Community and Economic Development Committee Minutes - September 14, 2021

Members present: Michael Talbott (chair), Sharon Davis (vice chair), Mike Doenges, Bill Gillam, Devon Neary

Others present: Matt Whitcomb, Thomas Franco, Brennan Duffy, Chris Ettori, Stephen Box

The meeting convened at 5:32pm.

The purpose of the meeting was to hear Brennan Duffy's report on potential use of ARPA funds for a rental housing rehab assistance program.

Brennan spoke with Josh Hanford, Commissioner at Vermont Department of Housing & Community Development, Katie Buckley, Director of the ARPA Assistance and Coordination Program for the Vermont League of Cities and Towns, and Jenny Hyslop of the Vermont Housing & Conservation Board. Based on these conversations, Brennan concluded that ARPA funds can only be used for "affordable housing" for households below 80% of Area Median Income (AMI).

Brennan also shared that Vermont has numerous HUD-desginated Qualified Census Tracts in which 50% or more of the population is at 60% or less of AMI. ARPA rules allow for a broader range of services and programs within a QCT. Brennan explained that while Rutland City does have Opportunity Zone and New Market Tax Credit census tracts, we do not have a tract that meets this HUD definition right now.

Alderman Doenges asked if that's something we have to apply for. Brennan answered no, that this is built from existing census data that HUD has compiled. Brennan shared that our congressional delegation has questioned this and petitioned the Treasury Department to potentially expand the qualifying census tracts in Vermont.

Alderman Franco pointed out that Rutland does in fact have a QCT listed on the HUD website.

Brennan also explained that it might be possible for the city to claim a loss of revenue due to the pandemic if the city had an annual growth rate below 4.5%. In this scenario, the city could use ARPA funds to replenish general fund, and then use the general fund to support a rental housing program.

Alderman Doenges pointed out that supporting small businesses is a piece of ARPA, specifically loan, grant, and assistance programs to help small businesses rebound from the pandemic. He wondered if some landlords might qualify for this type of assistance. Brennan felt that property owners, even those registered as an LLC, would not fit the definition of a small business as they lack the employment component.

Alderman Neary felt that Rutland might need to take the initiative and fund its own pilot program. Alderman Talbott proposed budgeting $100,000 per year for a revolving loan fund and targeting specific blighted areas, giving four loans per year, with the loan fund growing over time. Alderman Doenges advocated for simultaneously exploring alternate funding sources to add to that program.

Alderwoman Davis wondered about city tax sale properties and if the rehab assistance program might support turning those properties into market rate rental housing. Alderman Talbott proposed using money from tax sales to help fund the rehab assistance program. There was a brief discussion of potentially reallocating some of the BIAP funds to support this program. Alderman Franco indicated that there is some new state funding for accessory dwelling units that might be beneficial.

It was concluded that Alderman Talbott will work with Brennan Duffy and Andrew Strniste to draft guidelines for a pilot program to assistance with the rehabilitation of owner-occupied rental properties.

The meeting adjourned at 6:30pm.

*On Monday, September 20, Brennan Duffy updated Alderman Talbott that the initial exclusion of Rutland City from the list of HUD QCTs by the VLCT was an error. Census Tract 9631 does qualify as a QCT. The area encompasses parts of downtown and parts of the previously targeted Northwest neighborhood. The ability to utilize ARPA funding for rental housing initiatives in the QCT may be less restrictive, and Brennan has sought additional guidance from VLCT on eligible uses.