

Minutes of the Board of Commissioners Meeting February 20, 2018

MEETING CONVENED

A regular meeting of the Board of Commissioners for MaineHousing convened on February 20, 2018 at the offices of MaineHousing, 353 Water Street, Augusta, Maine. A notice of the meeting was published on February 9, 2018 in Central Maine newspapers.

Chair Peter Anastos called the meeting to order at 9:00 a.m. The meeting convened with Commissioners Sheryl Gregory, Terry Hayes, Kevin Joseph, Lincoln Merrill, Tom Davis, Jim Whitten, Laurence Gross, and Interim Director Peter Merrill in attendance. Commissioner Donna Talarico attended by telephone because she was traveling out of state. There were no other persons at her location. There was a quorum present.

PUBLIC ATTENDANCE

Guests and staff present for all or part of the meeting include: Linda Uhl, Chief Counsel; Daniel Brennan, Senior Director of Programs; Daniel Drost, Director of Energy and Housing Services; Troy Fullmer, Manager of Housing and Compliance; Mark Wiesendanger, Director of Development; Tom Cary, Treasurer; Karen Lawlor, Executive Assistant; Jane Whitley, Director of Human Resources and Facilities; Linda Grotton, Manager of Audit and Compliance; Richard Taylor, Communications and Research Manager; Clyde Barr, Policy Analyst; Don McGilvery, Construction Services Manager; Denise Lord, Senior Director of Communications & Planning; Cindy Namer, Director of Homeless Initiatives; Craig Reynolds, Director of Homeownership; Darren Brown, Director of Finance; Bob Conroy, Director of Asset Management; Jason Dupuy, Director of Information Technology; Mike Baran, Special Projects Coordinator; Adria Horn, Director of Maine Bureau of Veterans' Services; Todd Gandler, The Opportunity Alliance; and Gerrylynn Ricker, Paralegal and Note taker.

ADOPT AGENDA

Commissioner Joseph made a motion seconded by Commissioner Gregory to adopt the February 20, 2018 agenda. The vote carried unanimously.

APPROVE MINUTES OF JANUARY 16, 2018

Commissioner Joseph made a motion seconded by Commissioner Gregory to accept the January 16, 2018 minutes as written. The vote carried unanimously.

COMMUNICATIONS CONFLICTS

Commissioner Hayes reported she has received multiple e-mails from a gentlemen. She has responded once but not to subsequent communications because she has no information to add. She has shared the e-mails with Interim Director Peter Merrill. Peter elaborated that this is a tenant who is challenging our determination of his Section 8 benefits. The tenant also gave Commissioner Hayes a freedom of access request that is being processed in MaineHousing's legal department.

Commissioner Joseph told the Board members that his wife volunteers at Mid Maine Homeless Shelter.

Chair Anastos reported that he was recently at a social engagement where he ran into Cullen Ryan, Executive Director of Community Housing of Maine, Inc. Mr. Ryan spoke of the homeless work they are doing with our Homeless Initiatives department and placing more people into permanent

housing. Chair Anastos said the board may want to have Mr. Ryan come speak about the work he is doing. The conversation made Chair Anastos feel good about the work we do.

CHAIRMAN OF THE BOARD UPDATES

Chair Anastos provided the following updates:

- The Governor has nominated George Gervais to be MaineHousing's new director. The Governor also nominated John Gallagher to serve as a Commissioner on our board. At this time, Chair Anastos will step down effective tomorrow. Commissioner Lincoln Merrill will be appointed Chairman of the Board.
- Chair Anastos praised MaineHousing employees on their dedication and commitment to the people of Maine. He thanked everyone and said it has been a pleasure to work with all of us.

INTERIM DIRECTOR UPDATES

Interim Director Merrill provided the following updates:

- Interim Director Merrill thanked Chair Peter Anastos.
- Legislatively, at the State House there is an effort to give MaineHousing an additional \$4 million for lead paint remediation. The money will come from the Fund for a Healthy Maine, the tobacco settlement. There are two bills that propose to deal with remote access by members of boards throughout the state. There was just a hearing on another housing bond. The last piece of legislation Peter wanted to tell the board about is a bill to create a state low income housing tax credit. It is designed to create more housing. We can do it if it passes. It's a tax credit, so it's not especially efficient. There is some economic impact that goes along with it. Commissioner Hayes asked Peter if MaineHousing is asking for GO Bonds. Peter said no. We did not weigh in on any of the GO Bond proposals.
- Interim Director Merrill, Sr. Director of Communications & Planning Denise Lord, and Commissioner Lincoln Merrill will be heading to Washington, DC in a couple weeks. They have meetings scheduled with all four legislative members. The President's budget has come out which has impacts on our programs.
- Fox School, South Paris. The developer has been working with Mark Wiesendanger, Director of Development. The developer will be absorbing the cost of the building and architect expenses and may be able to come in under our guidelines.
- The building design team had a great tour of Commissioner Lincoln Merrill's new building.
- Karen Lawlor has agreed to join our staff as Executive Assistant.

PUBLIC HEARING TO REPEAL FOUR RULES

Chapter 02, Cooperation with Local Governments

Chapter 13, Allocation of State Ceiling for Housing-Related Bonds

Chapter 17, Natural Disaster Home Assistance Program

Chapter 21, Land Acquisition/Improvement and Housing Opportunity Zones Program

Chief Counsel Linda Uhl welcomed the public for the hearings and explained the public hearing process. She introduced the Commissioners and staff representing MaineHousing. She listed the four rule names that are being repealed. Since no members of the public wished to speak, the hearing was adjourned.

MAINE'S PLAN TO END VETERANS' HOMELESSNESS

Cindy Namer, Director of Homeless Initiatives, introduced Adria Horn, Director of the Maine Bureau of Veterans' Services. Cindy and Adria have been working together for over a year. At the end of 2015 into 2016, the State Legislature proposed a commission to strengthen and align services to Maine's veterans. The commission required the Bureau of Veterans' Services to have statutory

involvement in veterans' homelessness and provide an additional staff member dedicated to homelessness. The commission required the bureau to have representation on the Statewide Homeless Council and to write and update an annual strategic plan to end veterans' homelessness. Ms. Horn handed out an annual update showing accomplishments of the Maine Homeless Veteran Action Committee for 2017. The update also included goals for 2018. The Maine Bureau of Veterans' Services helped pay for an upgrade to MaineHousing's HMIS system which included more veteran specific questions so that we could get more consistent data. Maine is the only state in the nation that has VA staff on the Homeless Veterans Action Committee and entering data into the HMIS system. Cindy told the Commissioners that in 2015 our VASH vouchers were under-utilized and we are up to 90% utilization now. Commissioner Merrill asked Adria if the United Farmer Veterans of Maine was a participating agency. Ms. Horn explained that they specifically chose not to participate because they didn't want to have to turn people away if they didn't meet certain criteria. Commissioner Davis commented that not only do veterans need homes, they need employment. Ms. Horn explained that they also have career centers and there are federal grants that are employment related.

2018 MAINE DOE WEATHERIZATION STATE PLAN UPDATE

Daniel Drost, Director of Housing and Energy Services, and Troy Fullmer, Manager of Housing and Compliance, told the Commissioners about two small modifications to the Plan. On page 3 of the draft plan, the definition of income eligibility was taken from the LIHEAP program but didn't meet DOE's definition. Under DOE, capital gains are not considered income, TANF is not considered income, and child support is not income. On page 6 of the draft plan is the definition of children. In the past, the definition of children has been two years of age or under. At the last Board meeting we discussed changing that to five years of age or under but decided to stay with two years or under. Troy Fullmer advised the Board of our stakeholder involvement.

2018 MAINE DOE WEATHERIZATION STATE PLAN PUBLIC HEARING

Chief Counsel Linda Uhl conducted the DOE Weatherization State Plan Public Hearing. She introduced the Commissioners and staff representing MaineHousing. Notice of the Hearing was sent to interested parties on January 23, 2018 and published on our website the same date. It was published in newspapers statewide on January 25, 2018, and the comment period ends on Friday, March 2, 2018 at 5:00 PM. Once the comment period ends, we will ask the Board to adopt the Plan on March 20 at the next Board meeting, and will send it to the Department of Energy. There were no members of the public present to provide testimony. The hearing was adjourned.

MOTION TO FINANCE NEW BUILDING

Treasurer Tom Cary came before the Board seeking a motion to finance the cost of MaineHousing's new headquarters with tax-exempt debt. The Tax Code permits us to finance the cost of the acquisition and renovation of our new building with tax-exempt obligations. By converting interest payments on a mortgage into tax-exempt income, we should achieve a lower effective rate on the mortgage. The Series Resolution which the Board adopts on an annual basis gives us the specific authority to sell private activity bonds for single family and multi-family housing. It does not grant authority to finance our own governmental expenses with tax-exempt obligations. The tax-exempt financing reimbursement rules restrict the use of tax-exempt obligations to costs incurred after the adoption of an "intent resolution" or incurred 60 days before the adoption of such a resolution. Since we funded the purchase of the building on January 17, 2018, we need action taken at this meeting to ensure that all costs may be financed with tax-exempt bonds.

Commissioner Gregory made a motion seconded by Commissioner Merrill to finance the cost of the acquisition and renovation of the new office building, estimated to be approximately \$15 million, with tax-exempt debt. However, this motion does not obligate MaineHousing to do so, and any actual borrowing must be authorized by future Board action. The vote carried unanimously.

COMMENCE RULEMAKING

Chief Counsel Linda Uhl stated that as part of our continuing overhaul of MaineHousing Rules, the next rule we are working on is Chapter 1, the Home Mortgage Program Rule. The changes are updates and clarifications which conform the rule to our current practices. Linda made reference to the memorandum to the Board from herself and Craig Reynolds, Director of Homeownership.

Commissioner Hayes made a motion seconded by Commissioner Joseph to commence rulemaking to repeal and replace Chapter 1, the Home Mortgage Program Rule with the proposed rule described and included in the Board packet. The vote carried unanimously.

TOTAL DEVELOPMENT COST ("TDC")

Interim Director Peter Merrill invited Mark Wiesendanger, Director of Development, and Dan Brennan, Senior Director of Programs, to join him to discuss total development cost. Every year we go through the exercise of revising the Qualified Allocation Plan ("QAP") which is the rule by which people apply for low income housing tax credits. Peter made reference to the memorandum from Mark to the Board outlining talking points for the 2019 QAP which include total development cost, management performance, and high opportunity areas. This is intended to be just a discussion. No decisions are necessary at this time.

The TDC caps in place now have been effective, however, we are seeing increases in labor and materials. Mark researched information from the Maine Department of Labor and labor costs have gone up 8 to 9%. Mark would like to look at TDC from three different perspectives: per unit basis; per bedroom basis; and per livable square foot basis. Mark would like to address the need for smaller projects in rural areas. Perhaps we should develop a separate program with its own funding that has different cost requirements than the Low Income Housing Tax Credit programs.

A new measurement of management performance was recently added to the QAP that rates the management agents based on the number of reports submitted late to MaineHousing. This is a new category to the QAP. Timely reports are essential for MaineHousing's reporting to HUD. There is no reason for the management companies to be late in filing them. We have received some pushback from our developer partners, requesting that we should base the penalties for late reports on a percentage of total reports. We feel this would only penalize smaller (usually newer) management agents while larger companies are more at risk. We are considering different approaches, such as extending the reporting period to two years; if someone files a late report two years in a row we would penalize them. Another possible approach is to look at management and occupancy review scores, inspection scores, as well as the number of late report submissions.

High opportunity areas are areas designated by housing finance agencies as places where residents are afforded greater opportunities to lead successful lives. In the past we have solely used median income as a measurement of opportunity areas. Employment opportunities, quality education, and healthcare may also be considered.

Interim Director Peter Merrill handed out a pamphlet setting forth MaineHousing's 2017 accomplishments stating he was very proud of the staff.

DEPARTMENT REPORTS

Commissioner Hayes stated that on pages 70 and 71 of the Board's packet, it looks like bedrooms are getting fewer and smaller. Don McGilvery, Construction Services Manager explained that we have implemented minimum room sizes so that the bedroom sizes will be at least a minimum size.

Commissioner Hayes also wondered if the numbers were sufficient with regard to the Weatherization Assistance Training. Dan Brennan said although we would like to see these numbers higher, this is good and we're making good use of the DOE dollars.

Commissioner Hayes also mentioned we would want an average of less than 5% returned to homelessness within 6 months not greater than on page 97 of the Board's packet. Dan Brennan agreed this was a typo and should have been less than not greater than.

Commissioner Hayes would like to discuss the Development Cost Trends in Affordable Housing Report that were included in the Board packet beginning on page 6 and The Economic Impact of MaineHousing's Investment in Affordable Multifamily Housing: State and Regional report beginning on page 38. Interim Director Peter Merrill explained those reports were included to give information for the total development cost discussion. Commissioner Hayes said she would discuss her questions with Denise Lord, Senior Director of Communications and Planning.

Commissioner Joseph asked about page 74 of the Board packet, the finance department monthly report. He wanted information concerning the recent Maine Supreme Court ruling on the mortgage servicing industry. Interim Director explained that basically when you foreclose on somebody, somebody has to be able to testify and speak to the practices of each servicer that had the loan throughout its lifetime.

Commissioner Joseph asked about page 85 of the Board packet, the monthly delinquencies report memorandum from Darren Brown, Director of Finance. Commissioner Joseph thought the Bank of America's overall delinquency rate of 11.18% was high. It was explained that Bank of American absorbed Country-wide and all of their delinquent loans which is calculated into the total.

ADJOURN

Commissioner Hayes made a motion seconded by Commissioner Whitten to adjourn the meeting. The meeting was adjourned at 11:40 a.m. by a unanimous vote of the Board.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Donna Talarico", written in a cursive style.

Donna Talarico, Secretary