



Board of Directors Meeting Meeting Minutes

Date: June 20, 2022

Attendees: Karl Klein, Charlie Hosford, Mac Rood *via Zoom*, Perry Bigelow, Bob Ackland, Howard Levin, and Michele Leibowitz, Executive Director
Karen Winchell, Paul Sipple— absent

Meeting called to order at 4:33 pm by Karl Klein, Chair.

Motion made by Mac Rood to accept minutes of May 16, 2022, meeting, second by Charlie Hosford; motion approved unanimously.

Treasurers report presented by Perry Bigelow; after a question was raised about the written report concerning Unrestricted Funds amounts in order to pay Michelle. Perry asked that we hold off on approval of the report until he could get an answer to the question. Approval tabled.

Treasurer reported later on June 20, 2022, by email, that the amount of \$1,915 was the cash on hand as of June 20, 2022, not the cash balance at the end of May.

Perry reported that Saint Dunstan's church had donated \$5,000 in June. Their last donation was for ADUs. Perry wrote to St. Dunstan's asking for flexibility to pay the Executive Director with those funds if necessary. The church preferred to be used towards the ADU program but granted permission to use them to pay the Executive Director until more permanent funding was obtained.

Michelle Leibowitz distributed three write ups, ADU proposed change that was approved, middle home ownership program, and ADU program summary. She then proposed that the discussion move to the future of the MRVHC.

This discussion was vibrant and broad. Howard Levine proposed developing draft language for local ordinances which would be very favorable to attainable

housing development. The proposal led to stimulating discussions that led to more topics none of which had resolution or consensus. There ended up being several scenarios suggested as to the future of the MRVHC.

There was agreement to follow a suggestion made by Howard Levine to reorganize the MRVHC with a revised set of core principles that would be more in tune to all stakeholders and allow the municipal governments to be willing to partner with the MRVHC. It was left that Howard would select three other members to work with him to draft the framework of the reorganization and the core principles.

Other business – Perry Bigelow shared his conversation with Ashley Woods of the MRV Community Fund as a follow up from last meeting. There was some confusion as to whether the decision of the Community Fund was made by the Community Fund board or by just Ashley. Perry stated he did not ask that question. Karl indicated he would write the Community Fund board asking for clarity on the use of the funds, specifically regarding building new ADUs or converting existing STR's to long term affordable rentals.

Adjourned at 6:18 pm.

Respectfully submitted by: Bob Ackland



MRVHC ADU Program-Proposed Change-Leasing Local

DRAFT- Discussion purposes only

Policies and Procedures have not been Finalized or Approved by Board of Directors

Last UPDATED- 6-20-2020

The coalition, as discussed in detail by Karl and Keziah last fall with the Community Fund, has found over the past few years new construction has been difficult, given the increase in material costs, the lack of available contractors, and the increase in the cost of real estate. These roadblocks to new construction has prevented the production of ADU's with the assistance of the MRVHC ADU program.

The proposed change will shift our ADU program to focus on existing units that are either in the short-term rental pool or are not being rented at all. It will be a public process via notices in the Front Porch Forum, the Valley Reporter and potentially with the help of the Chamber of Commerce to get the word out. Hopefully, there will be enough demand for the 4 or 5 units that we can run a lottery.

PURPOSE:

- The goal of the shift in the ADU program is to convert existing vacant housing stock and units that are currently being used as short-term rentals to longer-term rentals for the local workforce to help address the critical shortage in workforce housing in the Mad River Valley.

Program Guidelines

- Income restrictions, maximum rent amount, compliance period and maxim grant is the same as the existing ADU program.
- The grant will go to rental units which currently are not being used as a long-term rental and has not been for at least 3 years. i.e., units which are currently in the short-term rental pool or units that have not been rented for the last 3 years.
- Tenants are to be "locally employed"- TO BE DEFINED BUT WORK IN MRV
- No restrictions on property type
- 50% of household must be employed in the Valley



MRVHC ADU Program-Summary

DRAFT- Discussion purposes only

Policies and Procedures have not been Finalized or Approved by Board of Directors

Last UPDATED- 6-20-2020

1. How is an ADU defined?
 - a. Vermont's Planning Act (24 V.S.A 4412) defines ADU to mean **“a distinct unit that is clearly subordinate to a single- family dwelling, and has facilities and provisions for independent living, including sleeping, food preparation, and sanitation”**.
 - i. This includes tiny homes, mobile homes, and attached apartments.
 - b. In Vermont, state statute (24 VSA §4412) limits the authority of municipalities to regulate accessory apartments. Municipalities that enact zoning must allow an “accessory dwelling” that is located “within or appurtenant to an owner-occupied single-family dwelling” as a permitted use if the following requirements are met:
 - i. The property has sufficient wastewater capacity.
 - ii. The accessory dwelling does not exceed 30 percent of the total habitable floor area of the single family dwelling (or 900 sf, whichever is greater)
 - iii. Applicable setback, coverage, and parking requirements specified in the zoning requirements of the towns.
2. Who is Eligible under the MRVHC ADU program (as discussed in the legal documents and other MRVHC informational documents)
 - a. Owner of property
 - i. Any property owner that meets the local zoning and septic requirements
 - ii. There are no income restrictions for the owner of the property.
 - b. Tenant
 - i. Up to 80% Area Median Income (AMI) as determined by HUD for Washington County VT
3. Maximum Rent amounts
 - a. Maximum rent will be Fair Market Rent (FMR) as determined by HUD for Washington County VT. (Maximum Rent amount will adjust with HUD’s annual update of FMR). For simplicity reasons there are no utility adjustments. FMR is the rent ceiling. There is no floor for the rent amount.
4. Legal documents- Listed below are the legal documents we currently have drafted. We will need to amend them to make sure they represent the program accurately.
 - a. ADU Contract
 - b. ADU Note
 - c. ADU Second Mortgage

5. Services that the MRVHC are able to give.
 - a. Architectural- Basic sketch of what could be built in the space but not full plans that are needed to build.
 - b. Advice as it relates to zoning, septic and water.
6. Compliance
 - a. Compliance period is 5 years starting at the date of the initial occupancy of the first Tenant after grant has been given.
 - b. Maximum income allowed for tenants is at or below 80% AMI.
 - c. Compliance process
 - i. For every new tenant there needs to be an income verification prior to lease being signed
 - ii. The lease must be 12 months or more and it needs to be filed with MRVHC.
 - iii. If the ADU is going to be used to house an employee of the owner and part of the tenant's compensation is reduced or no rent, MRVHC needs to be provided a written explanation of what the agreement is between the owner and employee. There is no need for a 12-month lease.
 - iv. Income verification is only done once at initial lease for each tenant.
 - d. What organization manages the compliance?
 - i. MRVHC or the individual towns
7. The Grant
 - a. A \$10,000 grant will be given
 - b. The funds will be provided once a signed lease and income verification has been done to certify a qualified tenant.
 - c. An award letter will be given which will include a brief description of the ADU, estimated timeline of its completion and ready for occupancy. If the time between award letter and filing of lease and income verification is greater than 12 months the award letter becomes null and void and the application needs to be evaluated for likelihood of completion.

2022 Washington County Vermont

Area Median Income (AMI)

Percentage of AMI	1 Person	2 Person	3 Person	4 Person
80%	51,200	58,560	65,840	73,120

The FY 2022 Washington County, VT FMRs for All Bedroom Sizes

Final FY 2022 & Final FY 2021 FMRs By Unit Bedrooms					
Year	Efficiency	One-Bedroom	Two-Bedroom	Three-Bedroom	Four-Bedroom
FY 2022 FMR	\$760	\$869	\$1,144	\$1,454	\$1,551
FY 2021 FMR	\$717	\$824	\$1,086	\$1,358	\$1,532



PROPOSE- Missing Middle Home Ownership Program

DRAFT- Discussion purposes only

Policies and Procedures have not been Finalized or Approved by Board of Directors

Last UPDATED- 6-20-2020

Purpose of the Program

- Help developers create homes to purchase for individuals and households with incomes between 60% Area Median Income (AMI) to 140% AMI A.K.A. "Missing Middle".

Why would a developer be interested in it?

- Density Bumps
 - o Current zoning allows density increases for additional housing of 60% AMI or less. We will advocate to increase the AMI levels over the 60% AMI.
 - o Ideally, the increase in density will go along with land conservation. A cluster of homes with a lot of shared space around it
- The resale restriction will maintain affordability for the next buyer.
- The resale restrictions will allow the purchaser of the home to grow equity but it will restrict the resale of the unit from being sold at a market rate. (Process to be discussed)
- There is guidance from MDVHC so that they do not have to recreate the wheel to make this happen
- Good will within the community.

Program requirements

- Maximum 140% AMI- For a family of 4 in Washington County that is just below \$130,000
- Sale price needs to be established at a level to allow the purchaser to take advantage of VHFA lending as of June 1, 2022- no more than \$375,000.
- At purchase of the property at least one person in the home needs to work in the Mad River Valley, or have lived in the Valley for 5 consecutive years, or has children enrolled in the local public schools.
- Property must be used as a primary residence to an income qualified household and if it is to be leased it can only be leased for 6 months or more.

Initial Sale of the Units

- The assumption is that there will be great demand for homes at this price point so to ensure a transparent application process a lottery will be done.
- The lottery needs to follow fair housing laws and practices
 - o We will try to piggy back on the process that Downstreet, Habitat for Humanity or similar organizations already have in place

- The lottery will include pre- qualification of applicants, home buyers' education, and assistance with sources affordable financing.
- If there are not enough people in the lottery it will be first come first serve.

How to Maintain Long-term affordability for the Missing Middle

- Deed Restrictions
- Established resale calculation at initial sale so the new owner will know what the potential upside of the investment could be.
- The Ask for the Community. Need to create a fund to help with the right down of the resale so the next buyer can have the same level of affordability

Partnering with State Programs-

- The new 2022 Missing Middle state program regulations have not been finalized but as of now:
 - o There will be money available to developers for the difference between the cost of construction on the appraised value
 - o There will be money for buyers to paydown some of the cost to make it affordable.
- There are state programs that are currently in place that will help the first-time home buyer to purchase a home. As of June 2022 the maximum purchase price for a single family home in Washington County is. \$375,000 and a 2 family home is \$425,000
 - o Down payment assistance
 - o Shared equity
- \$5M has been allocated in FY22 and \$10M in FY23.