

BARNSTABLE COUNTY HOME CONSORTIUM ADVISORY COUNCIL
THURSDAY, JANUARY 16, 2014
CAPE COD COMMISSION OFFICE
MEETING MINUTES

Members Present: Lee Berger, Carl Brotman, Richard Carroll, Jon Holt, Michelle Jarusiewicz, Bernie Kaplan, James Kyrimes, Marlene McCollem, Sandee Perry

Members Not Present: Jillian Douglass, Lorri Finton, Vicki Goldsmith, Elaine McIlroy, Cindy Maule

Staff Present: Paul Ruchinskas, Michelle Springer

Minutes-

Richard made the Motion to approve the Minutes of December 19, 2013. James seconded the motion, 9 members in favor, 0 opposed, 0 abstained.

HOME Funding Request-

The Falmouth Housing Corp. (FHC) has put in a request for an additional \$100,000 in funding for their Notantico Woods Project located in Woods Hole. We awarded \$175,000 to the project in November 2012. The project will consist of 11 rental apartments. The property currently has an existing 6,000 square foot home that is weather tight with just rough framing inside. FHC is going to add about 1,000-1,200 square feet to the existing building where seven of the units will be located. They will construct an additional building which will have four units. There will be four one-bedroom apartments and seven two-bedroom apartments, which will all be affordable. Our HOME commitment of funds, ran for a year, and the development budget was tight. The FHC put their entire development fee into the project. The only extra funds are the construction and soft cost contingency should something go over budget. During the process of securing funding the Executive Director, Bob Murray passed away, but before he did he was able to get Affirmative Investments to take over the project to ensure its completion. The State funding for the project was given "out of round" because they committed to do three of the apartments for homeless individuals or families. In the case where you put aside at least 20% of the apartments in a rental development to homeless individuals or families you are able to apply to DHCD any time. FHC didn't feel that having homeless individuals or families living at this location was the most ideal in terms of access to services. Mr. Murray worked out a deal with DHCD that FHC would move three of the project based voucher to existing apartments in Falmouth closer to services. Affirmative Investments were involved in three different transactions they were trying to close in the fall of 2013, so the development has been on hold for a bit. Our commitment of funds expired the end of December, so part of the request is for additional funding, and the other part is for an extension of our award.

Paul has spoken to staff at DHCD and they are committed to making this project happen even if it means additional State funds.

Affirmative Investments has submitted a request to both the HOME Consortium and DHCD for additional funding. Overall, the development budget has increased by \$270,000. The original was \$3.15 million and is now \$3.4 million.

Paul then reviewed some of changes to the Source and Uses:

- Current request has the FHC putting in \$195,000 of their funds into the transaction as equity along with putting in all of their \$265,000 developer overhead and fee.
- The amount of subordinate debt (Public debt) is increasing by a little over \$300,000.
- All the States funding will come from just the Affordable Housing Trust Fund rather than having three State sources.
- The Permanent Senior Mortgage was originally going to be for \$675,000, but now it's down to \$470,000, in part because of the 1.5% increase in the permanent loan rates and also due to the fact they lowered the rents a bit.
- Construction costs have gone from \$1.7 million to \$1.8 million and they have decided to go with a different construction company and architect. The original plans did not include some of the elements that DHCD requires.
- The cost has gone from \$258,182 to \$311,431 per unit.
- The new HOME regulations require up to a 15 year life on major structures so they will have now replace all the windows in the existing structure.
- They have lowered the rents on the units therefore they will have less operating income.

Our current subsidy limits are up to \$35,000 per unit for projects that score over 90 with a project maximum of \$175,000, "unless determined otherwise for good cause by the Consortium" per our policy. Our prior max that we have given to any one project is \$250,000.

Sandee asked if they were going to be required as a non-profit to pay real estate taxes?

Paul responded that he hadn't asked the question.

Marlene believes that they pay a discounted amount of real estate tax.

Sandee asked if they are going to pay their own utilities or will that be the responsibility of the tenant?

Paul responded that FHC will be paying the utilities.

One of the concerns of the review committee was that they would be giving up their entire developer's entire fee, which just leaves the construction and soft cost contingency to handle any unexpected costs. DHCD also has similar concerns. There have been conversations about possibly increasing the rents, as they are well below HOME rents. This would generate more income for the development and would enable them to have a higher first mortgage which would provide a cushion for the development for any unexpected costs.

The review Committee met and agreed that the costs seem understandable and they would be willing to recommend the increase from \$175,000 to \$275,000, which will enable the project to be built. They also agreed to recommend extending our commitment of funds for six months. The FHC is putting in almost \$200,000 more of their funds.

Lee made the Motion to approve the additional \$100,000 in funding, Richard seconded the motion, and 9 members in favor, 0 opposed, and 0 abstained.

Richard asked Paul about revising the wording “for good cause” in our policy. Paul responded that we did take it out of the DPCC Policy, but it stayed in the Development Policy. Paul will put it on the agenda for the next meeting

New England Housing Conference-Affordable Housing Messaging-

Paul attended the New England Housing Conference in Framingham this past December. He attended a workshop on “Affordable Housing Messaging”. Staff from the National Housing Conference has done a fair amount of polling in regards to how we talk about what we do and advocate for. Paul went on the National Housing Conference website and they have a whole section devoted called “Housing Communication Hub” that contain the campaigns people are using now and research on messaging. Some examples are instead of calling it “Affordable housing” calling it “Affordable homes” referring to units as “homes” or “apartments”.

Paul asked about the term “work force housing” (which in the past has been in reference to policeman, teachers, etc.), and the speaker responded that they resist using the term in part because it there are a number of people who need housing, but are not working because they are retired, disabilities, etc.

Town Reports-

Carl reported that the Town of Truro has been looking for a lot for a Habitat for Humanity project. The CPA provided \$180,000 in funding to purchase the land, but unfortunately they were not able to find a lot at that price. They were able to find a lot on Route 6 at 1.7 acres, which would allow for seven bedrooms but they needed more funding. Highland Affordable Housing came up with funds to help purchase the lot. Also, the town voted to give some funding from the Affordable Housing Trust fund to help purchase the lot. It’s a complicated site because it is on a hillside, located on Route 6, and it needs a 400 foot driveway to access the point on the land where the three homes will be built. It will consist of 2 two-bedroom homes and one three-bedroom home. They have a LIP application going out now. The total land cost was \$225,000.

Paul mentioned that one of the issues that Habitat is having with these large developments is that they have to create a homeowners association to deal with shared septic, road maintenance, etc. which is a challenge with a small three home association. Habitat is looking to see if they could possibly set up an organization that would basically take over the function of the smaller homeowners association. That way homeowners would just pay the entity and they would deal with taking care of shared septic, road plowing, etc.

Bernie reported that the Town of Eastham is still deciding what to do with the 11 acre property off Route 6, which was at one point considered for elderly housing. There has been a proposal put forth to designate the property as a town owned farm to grow cabbages. Bernie feels that the property would be a good location for elderly housing due to the proximity to services.

Richard reported that the Simpkins School project is now looking like it will be complete by the end of February. Due to fire wall issues between the new and old section they cannot let anyone into the completed section. The elevators are also not complete yet.

The Yarmouth ZBA approved the Habitat project for seven homes. The property is located behind the Cape Cod Hospital. They hope to start building in the fall.

Jon reported that the Hinckley project located on 6A in Orleans is finished and occupied. Five of the Habitat homes are underway: one is occupied, two need roofs, and two are sealed for the winter. There was an old home on the property that nobody had taken any interest in so there is a possibility of a 6th home. There is also a possibility of 16 unit group home which is currently in the CPC funding round stage.

James reported that the Elkanah Howland Road has been stopped by one of the abutters who raised the issue of number of bedrooms per plot size. The developer appealed and the Land Court agreed with the town and developer and would waive the bedroom per plot size standard. There will be eighteen condo ownership units, 9 of the units will be restricted to 80% of median income and the balance at 120% of median income. The developer will be requesting \$375,000 in CPC funds. The developer was awarded the funds four years ago but due to the delays in the project the CPA had to rescind the funds.

Melpet Farms will hopefully be breaking ground this June/July.

James reported on a former retail site on Route 134, which will be converted into ten one-bedroom units. There are also two 8 unit developments that have been proposed on Janelle Drive and Hall Street in Dennis.

Sandee reported that the Stage Coach development should have 11 of the units leased. BHA is still trying to lease the handicap accessible unit.

Paul reported on the Town of Brewster. At the last town meeting in November the town made to awards of CPC funding. One was to Habitat for \$600,000 to enable them to go out and try to find a parcel of land in town that they could build some homes on. The restriction said that they could not exceed \$100,000 per home and two years to find the properties.

The other award was also for \$600,000 to the Brewster Housing Authority. They have part of an existing site that they can create 50 apartments on. It has been a concept for five or six years. They had initially hoped to get into the DHCD pre-application round but were not able to. They have hired a consultant, and have \$100,000 in funding for pre-development work.

Meeting adjourned at 9:30am.

Enclosures:

1. Minutes of December 19, 2013
2. Request for Extension letter from Affirmative Investments
3. Both the original and revised Project Summary Information -Notantico Woods Project
4. Messaging Guide from the California Homes and Jobs Act of 2013

