Dickson to Bill Kearns, previously distributed).
 - b. Interpretation of "Agency" responsibilities. (See March 11, 1980 letter from Don Dickson to Bill Kearns. Also see list of New "Agency" Responsibilities Under New 883 Regulations, dated August 21, 1980.)
 - c. Reimbursement to VSHA. (See William F. Kearns memo of June 19, 1980 and Allan Hunt letter of November 17, 1978.)
 - d. Procedures for processing development proposals. (See exchange of memos between Mr. Field and Mr. Finneran, distributed in 1979.)

August 21, 1980

NEW "AGENCY" RESPONSIBILITIES UNDER NEW 883 REGULATIONS:

- 105 - Applicability of revised regulation
- 204 (d) - Written Agency procedure for developer selection
- 306 (b) - Distribution of return on equity,
certification of amount of return,
approval of increases in return on equity
- 306 (c) - Calculation of owner's equity investment
- 306 (e) - Transfer of excess project funds to a separate account
- 408 (d) - Approval of Increases in contract rents or utility
allowances before Contract Execution
- 702 (c) - Approval of contract with managing agent
- 702 (d) - Submission to Agency of annual audit and other
statements as required by Agency; retention of
audits for 3 years
- 702 (e) - Excess project funds must be deposited with the
Agency, other mortgagee or other Agency - approved
depository; withdrawals may be made with Agency approval
- 703 - Hold Replacement Reserve; determine amount

PROPOSED RESOLUTION ENTERING EXECUTIVE SESSION:

RESOLVED, that the Commissioners find that each sub-topic of item 2 as printed on the Agenda involves consideration of contracts as to which premature general public knowledge would clearly place the state and the public bodies involved at a substantial disadvantage, and that some of the sub-topics involve discussion of records of interdepartmental and intra-departmental communications covering primarily other than factual materials which are preliminary to the determination of policy; and it is therefore

FURTHER RESOLVED, that the Agency shall meet in executive session for the purpose of discussing Agenda item 2.

NOTE: Adoption of the resolutions requires a 2/3 vote of members present.



ANDREW R. FIELD, Chairman
ALLAN S. HUNT, Executive Director

VERMONT HOUSING FINANCE AGENCY

MINUTES

VERMONT HOUSING FINANCE AGENCY BOARD MEETING
Friday, August 29, 1980
239 South Union Street, Burlington, Vermont

PRESENT: Chairman Field, Vice-Chairman Shaw, Commissioners Hebard and Myette, Mr. Ellingson (designee of Commissioner Chaffee), Allan Hunt and members of the staff of VHFA and members of the press.

The meeting was opened at 9:10 a.m. The minutes of the meeting of July 28 were accepted as submitted.

Ms. Nichol led a discussion of the King Street NSA project in Burlington. She noted that several Commissioners had expressed concern about the cost of NSA proposals at the last meeting and suggested that perhaps after a year and a half of focussing on individual proposals it may be time to step back and remind ourselves of the original purpose of the program. She asked the Commissioners for either a reaffirmation of their support for the NSA program or some guidelines of the limits and direction of their support.

Ms. Nichol presented an analysis of the cost of NSA proposals compared with other proposals, which demonstrated that the average total development cost of NSA proposals is somewhat higher, because of the higher acquisition cost of the land and buildings. However, the average mortgage amount per unit is lower than for other proposals because the NSA owners contribute more equity.

Michael Richardson, Executive Director of the King Street Neighborhood Redevelopment Corporation, spoke to the Board about the significant spin-off effects of the NSA program, in stimulating improvements to other buildings in the area.

After extensive discussion, Chairman Field expressed the sense of the Board that the Agency is preserving low-income housing in a historic district that the City has designated; and we are paying a premium for it. However, this is offset by the amenities available to the residents, such as proximity to schools, shopping and employment.

It was moved and seconded to continue to support the NSA project. The motion was seconded and approved unanimously.

Ms. Chetti described changes proposed in the Vergennes development. After extensive discussion of the appraisals, and upon recommendation by the Executive Director, it was moved and seconded to authorize issuance of a Letter of Intent to finance the Vergennes project, including the changes, provided construction commences this fall. The motion carried unanimously.

Commissioner Myette asked to return to the discussion of the NSA. He asked whether it would be possible to persuade the City building inspector not to exceed city building codes. Mr. Field declared we wouldn't tolerate it, and suggested the City be notified.

Mr. Hunt asked the Chairman to turn to a discussion of the single family program, to accommodate members of the press. He reported that most Chittenden County banks have committed most of their funds and some have asked for more. Smaller banks in the rest of the State have had more trouble committing their funds. There has been a recent upswing in demand for funds and about 66 percent of the funds have been committed. He doesn't feel a need for major changes in the program. However, he suggested the Agency might permit waivers of the first-time-homebuyer rule in certain outlying counties. Commissioner Myette expressed his opinion that the rate of commitment should not be termed "slow"--that in fact it is a more reasonable rate of commitment than in previous years. After extended discussion, it was moved and seconded to waive the first-time-homebuyer rule, across the State. The motion was approved unanimously.

Mr. Hunt proposed extending the deadline for bank commitments and for delivery of 75% of the mortgages from November 1 to January 1. It was so moved and seconded. The motion passed unanimously.

Mr. Brisson proposed a resolution prohibiting borrowers from holding onto an existing home for income purposes after they buy another home with a VHFA loan. A motion was made and seconded to approve the resolution (attached). The motion was approved by a vote of 3 - 1.

Mr. Hunt recommended a 1/2 percent servicing fee to banks for FHA 245 and 235 loans. It was moved and seconded to approve the recommendation. The motion passed unanimously.

Mr. Brisson presented a request to waive the one-third limit in the case of the Village Glen Condominium in Essex Junction, and agree to finance up to 22 units -- After discussion, the Commissioners declined to waive the one-third limit.

Commissioner Myette expressed his opinion that there has been some misinterpretation in the press recently regarding the high rents being paid for some Section 8 projects, such as Holy Angels. He pointed out that the rents as reported actually cover total housing cost, including all utility costs.

Mr. Dickson and Mr. Hunt proposed agenda items for a joint meeting with VSHA. After extensive discussion it was suggested that a joint meeting be arranged for September 18th at Waterbury Holiday Inn, with a short separate VHFA meeting first.

Mr. Bean presented revised plans for Island Pond. The Board concurred with the revisions.

Mr. Bean reported that Mr. Therrien has met all requirements for a Letter of Intent to finance his proposal in Newport and Derby. After recommendation by Mr. Hunt, it was moved and seconded to authorize issuance of a Letter of Intent. The motion was approved unanimously.

Mr. Bean reported that Pine Grove Associates (Mr. Gallup and Mr. Stan) have met all requirements for a Letter of Intent to finance their proposal in North Troy. After recommendation by Mr. Hunt, it was moved and seconded to authorize issuance of a Letter of Intent. The motion was approved unanimously.

Ms. Chetti presented a proposal from Donald and Peter Harvey for 5 units of housing for families on Route 125 in Hancock. Two units would be in a rehabilitated house and three units would be newly constructed. The proposed mortgage amount is \$201,429. The Agency is being asked to provide 20 percent of the construction loan. It was moved and seconded to approve forwarding the proposal to VSHA for submission to HUD, not implying approval of all details. The motion passed unanimously.

Ms. Chetti presented a proposal from the Simpson Partnership, of Rochester, for 10 units of housing for the elderly in a rehabilitated building and four newly constructed units of housing for families in Bridgewater. The proposed mortgage amount is \$501,319. The Agency is being asked to provide all construction financing. It was moved and seconded to approve forwarding the proposal to VSHA for submission to HUD, not implying approval of all details. The motion passed unanimously.

Ms. Bock presented a proposal from Henri and Claudette Morais for six units of family housing in the Village of Beecher Falls and 12 units of housing for the elderly in Canaan. The proposed mortgage amount is \$623,174. The Agency is being asked to provide construction financing. It was moved and seconded to approve forwarding the proposal to VSHA for submission to HUD, contingent on a landscaping plan and budget for grading the site to achieve an attractive appearance. Construction financing will depend on approval of the general contractor. Conceptual approval does not necessarily imply approval of all details. The motion passed unanimously.

Ms. Bock presented a proposal for eight units of family housing in Hardwick. It was moved to approve the proposal for submission to HUD subject to additional substantiation of operating expenses and staff approval of any design changes. The motion was seconded and passed unanimously.

Mr. Bean presented a proposal for a combined family-elderly development in West Burke. Chairman Field suggested that the portion of the road behind the units for the elderly be black-topped in order to cut down on the dust. A motion was made for approval subject to the Chairman's recommendation and staff receipt of budget documentation and review of any design changes. The motion was seconded and all Commissioners present voted in favor.

Mr. Bean showed the Board Dan O'Brien's proposal for 14 units of housing for the elderly in Richmond. Commissioner Myette questioned the need for a three-bedroom handicapped unit and suggested that it be replaced by a two-bedroom handicapped unit. A motion was made that the development be approved subject to budget and design revisions to be worked out by the staff. The motion was seconded and passed unanimously.

Mr. Bean continued with a presentation of Dan O'Brien's proposal for housing for the elderly in Jericho. Mr. Myette reminded the Board that at the last meeting they had agreed that the Jericho proposal was to proceed in tandem with the Richmond proposal. Mr. Bean told the Board of the staff's concerns about

the design of the building and feels that the buildings should be oriented to take better advantage of any possible solar heat. A motion was made to approve the proposal subject to the design modifications discussed and final staff approval of the budget upon receipt of additional verification. The motion was seconded and passed unanimously.

A proposal for rehabilitation of the old Poultney elementary school was presented by Mr. Bean. It was moved to conceptually approve this proposal and forward it to VSHA for submission to HUD. The motion was seconded and passed unanimously.

Mr. Hunt then suggested that the Board screen other bond underwriters besides Goldman Sachs before the next issue. Commissioner Myette suggested and other Commissioners concurred that selection of the underwriter for the next bond issue be competitive. Mr. Hunt agreed to "let the word out".

Mr. Bean informed the Board that Bill Flanders intended to provide his own construction financing for the Island Pond housing for the elderly. He suggested charging the project the same interest rate as a commercial lender would. The Board suggested allowing Mr. Flanders to charge the partnership no more than 11% which would be what VHFA would charge if we were to be the construction lender.

The meeting adjourned at 1:10 p.m.

Respectfully submitted,



Allan S. Hunt
Secretary

Attachment

"BE IT HEREBY RESOLVED AS FOLLOWS: Vermont Housing Finance Agency hereby determines that:

- (1) Valley View , housing in Vergennes , Vermont (the "Development") is primarily for occupancy by persons and families of low and moderate income;
- (2) the construction costs incurred by the Sponsors are for housing development costs within the meaning of the Act;
- (3) there exists a shortage of decent, safe and sanitary housing at rentals or prices which persons and families of low or moderate income are able to afford within the general housing market area of Vergennes and private enterprise and investment are unable, without assistance, to provide an adequate supply of residential housing and sufficient mortgage financing for residential housing for occupancy by such persons and families;
- (4) the Sponsor of the Development will increase the supply of well-planned, well-designed housing for persons and families of low and moderate income and such Sponsor is a financially responsible person;

"THEREFORE, the Executive Director is hereby authorized and directed to ascertain that all applicable covenants and conditions of the Letter of Commitment have been fulfilled. Upon a satisfactory determination of the foregoing, the Chairman or Executive Director is hereby authorized and directed to secure a Promissory Note, Mortgage and Security Agreement, Regulatory Agreement, and all necessary certifications and other documents pertaining to the Development; and is further authorized and directed to execute the Regulatory Agreement, to furnish a requisition of funds to the Trustee and to disburse such funds sufficient to make a loan for the Development in accordance with the Commitment Letter."

Corwin

"BE IT HEREBY RESOLVED AS FOLLOWS: Vermont Housing Finance Agency hereby determines that:

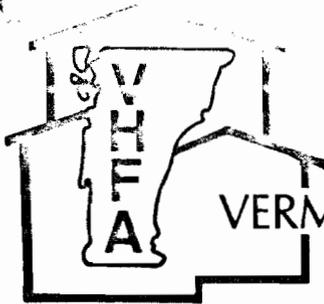
- (1) Hillside Acres, housing for families in Island Pond, Vermont (the "Development") is primarily for occupancy by persons and families of low and moderate income;
- (2) the construction costs incurred by the Sponsors will be for housing development costs within the meaning of the Act;
- (3) there exists a shortage of decent, safe and sanitary housing at rentals or prices which persons and families of low or moderate income are able to afford within the general housing market area of Island Pond and private enterprise and investment are unable, without assistance, to provide an adequate supply of residential housing and sufficient mortgage financing for residential housing for occupancy by such persons and families;
- (4) the Sponsor of the Development will increase the supply of well-planned, well-designed housing for persons and families of low and moderate income and such Sponsor is a financially responsible person;

"THEREFORE, the Executive Director is hereby authorized and directed to ascertain that all applicable covenants and conditions of the Letter of Commitment have been fulfilled. Upon a satisfactory determination of the foregoing, the Chairman or Executive Director is hereby authorized and directed to secure a Promissory Note, Mortgage and Security Agreement, Regulatory Agreement, and all necessary certifications and other documents pertaining to the Development; and is further authorized and directed to execute the Regulatory Agreement, to furnish a requisition of funds to the Trustee and to disburse such funds sufficient to make a loan for the Development in accordance with the Commitment Letter."

"BE IT HEREBY RESOLVED AS FOLLOWS: Vermont Housing Finance Agency hereby determines that:

- (1) Pine Grove Associates Family and Elderly Housing, housing in North Troy, Vermont (the "Development") is primarily for occupancy by persons and families of low and moderate income;
- (2) the construction costs incurred by the Sponsors are for housing development costs within the meaning of the Act;
- (3) there exists a shortage of decent, safe and sanitary housing at rentals or prices which persons and families of low or moderate income are able to afford within the general housing market area of North Troy, and private enterprise and investment are unable, without assistance, to provide an adequate supply of residential housing and sufficient mortgage financing for residential housing for occupancy by such persons and families:
- (4) the Sponsor of the Development will increase the supply of well-planned, well-designed housing for persons and families of low and moderate income and such Sponsor is a financially responsible person;

THEREFORE, the Executive Director is hereby authorized and directed to ascertain that all applicable covenants and conditions of the Letter of Commitment have been fulfilled. Upon a satisfactory determination of the foregoing, the Chairman or Executive Director is hereby authorized and directed to secure a Promissory Note, Mortgage and Security Agreement, Regulatory Agreement, and all necessary certifications and other documents pertaining to the Development; and is further authorized and directed to execute the Regulatory Agreement, to furnish a requisition of funds to the Trustee and to disburse such funds sufficient to make a loan for the Development in accordance with the Commitment Letter".



ANDREW R. FIELD, Chairman
ALLAN S. HUNT, Executive Director

VERMONT HOUSING FINANCE AGENCY

September 10, 1980

EXECUTIVE SUMMARY

BOBBIN MILL APARTMENTS
KING STREET NSA
BURLINGTON, VERMONT

RECOMMENDATION: Approve forwarding proposal to HUD. Approval includes Agency construction financing, but does not include approval of all details. This project will be FHA insured and may be permanently financed by GNMA if funding can be acquired in January.

PROJECT DESCRIPTION: The sponsorship and contracting entities for this project will be the same as for the GE Building. That is, a general partnership with 90% of the interest held by Angelo, Remo and James Pizzagalli will be the owner. This partnership will then contract to Pizzagalli Construction for construction of the project. Sam Remo Realty, the Pizzagalli management branch, will manage the project.

The project will be constructed on a three acre parcel at the site of the Old Spool and Bobbin Mill at 234 South Champlain Street in Burlington. Sixty-three units of family housing will be constructed in three buildings surrounding a courtyard. Thirty-five units will be constructed in the existing cement block mill building and twenty-eight units will be built in the two new, clapboarded buildings. A basketball court and fenced tot area will be included in the courtyard. Parking will be along the perimeter of the lot making the courtyard strictly for pedestrian use. A day care center which was originally proposed has been eliminated, but the Board may want to consider requesting that the center be reinstated.

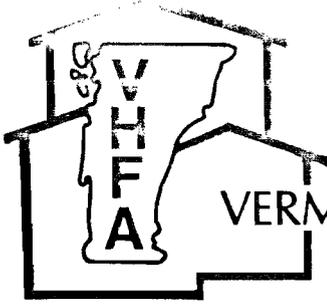
DEVELOPMENT TEAM:

Sponsor: Bobbin Mill Building Company, a Vermont general partnership to be formed specifically to construct and own

	<u>SPOOL & BOBBIN</u>	<u>GE</u>	<u>174-176 MAPLE</u>	<u>96-106 MAPLE</u>
Development Cost/ Unit	\$ 45,312.00	\$ 39,725.00	\$ 40,313.00	\$ 39,965.00
Development Cost/ Sq. Ft.	\$ 43.97	\$ 40.83	\$ 45.24	\$ 38.45
Sitework/Unit	\$ 3,651.00	\$ 170.00	\$ 491.00	---
Rehab. Cost/Unit	\$ 31,831.00	\$ 27,858.00	\$ 24,861.00	\$ 19,195.00
Rehab. Cost/Sq. Ft.	\$ 30.89	\$ 28.63	\$ 27.90	\$ 19.93
Square Footage/Unit	494-592sf. (one) 582-753sf. (two) 1326 sf. (three)	500 sf/885 sf.	330 sf/1025 sf.	476 sf/700 sf.
Number of Units	63	37	11	16
Total Mortgage Request	\$2,705,074.00	\$1,423,110.00	\$325,992.00	\$517,067.00
Term of Mortgage	30 years	30 years	30 years	30 years
Rent/Unit (inc. Utilities)	\$535/\$588/ \$662	\$403/\$451/ \$541	\$354/\$411/ \$470/\$529/ \$593	\$424/\$483/ \$546
Mortgage Interest Rate	11%	9.5%	9.5%	9.5%
Operating Expenses/ Unit/Year	\$ 1,043.00	\$ 1,018.00	\$ 1,479.00	\$ 1,804.00

MARKET ANALYSIS: Recent studies show the City of Burlington to have the most chronic housing need in the state. The Vermont State Housing Authority reports Chittenden County to be the top priority area with nearly 30% of the state's need for family housing or a "fair share" of 413 units. The authority, in their updated "Housing Needs Analysis", rates the need for family housing within the City of Burlington to be the highest in the Chittenden County.

The City of Burlington, in its most recent "Housing Assistance Plan", estimates a vacancy rate of .5% and calculates 1,905 renter family households in need of some sort of assistances. The city establishes a 3 year goal of providing assistance to 402 renter family households within the next three years.



ANDREW R. FIELD, Chairman
ALLAN S. HUNT, Executive Director

VERMONT HOUSING FINANCE AGENCY

September 11, 1980

EXECUTIVE SUMMARY NORTH BENNINGTON, VERMONT

RECOMMENDATION: Approve forwarding proposal to VSHA for submission to HUD. Approval does not imply approval of all details.

DEVELOPMENT TEAM:

Sponsor: A limited partnership to be formed with Jack Heaton as general partner. Jack Heaton is president of the Wooden Indian, Inc., a general contracting firm in Dorset, Vermont. He was the developer for the Manchester project which has been competently managed.

Marketing/Management Agent: Terry Meachem, who is manager of the Meadows project noted above.

General Contractor: Wooden Indian, Inc., contractor for the Manchester project which was completed satisfactorily and on schedule.

Architect: Timothy Smith, North Bennington. Mr. Smith has designed several student and faculty housing buildings, but has not designed Section 8 units previous to this.

Attorney: Rhys Evans, Manchester Center.

LOCATION: The site is approximately seven acres and is located off Route 67 in the Village of North Bennington.

DESCRIPTION: Mr. Heaton proposes to build 24 row units of elderly housing in 4 buildings. A separate community building with laundry facilities will be central to the apartments. The buildings will be conventionally built with vertical wood siding.

Unit Distribution: 22 one-bedroom units
2 two bedroom units.

COMPARISON AND RENTS:

	<u>NORTH BENNINGTON</u>	<u>FAIRFAX</u>	<u>VERGENNES</u>	<u>WEST RUTLAND</u>
Development Cost/Unit	\$ 32,084.00	\$ 30,621.00	\$ 31,202.00	\$ 31,380.00
Development Cost/sq.ft.	\$ 44.10	\$ 39.12	\$ 40.35	\$ 38.60
Sitework/Unit	\$ 2,708.00	\$ 750.00	\$ 2,417.00	\$ 3,613.00
Construction Cost/Unit	\$ 24,475.00	\$ 25,404.00	\$ 27,034.00	\$ 24,711.00
Construction Cost/Sq.Ft.	\$ 33.64	\$ 32.46	\$ 30.42	\$ 27.94
Number of Units	24	20	24	14
Unit Size:				
One Bedroom	594	689	632	628
Two Bedroom	821	800	875	875
Mortgage Request	\$752,700.00	\$573,227.00	\$676,541.00	\$384,855.00
Mortgage Interest Rate	11%	7.5%	7.5%	7.5%
Rent/Unit:				
One Bedroom	\$519*	\$365	\$393	\$401
Two Bedroom	\$561*	\$425	\$454	\$460
Operating Expenses/ Unit/Year	\$ 2,066.00	\$ 1,437.00	\$ 1,603.00	\$ 1,826.00
Taxes/Unit/Year	\$ 354.00	\$ 330.00	\$ 372.00	\$ 440.00

* These rents are at the new Fair Market Rent Level.

MARKET ANALYSIS: Although the Bennington Housing Authority does not have jurisdiction over the Town of North Bennington, they do have knowledge of the need for housing for the elderly there. Joe Hall, the Director states that they have a 4 year waiting list for Bennington's units and the need for elderly housing is very pressing. The new 50-unit project which has just opened does not begin to fill the need there.

The Chairman of the North Bennington Planning Commission feels that there are more than enough village residents to fill this project. The Bennington-Rutland Area Agency on Aging concurs with this estimation.



ANDREW R. FIELD, Chairman
ALLAN S. HUNT, Executive Director

VERMONT HOUSING FINANCE AGENCY

AGENDA VERMONT HOUSING FINANCE AGENCY BOARD MEETING

239 South Union Street, Burlington
October 22, 1980, 9:00 a.m.

1. Approval of minutes of meeting of September 17, 1980.
2. Construction financing resolutions:
 - a. North Troy
 - b. Kaiser/Dressel (128, 73-75 King Street)
 - c. Bridgewater
 - d. Hancock
4. Request for Mortgage Increases:
 - a. Danville/St. Johnsbury
 - b. Rockingham Hotel
5. Preliminary Approval: Colchester Family
6. Discussion on Reimbursement to Vermont State Housing Authority.
7. Single Family:
 - a. Update
 - b. Royal Parke Conversion
 - c. Discussion of Single Family (76-77) Refunding.
8. Discussion of Mortgage Pass-Through Program - John Ingalls/Palmer Dodge.
9. Other old and new business.



ANDREW R. FIELD, Chairman
ALLAN S. HUNT, Executive Director

VERMONT HOUSING FINANCE AGENCY

VERMONT HOUSING FINANCE AGENCY BOARD MEETING

September 17, 1980

12:00 p.m.

Brown Derby Restaurant, Montpelier

PRESENT: Chairman Field; Vice-Chairman Shaw; Commissioners Chaffee, Behney & Myette; Mr. Galleson substituting for Commissioners Hebard, Mr. Hunt; Mr. Dickson; Ms. Chetti; Ms. Bock; Mr. Falzone; Ms. Nichol

Mr. Dickson asked for Board approval of the minutes of the August 22 meeting upon correction of the following errors: p.3 Developer's name is Mr. Starr not Mr. Stan; p.4 the Richmond Proposal is for family housing, not housing for the elderly. The motion was made, seconded and approved unanimously.

Ms. Bock then requested approval of a letter of a letter of intent for the 73-75, 128 King Street proposal. She informed the Board that their concerns of the last meeting had been addressed; the fair market rents have been reduced as has the purchase price of the building; Kaiser & Dressel have formed a general partnership with Ms. Kaiser's father who will increase the financial assets of the partnership. The motion was made and seconded to approve letters of intent for the following developments: (1) 73-75, 128 King Street; Fairfax; Hancock; Bridgewater and Island Pond. All commissioners voted in favor.

Ms. Chetti presented Pizzagalli Construction's proposal for 63 units of family housing at the site of the former Spool & Bobbin Mill in Burlington. She stated that VHFA Staff has several concerns about this development and that rather than recommending preliminary approval she was requesting guidelines which the staff can then relay to the developers. Ms. Chetti's recommendations were as follows: fewer units, larger units in the rehab portion, natural light in the hall of the rehab building, physical breaks in the hall of the rehab building, placing the two-bedroom units at the ends of the rehab building, and inclusion of a day care center as part of the proposal as originally suggested by the developer, but recently eliminated. The commissioners concurred.

Jack Heaton's proposal for 24 units of housing for the elderly in No. Bennington was then presented by Ms. Chetti. After considerable discussion about the design of the building, a motion was made and seconded to postpone approval of the proposal until a new design has been created. Such design should include the community building in a more convenient location and replacement of the small high windows with larger ones.

Mr. Falzone informed the Board of specific problems he is having dealing with Norm Bicknell, manager of the Middlebury Meadows development. The Board instructed Mr. Falzone to express its concern to Mr. Bicknell and to initiate a joint VSHA/VHFA letter threatening to terminate the HAP payments if the conditions are not corrected by Oct. 11.

The meeting then recessed for a joint meeting with the Board of the Vermont State Housing Authority and reconvened at 4:10 p.m. At that time, Ms. Bock presented James Foster's proposal for 5 units of family housing at 237 Maple Street, with Burlington's NSA. Preliminary approval was given to this proposal upon a motion seconded and adopted by unanimous vote.

Mr. Hunt then mentioned to the Board that he was considering issuing \$4 million in notes to cover multi-family developments beginning construction this fall, rather than issuing bonds, which would then be issued in the spring. Mr. Shaw suggested using the line of credit.

Respectfully submitted,



Allan S. Hunt
Secretary

kk

"BE IT HEREBY RESOLVED AS FOLLOWS: Vermont Housing Finance Agency hereby determines that:

- (1) Hancock Family Housing, housing in Hancock, Vermont (the "Development") is primarily for occupancy by persons and families of low and moderate income;
- (2) the construction costs incurred by the Sponsors are for housing development costs within the meaning of the Act;
- (3) there exists a shortage of decent, safe and sanitary housing at rentals or prices which persons and families of low or moderate income are able to afford within the general housing market area of Hancock, and private enterprise and investment are unable, without assistance, to provide an adequate supply of residential housing and sufficient mortgage financing for residential housing for occupancy by such persons and families:
- (4) the Sponsor of the Development will increase the supply of well-planned, well-designed housing for persons and families of low and moderate income and such Sponsor is a financially responsible person;

THEREFORE, the Executive Director is hereby authorized and directed to ascertain that all applicable covenants and conditions of the Letter of Commitment have been fulfilled. Upon a satisfactory determination of the foregoing, the Chairman or Executive Director is hereby authorized and directed to secure a Promissory Note, Mortgage and Security Agreement, Regulatory Agreement, and all necessary certifications and other documents pertaining to the Development; and is further authorized and directed to execute the Regulatory Agreement, to furnish a requisition of funds to the Trustee and to disburse such funds sufficient to make a loan for the Development in accordance with the Commitment Letter".

"BE IT HEREBY RESOLVED AS FOLLOWS: Vermont Housing Finance Agency hereby determines that:

- (1) Mill Village Apartments, housing in Bridgewater, Vermont (the "Development") is primarily for occupancy by persons and families of low and moderate income;
- (2) the construction costs incurred by the Sponsors are for housing development costs within the meaning of the Act;
- (3) there exists a shortage of decent, safe and sanitary housing at rentals or prices which persons and families of low or moderate income are able to afford within the general housing market area of Bridgewater, and private enterprise and investment are unable, without assistance, to provide an adequate supply of residential housing and sufficient mortgage financing for residential housing for occupancy by such persons and families:
- (4) the Sponsor of the Development will increase the supply of well-planned, well-designed housing for persons and families of low and moderate income and such Sponsor is a financially responsible person;

THEREFORE, the Executive Director is hereby authorized and directed to ascertain that all applicable covenants and conditions of the Letter of Commitment have been fulfilled. Upon a satisfactory determination of the foregoing, the Chairman or Executive Director is hereby authorized and directed to secure a Promissory Note, Mortgage and Security Agreement, Regulatory Agreement, and all necessary certifications and other documents pertaining to the Development; and is further authorized and directed to execute the Regulatory Agreement, to furnish a requisition of funds to the Trustee and to disburse such funds sufficient to make a loan for the Development in accordance with the Commitment Letter".

King

"BE IT HEREBY RESOLVED AS FOLLOWS: Vermont Housing Finance Agency hereby determines that:

- (1) Kassell Partnership Family Housing, housing in Burlington, Vermont (the "Development") is primarily for occupancy by persons and families of low and moderate income;
- (2) the construction costs incurred by the Sponsors are for housing development costs within the meaning of the Act;
- (3) there exists a shortage of decent, safe and sanitary housing at rentals or prices which persons and families of low or moderate income are able to afford within the general housing market area of Burlington, and private enterprise and investment are unable, without assistance, to provide an adequate supply of residential housing and sufficient mortgage financing for residential housing for occupancy by such persons and families:
- (4) the Sponsor of the Development will increase the supply of well-planned, well-designed housing for persons and families of low and moderate income and such Sponsor is a financially responsible person;

THEREFORE, the Executive Director is hereby authorized and directed to ascertain that all applicable covenants and conditions of the Letter of Commitment have been fulfilled. Upon a satisfactory determination of the foregoing, the Chairman or Executive Director is hereby authorized and directed to secure a Promissory Note, Mortgage and Security Agreement, Regulatory Agreement, and all necessary certifications and other documents pertaining to the Development; and is further authorized and directed to execute the Regulatory Agreement, to furnish a requisition of funds to the Trustee and to disburse such funds sufficient to make a loan for the Development in accordance with the Commitment Letter".



ANDREW R. FIELD, Chairman
ALLAN S. HUNT, Executive Director

VERMONT HOUSING FINANCE AGENCY

MINUTES

VERMONT HOUSING FINANCE AGENCY - VERMONT STATE HOUSING AUTHORITY JOINT BOARD MEETING

September 17, 1980

1:00 p.m.

Brown Derby Restaurant, Montpelier

PRESENT: Chairman Field; Vice-Chairman Shaw; Commissioners Chaffee, Behney & Myette; Mr. Galleson substituting for Commissioner Hebard; Mr. Hunt; Mr. Dickson; Ms. Chetti; Ms. Bock; Mr. Falzone; Ms. Nichol; VSHA Commissioners: Finneran, Harris, Lambert & Sylvester.

Mr. Field presided as chairman of the joint meeting.

Mr. Kearns, Executive Director of VSHA presented both Boards with three alternative resolutions pertaining to development of family housing. After considerable discussion, a motion was made & seconded not to adopt any of the resolutions. The motion carried with Commissioners Finneran and Harris voting in the negative. After more discussion a motion was then made and seconded to "give every reasonable preference and priority to the development of family housing in Vermont." All commissioners on both Boards voted in favor.

Mr. Dickson explained that VHFA was requesting that VSHA state formally that it has chosen not to administer Section 8 contracts within Burlington and Winooski's Neighborhood Strategy Areas, in order to enable VHFA to administer the Section 8 contract for the NSA. Mr. Kearns stated that he had no objection to this proposal. A resolution was moved and seconded by VSHA Commissioners that VSHA chooses to exercise its option under 24 V.S.A. Section 4008(10) not to administer Section 8 units in the Burlington and Winooski Neighborhood Strategy Areas. All VSHA Commissioners voted in favor.

Mr. Field presented both Boards with a list from HUD's new 883 regulations of duties of the "Agency" previously undefined by HUD, and asked for an agreement by both Boards as to which "Agency", VSHA or VHFA, should have each particular responsibility. He suggested the following:

1) Sec. 105 - joint responsibility, (2) Sec. 204(d) - joint responsibility, (3) Sec. 306 b,c,e - VHFA responsibility, (4) 408 d - joint responsibility, (5) 702C - joint responsibility, (6) 702d - VHFA responsibility, (7) 702e - VHFA responsibility, (8) 703 - VHFA responsibility.

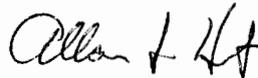
Mr. Kearns stated that only in the case of Sec. 703 pertaining to the replacement reserve did he disagree and felt control of this account should rest with both agencies. After some discussion, the motion was made that (1) both agencies must agree that the replacement reserve has reached a maximum level and additional deposits are unnecessary and (2) VHFA will hold the reserve accounts and authorize appropriate withdrawals. All VSHA Commissioners voted in favor of the motion.

Concerning VHFA payments to VSHA for certain responsibilities, Mr. Field stated that the Housing Finance Agency is willing to pay the Housing Authority for contract administration functions which do not duplicate those of the Finance Agency. Such responsibilities were delineated as follows: occupancy audit & follow-up, management training, tenant complaints, special rent adjustments, annual building inspections, processing HAP payments, and review of new tenant applications. A motion was made to pay the State Housing Authority for the responsibilities outlined above with the amount to be negotiated. The motion was seconded and unanimously adopted by the VHFA Board. VHFA Staff was intructed to give the Board a report on how this will affect the Agency's cash flow.

Discussion of the final suggested topic of the meeting was postponed until a later meeting. It was suggested that Mr. Field, Mr. Finneran & Mr. Behney will discuss this issue prior to the next joint meeting.

The meeting adjourned at 4:10 p.m.

Respectfully submitted,



Allan S. Hunt
Secretary

kk



ANDREW R. FIELD, Chairman
ALLAN S. HUNT, Executive Director

VERMONT HOUSING FINANCE AGENCY

AGENDA

VERMONT HOUSING FINANCE AGENCY BOARD MEETING
133 State Street, Montpelier
November 25, 1980, 9:00 a.m.

1. Approval of minutes of October 22, 1980.
2. Rockingham Hotel Mortgage Increase.
3. North Bennington Proposal
4. Shelburne Proposal.
5. Alburg Family Mortgage Increase - Jameson.
6. Kirker - Demand note pending approval of rent increase.
7. Discussion of state police set-aside program - Emory Hebard.
8. Schedule for underwriter review.
9. Discussion of VSHA reimbursement (see enclosed memo).
10. Further discussion on VSHA existing leased housing application.
11. Other old and new business.



ANDREW R. FIELD, Chairman
ALLAN S. HUNT, Executive Director

VERMONT HOUSING FINANCE AGENCY

MINUTES

VERMONT HOUSING FINANCE AGENCY BOARD MEETING
239 South Union Street, Burlington
October 22, 1980, 9:00 a.m.

PRESENT: Chairman Field, Vice-Chairman Shaw, Commissioners Hebard and Behney; Commissioner Myette arrived late; Executive Director Hunt, Mr. Dickson, Mr. Frazier, Ms. Chetti, Mr. Bean, VHFA; Mr. Gurley, Goldman-Sachs; Mr. Ingalls, Palmer & Dodge.

The minutes of the meeting of September 17, 1980 and the joint meeting with Vermont State Housing Authority of September 17, 1980 were approved as submitted.

Construction financing resolutions for proposed developments in North Troy, Bridgewater, Hancock, and 128, 73-75 King Street in Burlington, were presented to the Commissioners. Mr. Dickson pointed out that there will be a change in the general contractor of the development in Hancock from that which was previously approved by the Board. Ms. Chetti explained the reasons for the change. Mr. Dickson pointed out that all four proposed developments have not yet been approved by HUD. It was moved and seconded to approve all four construction financing resolutions contingent upon HUD approval of the proposals. The motion passed unanimously.

Ms. Thielen reported that construction of Phase I of the Saxton's River development is complete and ready for a permanent closing. It was moved and seconded to approve the permanent financing resolution for the Saxton's River development. The motion was approved unanimously.

Commissioner Myette arrived at this point.

Mr. Dickson and Mr. Bean presented a request from David Kirker, d/b/a Walden Mountain Enterprises, for a mortgage increase of \$16,300 on the development in Danville and St. Johnsbury. They recommended a total mortgage increase not to exceed \$14,000, covering up to 50 percent of the cost of construction interest overruns, or \$9,000, whichever is

less, plus the value of change orders currently in progress up to a maximum of \$5,000, to be established by the VHFA Construction Inspector. They recommended that any mortgage increase be contingent upon approval of the appropriate rent increase by Vermont State Housing Authority and HUD to cover the increased cost of debt service. A motion was made and seconded to approve the staff recommendation. The motion carried unanimously.

Mr. Hunt and Ms. Thielen presented a request from the developers of the Rockingham Hotel proposal for a revised mortgage amount of \$1,474,679.00. This increased mortgage amount is to cover the expected cost of a construction contract now being negotiated with Looney Construction Company of Brattleboro. They recommended approval of this increased mortgage amount subject to normal cost estimating procedures. A motion was made and seconded to approve the higher mortgage amount, and was passed unanimously.

Mr. Bean reported that after construction had begun on the elderly development in Island Pond, and after the foundations were poured, it was discovered that the boundaries of the property were not where they had been represented to be. A revised site plan has been prepared and submitted to the Agency for approval. The contractor has offered to remove part of the foundations placed incorrectly, and rebuild them in a new location to maximize setback from the property lines. He recommended approval of the revised foundation and site plan subject to the following conditions:

1. Staff review and approval of the revised plans with particular emphasis on placement of trees and shrubs.
2. Removal of all encroachments.
3. Proof of compliance with zoning laws as to setbacks.
4. Lowering below grade level of topsoil of incorrectly placed concrete.
5. Compliance with or proof of variance for HUD setback requirements.

A motion was made and seconded to approve the revised plans. The motion passed unanimously.

Ms. Chetti presented a proposal for five family units in Colchester, to be constructed in a rehabilitated schoolhouse on Porter's Point Road. The developers would be Schoolhouse Associates, a limited partnership with H. Clifford Dubie and Dan O'Brien as general partners. The mortgage requested is \$215,380.00. After extensive discussion of the location and design of the proposed development, a motion was made and seconded to approve forwarding the proposal to Vermont State Housing Authority for submission to HUD. Approval would not imply approval of all details. The motion passed unanimously.

Mr. Hunt distributed copies of a letter from HUD approving an application for Section 8 existing units submitted by the Vermont State

Housing Authority. He pointed out that 118 units had been approved, of which 112 were designated for the elderly. Chairman Field stated that the Agency would find it a source of extreme embarrassment to participate in approval of this allocation in view of the extensive public pronouncements of both agencies favoring a heavier emphasis on housing for families with children, and in view of the resolutions adopted at the joint Board Meeting of September 17, "to give every reasonable preference and priority to the development of family housing in Vermont." A motion was made and seconded to approve the allocation of Section 8 existing units only if the majority of such units are for families with children. The motion passed unanimously.

Mr. Hunt reported that the staff has been investigating the feasibility of paying certain administrative costs of Vermont State Housing Authority, as agreed upon at the September 17th joint Board Meeting. Mr. Frazier presented several hypothetical cash flow analyses. He pointed out that if the Agency pays \$12.53 per unit per month in 1981 to the Housing Authority, and increases that amount by 8% per year thereafter, the funds available for the multifamily program would be exhausted after only 11 years. If the Agency were to pay the authority \$7.00 per unit per month in 1981 and increase that amount by 8% per year thereafter, funds available would be exhausted after 20 years. Finally, he pointed out that if the Agency pays the authority \$12.53 per unit per month with no inflationary increases, multifamily funds would be exhausted after 21 years. After discussion of requirements for a loss reserve and for an adequate cash flow to assure investors and rating agencies of the financial stability of the multifamily program, the staff was directed to calculate the maximum flat rate of reimbursements the Agency could pay the authority for 30 years, with provisions for an adequate loss reserve.

Mr. Hunt presented some preliminary statistics on the 1980 Single Family Mortgage Purchase Program. These revealed that approximately 90 percent of the mortgages purchased were on existing homes, 10 percent were on new construction. The average gross income of borrowers was about \$19,000, and the average purchase price was about \$39,700. The average downpayment was approximately 12 percent. Mr. Hunt pointed out that of the \$62,300,000 in net proceeds from the bond issue, only 1 percent or \$650,000 remains unallocated, which will be used to cover banks that inadvertently have overcommitted themselves. He also presented a list of reallocations of funds to banks participating in the program, and an analysis of the performance of the participating banks.

Mr. Hunt presented a request for conversion of the Royal Park development from rental units to condominiums. He pointed out that the developers of the Royal Park project claim that the units were originally built to be converted, and that no present tenants will be removed; present tenants will be given a right of first refusal and a small discount. Mr. Hunt did not recommend approval of the conversion request. He pointed out that regardless of the original intentions of the builders, conversion would remove rental units from the housing stock. The Board declined to take action.

Mr. Frazier distributed audited financial statements for the Fiscal Year ending June 30, 1980, and discussed the contents in detail.

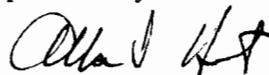
Mr. Hunt described the difficulties experienced by the City of Burlington in attracting small apartment buildings of less than five units to participate in the NSA program, because the Agency cannot finance developments of less than five units. He asked the Board whether a portion of the multifamily loan loss reserve funds could be invested in negotiated long term certificates of deposit at below market interest rates with various Burlington banks, the proceeds to be reloaned by such banks for projects of less than five units in the King Street NSA. He proposed that \$250,000 of the loan loss reserve fund, which is now at \$750,000, be invested for such purposes for a period of approximately 15 years. The Commissioners authorized Mr. Hunt to explore this possibility further, but no action was taken.

Mr. Hunt opened a discussion of the possibility of advance refunding the 1976-77 Single Family Mortgage Purchase Program. He suggested that there might be three possible benefits of such refunding: to remove the entire issue from the moral obligation, thus freeing up moral obligation bonding authority for the multifamily program; to free up funds for recycling; and to free up funds for energy loans. He then introduced Mr. Gurley of Goldman-Sachs. Mr. Gurley distributed a volumn of summary data about past bond issues for which Goldman-Sachs served as lead underwriter and discussed its contents. He then discussed the refunding possibilities and pointed out that adoption of the Ullman Bill in its present form would prevent such advance refunding. Because of current high interest rates, investment income on new bonds would support debt service on a larger amount of refunded bonds, allowing a net reduction of debt of about \$7,000,000. An average of about \$2,000,000 of recycled funds would be made available each year for five years, and the moral obligation debt would be reduced by \$25,000,000. The refunding did not appear to offer any advantages for energy loans, which would be subject to the restrictions of the Ullman Bill. After extensive discussion, no action was taken.

Mr. Hunt turned to discussion of a proposed mortgage pass-through certificate program. He introduced Brad Beckon of the Mortgage Industry Group at Goldman-Sachs, who reported that market considerations would require a certificate rate of about 14 - 14.25 percent, with a mortgage rate somewhat higher. Mr. Hunt also introduced John Ingalls of Palmer and Dodge, to discuss legal ramifications of the proposed certificate program. Mr. Ingalls concluded that Palmer and Dodge is unable to express the opinion that the proposed program is lawful under Vermont law. Vice-Chairman Shaw pointed out that from the banks' point of view, the mortgage pass-through certificate program would be easier to participate in than the FHLMC program. A motion was made and seconded to support the proposal in concept, and to authorize Palmer and Dodge to draft a proposed amendment to Vermont statutes allowing the Agency to operate the program either directly, or indirectly through a grantor trust. The motion was approved unanimously.

The meeting was adjourned at 12:45 p.m.

Respectfully submitted,



Allan S. Hunt, Secretary



ANDREW R. FIELD, Chairman
ALLAN S. HUNT, Executive Director

TO: VHFA Commissioners
FROM: Allan S. Hunt
DATE: November 18, 1980
SUBJECT: ROCKINGHAM HOTEL - REQUEST FOR ADDITIONAL INCREASE IN MORTGAGE

On October 21, 1980, the VHFA Commissioners approved an increase in the mortgage for the Rockingham Hotel from \$1,309,130 to \$1,474,679. The Letter of Intent was issued to the developer on October 28 based on that mortgage amount. Since then, negotiations with Loney Construction have halted because Loney raised their estimated cost from \$1,400,000 to between \$1,800,000 and \$2,000,000.

The developer is now negotiating with McMillan Construction Company of Keene, New Hampshire. The construction contract is now expected to be around \$1,600,000. This would increase the mortgage by \$273,231 to \$1,747,910.

In order to stay within the HUD approved rents (he has already signed his HAPC Agreement), he has increased the commercial space rent from \$4 per square foot to \$8.50 per square foot, slightly reduced his operating budget and drastically reduced the return on equity to \$2,049. He has been told that he must bring his return on equity up to at least \$4,100 and that, if the commercial space rent is to remain at \$8.50 per square foot, he will have to give us an unconditional five year guarantee to cover the rent.

There is presently a total of \$300,000 in equity going into this project (15% of the total development cost). \$265,000 of that is CDBG money that the town has pledged to the hotel rehabilitation as a major step toward revitalization of downtown Bellows Falls. The developer therefore has \$35,000 or about 2% equity in the project. It has been suggested that he increase his equity position which he probably will do if there is no other solution.

This project is not directly comparable to any other project we are presenting or have in the past done: commercial space involves 6% of the construction cost; it is on a very tight downtown site where major demolition is involved; the type of demolition and construction is unfamiliar to most area contractors; the degree of community support and involvement is unparalleled as shown by their willingness to invest \$265,000 in the project.

However, to give you some idea, following is a comparison making adjustments for some of the dis-similarities. The Holy Angels project has just received bona fide bids from two Vermont contractors. I've used the lowest bid (they were within \$11,000) and deducted the approximate cost of the congregate aspect. The Windsor Prison was built in 1978 so I've compounded the cost annually at 10% per year for three years. I've deducted the cost of commercial space from the Rockingham Hotel.

	Rockingham Hotel	Windsor	Holy Angels
Total Construction Cost	\$1,645,000	\$2,630,833	\$1,134,000
Per Unit	\$ 36,341	\$ 35,078	\$ 36,580

Approval of this increased mortgage should be contingent upon a detailed cost estimate by an estimating firm chosen by VHFA.

Representatives of the Rockingham Hotel project will be at the meeting.



ANDREW R. FIELD, Chairman
ALLAN S. HUNT, Executive Director

VERMONT HOUSING FINANCE AGENCY

September 11, 1980

EXECUTIVE SUMMARY NORTH BENNINGTON, VERMONT

RECOMMENDATION: Approve forwarding proposal to VSHA for submission to HUD. Approval does not imply approval of all details.

DEVELOPMENT TEAM:

Sponsor: A limited partnership to be formed with Jack Heaton as general partner. Jack Heaton is president of the Wooden Indian, Inc., a general contracting firm in Dorset, Vermont. He was the developer for the Manchester project which has been competently managed.

Marketing/Management Agent: Terry Meachem, who is manager of the Meadows project noted above.

General Contractor: Wooden Indian, Inc., contractor for the Manchester project which was completed satisfactorily and on schedule.

Architect: Timothy Smith, North Bennington. Mr. Smith has designed several student and faculty housing buildings, but has not designed Section 8 units previous to this.

Attorney: Rhys Evans, Manchester Center.

LOCATION: The site is approximately seven acres and is located off Route 67 in the Village of North Bennington.

DESCRIPTION: Mr. Heaton proposes to build 24 row units of elderly housing in 4 buildings. A separate community building with laundry facilities will be central to the apartments. The buildings will be conventionally built with vertical wood siding.

Unit Distribution: 22 one-bedroom units
2 two bedroom units.

COMPARISON AND RENTS:

	<u>NORTH BENNINGTON</u>	<u>FAIRFAX</u>	<u>VERGENNES</u>	<u>WEST RUTLAND</u>
Development Cost/Unit	\$ 33,663.00	\$ 30,621.00	\$ 31,202.00	\$ 31,380.00
Development Cost/sq.ft.	\$ 44.58	\$ 39.12	\$ 40.35	\$ 38.60
Sitework/Unit	\$ 3,125.00	\$ 750.00	\$ 2,417.00	\$ 3,613.00
Construction Cost/Unit	\$ 25,390.00	\$ 25,404.00	\$ 27,034.00	\$ 24,711.00
Construction Cost/Sq.Ft.	\$ 33.62	\$ 32.46	\$ 30.42	\$ 27.94
Number of Units	24	20	24	14
Unit Size:				
One Bedroom	646	689	632	628
Two Bedroom	911	800	875	875
Mortgage Request	\$789,826.00	\$573,227.00	\$676,541.00	\$384,855.00
Mortgage Interest Rate	11%	7.5%	7.5%	7.5%
Rent/Unit:				
One Bedroom	\$519*	\$365	\$393	\$401
Two Bedroom	\$561*	\$425	\$454	\$460
Operating Expenses/ Unit/Year	\$ 1,587.00	\$ 1,437.00	\$ 1,603.00	\$ 1,826.00
Taxes/Unit/Year	\$ 420.00	\$ 330.00	\$ 372.00	\$ 440.00

* These rents are at the new Fair Market Rent Level.

MARKET ANALYSIS: Although the Bennington Housing Authority does not have jurisdiction over the Town of North Bennington, they do have knowledge of the need for housing for the elderly there. Joe Hall, the Director states that they have a 4 year waiting list for Bennington's units and the need for elderly housing is very pressing. The new 50-unit project which has just opened does not begin to fill the need there.

The Chairman of the North Bennington Planning Commission feels that there are more than enough village residents to fill this project. The Bennington-Rutland Area Agency on Aging concurs with this estimation.



ANDREW R. FIELD, Chairman
ALLAN S. HUNT, Executive Director

VERMONT HOUSING FINANCE AGENCY

TO: VHFA COMMISSIONERS
FROM: JANICE W. CHETTI
RE: MORTGAGE INCREASE REQUEST FROM WAYNE JAMESON
DATE: NOVEMBER 19, 1980

At the June 18th meeting of the Board, Wayne Jameson, owner of the 13-unit family housing project in Alburg, requested a mortgage increase of \$37,000. to cover construction cost overruns. Based on the staff recommendation, the Board approved an increase of \$5,200. with the stipulation that Mr. Jameson could resubmit his request for an increase at a later date. This \$5,200. increase is being supported by an increase in the rent that the Blanche and Jameson Insurance Agency pays the project.

The project is now completed and occupied. The total cost overrun including increased construction interest and taxes amounts to \$46,255.

Mr. Jameson is asking for a mortgage increase of \$29,450. in two phases. The first phase, in the amount of \$17,893. would be supported by a reduction in operating expenses due to lower utility and insurance costs than originally estimated. This increase would not require an increase in project rents and would go into effect immediately.

The second phase in the amount of \$11,557. would require an increase in the rents. Mr. Jameson is requesting that this be granted by the Board now, and would go into effect only if VSHA approves the rent increase.

We have reviewed Mr. Jameson's request and feel that a mortgage increase of \$6,638. should be granted. This amount constitutes items that were not included in the original contract and were required by either this Agency, VSHA, or the Fire Marshall during construction. If this amount is granted, a total mortgage increase of \$11,838. will have been approved.

In addition to the above request, Mr. Jameson is asking that any amounts not granted as a mortgage increase be considered his equity contribution in the project. His return on equity would be increased accordingly. We recommend approval of this proposal.

JWC/kak



ANDREW R. FIELD, Chairman
ALLAN S. HUNT, Executive Director

TO: VHFA Commissioners

FROM: Allan S. Hunt

DATE: November 18, 1980

SUBJECT: REIMBURSEMENT TO VERMONT STATE HOUSING AUTHORITY FOR SECTION 8
CONTRACT ADMINISTRATION

The enclosed chart prepared by Scott Frazier indicates that a fee of \$7.00 per unit per month can be paid to the Vermont State Housing Authority, while still maintaining a reasonable financial cushion for the Agency. We propose to pay the authority on a monthly basis beginning February 1, 1981, retroactive to January 1, 1981. The February 1st date is the first opportunity we have to take funds from the multifamily bond fund.

Payment would be made to the authority based on a requisition submitted prior to the 25th of the month indicating the number of units under H.A.P. contract.

I recommend that this form of payment be approved.

ASH/el

Enclosure

MULTI-FAMILY
CASH FLOW PROJECTION
WITH VSHA TAKE OUT = CONSTANT \$7.00/UNIT

<u>Year End</u>	<u>Yearly Surplus</u>	<u>VHFA Operating Expenses</u>	<u>Trustee Fees</u>	<u>VSHA Take-Out (\$7./Unit)</u>	<u>Earnings Prior Years</u>	<u>Cumulative Surplus</u>
2/15/81	562	(50)				512
82	278	(112)	(16)	(84)	41	619
83	295	(121)	(16)	"	50	743
84	293	(131)	(16)	"	59	864
85	296	(141)	(16)	"	69	988
86	306	(152)	(16)	"	79	1121
87	298	(165)	(16)	"	90	1244
88	338	(178)	(15)	"	100	1405
89	349	(192)	(15)	"	112	1575
90	372	(207)	(15)	"	126	1767
91	381	(224)	(15)	"	141	1966
92	353	(241)	(14)	"	157	2137
93	371	(261)	(14)	"	171	2320
94	371	(282)	(14)	"	186	2497
95	355	(304)	(14)	"	200	2650
96	380	(328)	(13)	"	212	2817
97	372	(355)	(13)	"	225	2962
98	355	(383)	(13)	"	237	3074
99	353	(414)	(13)	"	246	3162
2000	333	(446)	(12)	"	253	3206*
01	308	(482)	(12)	"	256	3196
02	305	(521)	(12)	"	255	3139
03	281	(562)	(12)	"	251	3012
04	290	(608)	(11)	"	241	2840
05	256	(656)	(11)	"	227	2572
06	219	(709)	(11)	"	206	2193
07	193	(766)	(11)	"	175	1700
08	176	(827)	(10)	"	136	1091
09	181	(893)	(10)	"	87	372
10	339	(964)	(10)	"	30	(317)
11	162					
12	127					
13	112					
14	103					
15	897					



ANDREW R. FIELD, Chairman
ALLAN S. HUNT, Executive Director

TO: VHFA COMMISSIONERS
FROM: ALLAN S. HUNT *ASH*
DATE: OCTOBER 16, 1980
SUBJECT: APPROVING V.S.H.A. EXISTING LEASED HOUSING SET-ASIDE

Enclosed is a HUD approval of an application for leased housing submitted by the VT State Housing Authority. While the Agency has never become involved in the preparation of this document, we are required by state law to "sign off" on it by indicating our approval.

What makes me reluctant to "sign off" is the heavy emphasis on elderly housing despite the Housing Authority's public posture of favoring family housing. It is my belief that the existing leased program is an ideal vehicle for housing families, since it is quick and flexible, it requires no public scrutiny as new construction does, and provides essentially the same rent benefits. Additionally, it can be used in communities where vacant units are available, thus freeing up new construction/rehab units for tight housing markets.

It is my recommendation we question the advisability of putting such heavy emphasis on elderly programs and why they don't do more for the families.

kk

Enclosures



REGION I

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
MANCHESTER AREA OFFICE
NORRIS COTTON FEDERAL BUILDING
275 CHESTNUT STREET
MANCHESTER, NEW HAMPSHIRE 03103

IN REPLY REFER TO:
1.3FDH

SEP 23 1980

Mr. William F. Kearns, Jr.
Executive Director
Vermont State Housing Authority
Tavern Motor Inn
100 State Street
Montpelier, VT 05602

Dear Mr. Kearns:

You are hereby notified that: (1) your Applications dated September 17, 1980 for the Section 8 Existing Housing Program are approved; (2) Annual Contributions Contract Authority in the amount of \$353,736 has been reserved for the number of units and unit size distribution specified on the attached sheet; and (3) the Annual Contributions Contract is being prepared and will be forwarded to you for execution. Although the specified funds have been reserved, it is noted that no HAP Contracts with owners may be executed utilizing these funds until such time as an Annual Contributions Contract has been executed by this office.

We will execute the ACC when your Agency has submitted, and we have approved, the following additional item: (1) Estimates of Required Annual Contributions, Forms, HUD-52671, HUD-52672, HUD-52673, and supporting documentation.

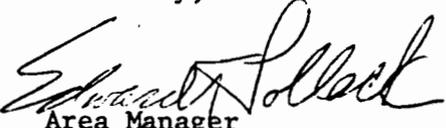
It is noted that these approvals are based upon county-wide applications. It shall be the responsibility of the Vermont State Housing Authority to ensure that assistance provided to a particular community is in compliance with the HAP (if any) in effect.

Upon request, this office will be glad to provide any assistance you may need in the satisfaction of these conditions.

If you have any questions, please feel free to call Dick Moran, Multifamily Housing Representative at (603) 666-7696.

Sincerely,

DEPUTY


Area Manager

Attachment

Section 8

<u>Project Number</u>	<u>Counties</u>	<u>Bedroom Size</u>	<u>Units (EID)</u>	<u>Contract Authority</u>
VT36-H007-150	Essex, Lamotille	1-BR 2-BR	12 (12) 1 (1)	\$ 36,372
VT36-H007-151	Caledonia, Franklin, Orange, Orleans, Washington	1-BR 2-BR	37 (37) 20 (20)	167,640
VT36-H007-152	Addison, Bennington, Chittenden, Rutland, Windham, Windsor	1-BR 2-BR	38 (38) 4 (4)	125,544
VT36-H007-153	Franklin (1) (2)	2-BR 4-BR	5 (0) 1 (0)	24,180
TOTALS			<u>118 (112)</u>	<u>\$353,736</u>

NOTES:

- (1) Excludes St. Albans
- (2) Recently Completed - 6 units
- (3) All projects non-metropolitan

RESOLVED: That portion of the 1980 Mortgage Purchase Program requiring new construction to comply with HUD MPS 4900.1 is hereby ammended to require such compliance only insofar as compliance is evidenced by VA, FHA or HOW acceptance. In case of builders who are not HOW approved, the requirement may be waived in the discretion of Agency staff.