

Enhancing Investments in Affordable Housing

March 18, 2010

WHEREAS, a Tiger Team comprised of a skilled group of state employees with solid financial and analytical skills was formed to profile and review key financial data of Vermont's affordable housing delivery system and to suggest and explore opportunities to enhance the efficiency of the system; and

WHEREAS, five statewide entities serving state government, including the Vermont Housing Finance Agency ("VHFA"), the Vermont State Housing Authority ("VSHA"), the Housing Foundation, Inc. ("HFI"), the Vermont Housing and Conservation Board ("VHCB"), and the Department of Economic, Housing, and Community Development ("DEHCD"), and at least twelve non-profit housing organizations, have as their primary purpose the common mission of serving the affordable housing community; and

WHEREAS, the five statewide entities employ over 130 employees, including three executive directors, a commissioner, and supporting staff, and consist of four separate Boards with 37 individual board members; and

WHEREAS, the five statewide entities often collaborate to provide funding to the same affordable housing projects, especially through Vermont's non-profit affordable housing network; and

WHEREAS, the five statewide entities' net assets are largely comprised of loan receivables held by VHFA and VHCB; and

WHEREAS, the viability of Vermont's affordable housing delivery system is dependent upon preserving the economic value of receivables created by investments of Vermont taxpayers and maximizing the direct benefit of these investments to Vermonters seeking affordable housing; and

WHEREAS, the Tiger Team observed that the current design and implementation of the state's affordable housing delivery system may foster a level of undue complexity and duplication of efforts, resulting in greater administrative costs and less direct investment in the construction and maintenance of affordable housing; and

WHEREAS, the Tiger Team observed that operating and personnel expenditures for non-profit housing organizations has increased substantially greater than the rate of inflation for the period 2005-2008; and

WHEREAS, the Tiger Team observed that changes to housing policy may result in increased revenue that could be used for investment in more affordable housing; and

WHEREAS, the Tiger Team's review concluded that a 10% savings in administrative costs within the five statewide entities alone would result in approximately \$900,000 annually in direct investment in affordable housing, which could generate \$20 million or more in additional investments in affordable housing if leveraged over a 30 year term and preserve the financial value of past capital investments in affordable housing; and

WHEREAS, further review of the state entities' affordable housing delivery system is warranted given the substantial resources currently dedicated to funding that system and the potential for savings and efficiencies.

NOW, THEREFORE, I, James H. Douglas, by virtue of the power vested in me as Governor, do hereby direct the Commissioner of the Department of Economic, Housing, and Community Development to convene the necessary resources and stakeholders, as he shall deem necessary, to explore the redesign of, and business process improvements to, the state affordable housing delivery system to achieve savings and efficiencies which shall be used to make additional direct investment in affordable housing.

The Commissioner shall, in consultation and conjunction with VHFA, VSHA, HFI, VHCB, and DEHCD:

1. Conduct an in-depth review of the existing organizational structures and business processes of the five state affordable housing entities and make recommendations to improve their effectiveness and increase efficiencies;
2. Recommend policies and procedures to ensure loan receivables held by the state affordable housing entities are managed in a fiduciary-oriented manner to ensure these substantial assets are available as a current and future resource for additional investments in affordable housing; and
3. Provide a written report to the Governor and to the General Assembly no later than September 1, 2010 containing all findings and recommendations to achieve the purposes of this Executive Order.

This Executive Order shall take effect upon execution and shall expire upon delivery of the written report to the Governor and the General Assembly.

Witness my name hereunto subscribed and the Great Seal of the State of Vermont hereunto affixed at Montpelier this 18th day of March, A.D. 2010.

James H. Douglas, Governor

By the Governor:

David M. Coriell, Secretary of Civil and Military Affairs

EXECUTIVE ORDER NO. 02-10