

BARNSTABLE COUNTY HOME CONSORTIUM ADVISORY COUNCIL  
THURSDAY, JANUARY 19, 2012  
CAPE COD COMMISSION OFFICE  
MEETING MINUTES

Members Present: Lee Berger, Lorri Finton, Valerie Foster, Vicki Goldsmith, Jon Holt, Art Hultin, Michelle Jarusiewicz, Bernie Kaplan, Elaine LaChapelle, Gerry Loftus, Sandee Perry

Members Not Present: Don Dickinson, Marlene McCollem, Judith Riordan

Staff Present: Paul Ruchinskis, Michelle Springer

#### MINUTES-

Gerry made a motion to approve the minutes of November 17, 2011. Lee seconded the motion, 8 members in favor, 0 opposed, 0 abstained.

#### HOME Program-

##### Membership Renewals-

We have five towns that members of the HOME Consortium are up for renewal. Brewster has renewed Jill for another three years, the County Commissioners hopefully approved Gerry yesterday for another term and, Mashpee needs to renew Lorri for another term. Don Dickinson the representative for Sandwich and Elaine LaChapelle the representative for Wellfleet are both stepping down. Paul noted Elaine's many years of active and positive participation and that she will be missed. Paul sent letters to both Dennis and Yarmouth in regards to their vacancies.

##### Funding Round & Development Project Review Committee-

DHCD has set the date for winter funding round for February 10<sup>th</sup>. It is only for projects that have applied before. They will not be taking any first time applications. It is a way for them to clear the funding pipeline. There is a lot less funding available through DHCD this round about \$5 million of HOME funds to allocate. DHCD funded 25 projects in their last funding round. We have four projects that we approved that did not get funded through the DHCD funding round last time. Our commitment is good through the end of June. They will not have to re-apply for our HOME funding, but in order for them to keep the commitment they will have to send Paul a copy of the projects financials and explain what if anything has changed. The Simpkins Residences project in Yarmouth will be re-applying, and Ted will be re-applying for Truro. Paul has not heard from the people involved with the Village Green project. HAC will be going back for Community Green. If any of the four don't go back into the funding round, then our

funds we have committed will be available for another project. HUD requires that any projects that we commit to fund needs to be able to start within a reasonable time of 12 months from funding. Barnstable Housing Authority will be applying for funding for Stage Coach Road because they had applied before, but the project was caught up in the comp permit appeal.

Bernie commented that he understands the need for this type of process, but that when we set up priorities, based on the realities of funding, we in a sense work against the enlargement of concern for affordable housing. Those projects who have not been previously involved and are told to stand in line because there are others ahead of you, we work against developing interest and commitment in affordable housing.

Paul has not heard from the people in Falmouth that were interested in applying for HOME funding for a triple decker rental housing project. They had a gap of about \$150,000 in funding that they needed to find in order to make the project happen. He also hasn't heard from Bob Murray about the project in Woods Hole that he is working on that was looking to get between \$300,000-500,000 in funding from DHCD. Paul also hadn't heard anything about the Yarmouth project that Kevin Mc'Neill is working on. However, Paul does expect POAH to apply to us for HOME funds for Rock Harbor acquisition in Orleans and the Kings Landing acquisition in Brewster. Paul expects to see something for both projects in the very near future.

We need to commit \$250,000 in our HOME funds before the end of July 2012 in order to meet the two year commitment that HOME requires for our funding. There is \$575,000 committed to the four projects that will be going back to DHCD for funding that will go away if these projects aren't funded. Only one from the five was funded in the last round. Paul would like to see all five get funded, but knows it is not likely that all five will be funded.

Currently, the Development Review Committee that reviews all new projects applying for HOME funding has three members (Elaine LaChapelle was the other member) Lee, Marlene, and Gerry. Paul asked if anyone is interested in be on the committee to please let him know. We currently have one to two meetings a year which coinsides with the DHCD funding round.

#### **FFY 2012 Estimated Allocation & Implications-**

Enclosed in the meeting packet was a list of all 19 HOME and CDBG funded jurisdictions in Massachusetts and what their FFY2011 funding was, what the estimated FFY 2012 funding will be, and the amount of decrease having to do with the 40% cut to the HOME program. The CDBG block grant took a lesser hit of about 10%. We will be receiving about \$375,808 in HOME funding, which is the least amount of funding of the 19 HOME jurisdictions in the state.

The Washington Post article that came out last May really painted a negative picture of the HOME program. From what Paul understands the article did not get big play in the rest of the country, but obviously Congress was made aware of the article. A number of

the instances that the article cited were true. There were examples of developers that received HOME funds to buy land for a homeownership project, but the project was never finished.

HUD published the final allocations yesterday and we will be receiving \$378,720, which is about \$2900 more than the estimate. Part of the reduction in HOME funding, which for us was 43.4%, came about because HUD is using the new Census figures for this round of allocation. HOME has a formula based on family poverty, pre-1950 rental stock, the amount of subsidized rentals, sub-standard housing (including housing cost), and rental vacancy rate. Even if the funding level stayed the same we would still be looking at a little under a 10% cut next year based on the Census data alone. This is because relatively Barnstable County has been better off than the rest of the country over the last 10 years. The poverty rate here compared to other areas improved and most of our housing stock is newer. This means that the pre-1950 housing stock that is available for low income households is comparably less than other parts of the country. Our per capita income is higher than other parts of the country.

This means that in the short term we are going to need to amend our Consolidated Plan because one of the triggers for a substantial amendment is a 25% or more reduction in funding. One of the immediate impacts will be a reduction in funds for administration, which means less hours for Michelle. The other area that we will need to amend is our goals. Our homeownership goal is currently to do ten new homeownership units every year and twenty-five down payment and closing cost assistance loans every year. With the reduced funding and the issue surrounding the deed restriction, we will really need to look at the homeownership goals. The rental goals are forty-five new rental units a year. With respect to the down payment loan program we have done two loans since July 1, 2011. We are paying HAC \$12,000 right now to administer the down payment program. We will not be able to afford to do that next year. We will also have to figure out how we are going to spend our \$378,720 in terms of our annual plan. The plan is to schedule a Public Hearing in February to get public comment. At the March meeting Paul will have a draft of the amendments to the plan based on the public comments and our annual plan for next year and get the Consortiums feedback on that. In April we will have the thirty day public comment period which is required. Paul hopes to get to HUD sometime mid-May.

### **Proposed Changes to the HOME Regulations-**

Paul enclosed a memo that summarized the new HOME regulations. This will mean more work for us and is directly related to issues stated in the Washington Post article. Paul attended a meeting at CHAPA for HOME jurisdictions to discuss the new HOME regulation changes and what can be done to tell a better story to try and save the HOME program. There is real concern given the budget cuts going on in Washington. The estimate is that most domestic programs will be looking at a 9% budget cut for the next federal year. It doesn't mean every program will be cut. The Section 8 voucher program makes up 2/3 of the HUD budget. Section 8 funding has been preserved due to the fact it would mean literally putting someone out of their home if the program was cut. If that

trend continues and Section 8 funding maintains the same amount of vouchers then other programs will have to take up that cut.

In the HUD regulations (with our \$378,720 allocation) in years when Congress appropriates less than \$1.5 billion dollars, if your allocation falls below \$335,000 you could lose the funding. With the \$375,000 and the 10% cut next year we are getting close to the \$335,000 level which could be a real issue. HUD has the ability to "grandfather" jurisdictions. It is really unclear what will happen with the program. One option that could help with this concern is to add members. If you add members you will increase the allocation by some amount. For a consortium you have to have continuous community's, which means the islands would not work, but some likely candidates could be Plymouth or Wareham. HUD has a link (based on 2000 Census data) that would give the amount of increase by adding a new community, which would be about a 20-25% increase in allocation by adding both Plymouth and Wareham.

Lee asked if either town receives HOME funds right now.

Paul responded that Plymouth is a block grant entitlement community so they get CDBG funds, but do not qualify to get HOME funds alone.

Valerie made the comment that if we are trying to save the program we should look at all the options.

About 2/3 of the increase would come from Plymouth and 1/3 from Wareham. If we could only get one of them to join the Consortium, Plymouth would add more funding to the allocation.

Paul will start the process of looking more into this. HUD needs to know by March 1<sup>st</sup> if we are to continue as a Consortium, which we will. They also need to know if we plan to add or delete any members.

Art asked Paul if he knows what the local government set up was.

Paul responded that he didn't know the answer, but would find out.

Paul got back to the new HOME regulations. At the meeting at CHAPA yesterday the information coming from DHCD is that HUD is under the gun and even though a number of the new regulations would mean more work, there isn't going to be a whole lot we can do. Paul went on to review the new HOME regulations which were enclosed in the meeting packet.

One of the proposed HOME regulation changes is would allow for occupational preference, which would allow jurisdictions to either limit or give occupancy preference in a HOME project to certain occupations. Lee commented that he had been down in New Orleans and had received a tour of an affordable housing project and was told that this is where all the musicians lived. After hurricane Katrina they built units specifically for musicians. Lee asked himself what about everyone else? What if you don't have the

talent to be a musician? It didn't seem to make sense that these musicians would be living in nice new units while other people who weren't musicians were living in trailers. Specially, when we have less funding in which to work with this is not the time to start an occupational preference for our Rental projects.

Bernie made an analogy for the occupational preference. The ship has gone down and some are in the water, some are in the life boat, and it can't accommodate all of the passengers in the water. There needs to be a decision made on who will be pulled into the boat and who will drown? Will that be based on what can be done or should there be a debate in the life boat on whom we need more as a survivor and the rest drown?

#### Older Projects-The Villages at Marston Mills; Foundations; Foley House-

The Village at Marston Mills is our one condo project that we have funded. We have been having conference calls twice a month between us, DHCD, CHAPA, the Town of Barnstable, and HAC about the ongoing issues. There have been two moderate units that have gone into foreclosure and one affordable unit, whose affordability, was lost. Out of the eleven HOME units, six of them had five year affordability periods which we are beyond at this point which means if something happens to the units we will not be responsible to re-pay HUD the HOME funds. The other five HOME units have affordability periods of 10 years so they are potentially at risk. If any of those go into foreclosure and we cannot sell then we will have to pay the HOME funds back out of following year's allocation. The affordable resale price for these units are \$160,000 and the other is \$172,000. The affordable unit that was foreclosed on was sold without a deed restriction for \$120,000. The only way to save that unit would be to put more public funds into it to get the price down to \$80,000-\$100,000. Due to the deed restriction we cannot put more HOME funds into the project. There isn't a deed restriction that can be use with HOME funds right now.

Sandee asked what the main issue was at the Villages.

Paul responded that it was the time in which the project was built at the height of the market and the difficulty with getting condo financing. We are trying to assist the a condo board to help with condo fees, etc. to help meet the secondary market guidelines. Otherwise the only mortgages available are adjustable rate which DHCD doesn't allow. The main problem is the need for public funds in order to help the project aren't there. We will continue to keep in contact to see what can be done to help.

Art asked Paul if the HOME funds that need to be returned would drop us below the threshold.

Paul responded that he didn't think so; that it would be the same allocation with a portion going back to HUD.

Foundations is an old project that HAC developed back in 1996 with consists of twelve scattered sites units. We put \$130,000 of HOME funds into the project. There were originally ten HOME units but sometime around 2000-2001 there was a meeting with

HAC and the staff here in which it was agreed to reduce the HOME units to six to help the project financially. It was never put in writing so we will be meeting with HAC next week to figure out what needs to be done.

Foley House a rental project in Provincetown has lease terms that are month to month instead of the HOME requirement of one year. We are talking with DHCD about how to proceed.

#### Spring Workshop-

Paul asked the consortium about doing the spring workshop on Municipal Affordable Housing Trusts and asking a couple of them to come and speak on their experience.

#### Meeting enclosures-

FFY 2012 Estimated Allocation & Implications-report  
Proposed Changes to Regulations-memo  
2011 Paycheck to Paycheck-article

Meeting adjourned at 10:05am