

BARNSTABLE COUNTY HOME CONSORTIUM ADVISORY COUNCIL  
THURSDAY, JUNE 20, 2013  
CAPE COD COMMISSION OFFICE  
MEETING MINUTES

Members Present: Carl Brotman, Richard Carroll, Jon Holt, Lorri Finton, Vicki Goldsmith, Michelle Jarusiewicz, James Kyrimes, Gerry Loftus, Elaine McIlroy.

Members Not Present: Lee Berger, Jillian Douglass, Bernie Kaplan, Marlene McCollem, Cindi Maule, Sandee Perry.

Staff Present: Paul Ruchinskas, Michelle Springer

**Minutes-**

Motion made to approve the Minutes of May 16, 2013. Elaine seconded the motion, 3 members in favor, 0 opposed, 5 abstained.

**HOME Program-**

**2013 HOME Allocation Update-**

Paul explained that we will be receiving a \$10,000 increase in funding for our 2013 allocation. We were part of the 1/3 (there are 600 plus HOME jurisdictions across the United States) that received the additional funding which is based on the new census data. They used the five year American Community Survey. Paul explained that the data used (based on six criteria) for the Cape was worse than the rest of the country which led to the increase.

Paul submitted the annual plan on June 7<sup>th</sup> with the revised allocations. We will be receiving about \$390,000 and out of that \$275,000 will be used for housing production, \$75,000 for the DPCC program, and \$40,000 for Program Administration. We should be receiving the contract from HUD sometime in August. The funds normally arrive shortly after that.

About a year ago was when the 40% cut happened to our HOME funding allocation Paul was worried that our allocation was getting close to \$335,000 minimum level that you need to receive the HOME allocation. At that time Paul talked about possibly expanding our Consortium by going over the bridge. Paul has done research on this and has found that when HOME made the regulation changes in 2004 they basically "grandfathered in" existing jurisdictions, which would mean if we fell under that \$335,000 level the County would still receive HOME funding. Paul doesn't feel that it's as much of a concern at this point but that the President's budget for 2014 did include language to basically remove the grandfathering provision and re-instate the minimum funding caps.

## Down Payment/Closing Cost Program-

Paul did an analysis of our downpayment loans. Paul explained that we recently put out an RFP to administer the program and they are due July 10<sup>th</sup>. In the past HAC has been the only respondent. About three years ago Michelle went thru the 600 plus DPCC files and organized them into a spreadsheet in preparation for our annual audit. These loans (about \$3.5 million in a 20 year period) are an obligation of the County. When homeowners repay their loan or are foreclosed on we do not get any information in terms where people go from there. The information we do have shown how long people have their loans for. Paul noted that from 1992-1997, the DPCC loans were for 15 years and were declining balance loans. From 1998-2000, the DPCC loans were for 7 years with a declining balance. Since 2001, DPCC loans are due upon sale, transfer, or in some cases refinancing.

Paul noted that after he sent the memo out on the DPCC Loan Term Analysis we discovered one more foreclosure that needed to be updated. Paul received data from MHP on their Soft Second loan program that he thought was important to add to the memo (Consortium members present were given the revised memo).

Eight out of our 604 loans have been foreclosed on at a rate of 1.32%. MHP Soft Second program has over 15,000 loans with a 1.35% foreclosure rate. MHP's data on their Soft Second loan program include both delinquency rate as well as foreclosure rate. Usually when you hear foreclosure rate it's not just homes that have been foreclosed on but properties in which there is a foreclosure in process. Data from Mass. Bankers Association, MHP, and the Warren Group the Massachusetts foreclosure rate from March 2012- March 2013 was approximately 0.8%. It has been said that making low down payment loans to low income first time buyers is more risky but based on the MassHousing Partnership Soft second loan program, the data does not support that statement. They are actually safer than private loans banks make. In the last three years the foreclosure rate on the Soft Second loan were less than the prime loans that have been made in the State. This is probably due to the fact first time homebuyers have to attend first time home buyer classes and there is more support in place after the sale for foreclosure prevention, etc.

Paul separated the data into three blocks of time. From 1992-2002 there were 344 loans, 1 foreclosure, 239 repaid, and 47% of borrowers had their loans for 7-10 years. From 2003-2005 there were 112 loans made, 5 foreclosures, 12 repaid and 80.4% of borrowers had their loans for 7-10 years. From 2006-2012 there were 148 loans made, 1 foreclosure, and 3 repaid. Of the 3 that were repaid, 1 was in the 5-7 year category, 1 was in the 3-5 year category and 1 was in the 0-3 year category. In terms of length people stay in their homes Paul had heard it was around 6-7 years and from the data he could find from 2001-2008 it was for a 6 year period and it went up in 2011 to a 9 year period. Due to economics people either couldn't move during that time or were underwater with their homes. The census data from 2007-2011 stated that both people in the County and State lived in their homes for an average of 14-15 years, which was surprising.

## Chapter 40B Guideline Changes-

On May 29, 2013 DHCD released its updated Comprehensive Permit/SHI guidelines. The most notable jump was by Provincetown 6.5% to 8.9%, due to two new rental projects, Province Landing and 83 Shank Painter. The other jump came from Yarmouth with a jump from 2.4% to 4.1% due to the Simpkins School project and other rental projects they added 100 units between 2012-2013. The rest of the towns on the Cape had little change in their SHI percentage. The percentage for all the towns on the Cape combined is 5.3%, which is about 4,900 units short regionally.

Paul noted that weren't really any substantive policy changes with the updated Comprehensive Permit, most of the changes were technical. The majority of the changes were in the Affirmative Fair Housing Marketing Plan (AFHMP) guidelines. Some of the changes to the guidelines were:

The AFHMP remains in force and is to be implemented over the entire term of affordability restriction. Often time the focus was just on the initial lottery and there wasn't a lot of attention paid to what happened after the lottery, but these plans really need to be explicit about how they select the initial residents and how they fill vacancies after.

The developer/applicant shall review and update the AFHMP at least every 5 years.

The developer/applicant must certify in writing that they have reviewed the Plan and will comply with its provisions, including the necessary updates over the affordability term.

If a local preference is a condition of the comprehensive permit, the Town must provide information to the developer/applicant to submit to DHCD or the Subsidizing Agency must approve any/all local preference request; they are not automatically part of any process.

The standard of proof of local preference is pretty low. Proving that there is a need could come from local housing authorities waiting lists.

Richard asked if the new guidelines just apply to rental applicant or are they also for home buyer projects.

Paul responded that yes it is for both and these guidelines became effective May 29, 2013.

- If its homeownership, a "ready to buy" list is acceptable to use for re-sale, but it needs to be explained in the plan how that list will be maintained and updated over the period of affordability. You have three months from the date of the Comp. Permit to get the information in to DHCD and if they do not get in that time period they could deny local preference.
- Criminal background checks shall not be criteria for entrance into the lottery and any use of CORI for screening purposes must be approved by the Subsidizing Agency and should be consistent with DHCD's model policy on criminal background checks. It can be used to choose the applicant after the initial lottery but it can't be used to keep someone out of the lottery.

- Any accessible unit- either a new unit or vacancies turn over must be listed with Mass Access.
- Prohibition against use of certain phrases in marketing material which would be a violation of fair housing statutes.
- A first come, first served selection process is prohibited for initial selection purposes but may be permissible for re-sales of ownership units and rental vacancies if the Subsidizing Agency approves the Ready to Buy or other process that is included in the AFHMP.

Michelle asked with that kind of process does the original waiting list stay as it is with the names left on it and the new lottery list gets added to the bottom.

Paul replied yes, typically if you are closing a waiting list it's because you have exhausted it or you don't have enough vacancies for the number of people who are on it.

Michelle asked if it was a project 1, 2, and 3 bedroom units and the list is shorter for the 3 bedroom units, and they exhaust that before exhausting the list for the 1 and 2 bedrooms units, would they be able to do a new list for the 3 bedroom units only or have to re-do the whole list?

Paul responded that you can just do it by bedroom size. The management of the property will have to be the ones to decide if they want to officially close the list.

Michelle asked how long the lists were good for.

Paul responded that within the AFHMP there is a process for the lottery list and when it will be updated.

- Accessible units need to be offered first to individuals or households who need them, irrespective of the household's place on the waiting list.
- Lottery application fees or deposits or waiting list fees are prohibited.
- If a waiting list is closed and then re-opened, there is a minimum application period of at least 10 business days and a lottery shall be used to determine the order in which applicants are added to the wait list.

Paul explained that in order to balance the local preference against fair housing disparate impact concerns, DHCD's lottery guidelines have included a minority participation requirement. In cases where a local preference will be used, if the % of minority applicants in the pool does not equal or exceed a certain threshold, then a separate lottery for minorities from the non-local pool

is conducted and enough of those applicants then added to the local pool in order to reach the required threshold.

Paul explained in the 2006 guidelines you needed to hit the regional minority total or what the minority total was in your local community, whichever was greater. In the 2010 data there were 5 Cape communities that had higher than 8.6% minorities in their communities. Under the 2006 guidelines, Mashpee had 12.3% minorities so the target for local preference minorities would be 12.3%. If you were not able to get that amount from the local pool you would have to go outside the local pool to get the 12.3%.

Paul noted that we have had two recent projects where one had used the 2006 guidelines and the other one used the current guidelines in which the regional minority % was the target. The question raised is whether in the interest of promoting greater diversity, should we adopt a local policy, e.g. the old 2006 DHCD policy, on this issue that differs from DHCD's current policy?

Gerry spoke about his conversation with Pam Parmakian-Executive Director (who was not able to make the meeting) of HECH and her feeling was to go to the 2006 policy.

After Consortium members discussed the pros and cons of a policy change,

Richard made a motion to adopt the current DHCD guidelines, Vicki seconded the motion, 9 members in favor, 0 opposed, and 0 abstained.

#### **DHCD Public Housing Preservation Program-**

DHCD has been looking at the capital needs of State funded public housing. MA is pretty progressive in terms of having State funded public housing with a little over 45,000 units within over 1,400 developments. Here on the Cape they are 1,400 of 5,000 affordable units are public housing authority owned with 300 of them being Federal funded and the other 1,000 are State funded. When CHAPA and DHCD took a look at the capital needs of the local public housing there is about \$2 billion in capital improvements needed to the housing stock projected over the next ten years. DHCD is looking for alternatives to upgrading the public housing stock without having to pay for all of it themselves. Improving existing units is more affordable than having to produce new units. They have come up with a new program called High Leverage Asset Preservation program. DHCD has an index for capital needs in their public housing. They look at the expected life of different parts of the unit/building kitchens, roofs, etc. They figure out how old each of these components is and have an estimate for the replacement cost. If you have components past their useful life, and the value of those are more than 15% of your replacement cost, DHCD puts the unit in a fair-poor condition. If you have a significant amount of deferred capital needs in your property then DHCD looks at the property as a potential risk. They put a working group together and decided if you have a score of 15% or higher that meant you had at least three major systems that needed to be upgraded. If you had a score of 20% or higher that indicated that there were four systems that needed upgrading. There are basically four hundred properties through the State and about 7,000 units that fall into the category of having the 15% score or higher. DHCD has committed \$75 million over the next five years for this program to encourage local housing authorities to make these capital improvements. The application was

due 6/19/13 and 8 of the Cape's local housing authorities all had at least one unit if not more that were in the category of 15% or higher. Patrick Manning Executive Director of the Provincetown Housing Authority was the only Paul heard back from that was applying for the funding. The initial round of funding is for pre-development expenses for feasibility and what the cost will be. The intent is to try and come up with financing for these improvements that don't solely rely on DHCD funding to make these improvements. DHCD will commit a portion of funding to the improvements with 75% of the funding going to units needing \$65,000 worth of improvements or less and the other 25% can go up to \$165,000 per unit. DHCD is looking for the housing authorities to come with a 50% local match for any DHCD funding. Paul looked into CPC funds and from what he found you cannot use CPC funds for rehabilitation unless that project was funded with CPC funds. You can use CPC funds for preservation of community housing that was not funded with CPC funds. Our HOME funds have been used for new units other than the two POAH projects that we helped to fund but that was to reserve affordability. Otherwise HOME cannot be used as the 50% match. Paul feels that the 50% is going to be a challenge for housing authorities to get. MassHousing Partnership will be administering the program for DHCD.

### **State Housing Growth Policy-**

MHP has done a lot of work in terms of looking at zoning and housing growth in the State. A lot of the perspective is along the 495 belt. All the data seems to show that MA is well behind the rest of the country in terms of housing that's being created and not just affordable housing but housing in general, which is an economic drag on the State. It's important for the State to increase housing production. There have been studies showing that if we create a certain amount of housing units or match the national average it would create a number of jobs and contribute to the economic health of the Commonwealth. The major impediment to that is our local land use policy and discouragement of multi-family housing. The State has tried Chapter 40R districts, the new compact neighborhoods districts that are both good for engaging good planning. Even 40B which has had a big impact on affordable housing development really doesn't encourage good planning. It's usually left to the developer to choose the areas for the developments and they are not always the most desirable areas that are chosen for many reasons. The State has looked at zoning reform and encourages communities to do the right thing.

### **Town Reports-**

#### **Town of Harwich-**

HECH received \$455,000 in CPC funds for 93-97 Route 28 development which will be 20 rental units. CPC funded \$75,000 for the continuation of the Harwich Buy-Down program for two homeownership units. At Special Town meeting the town gave affordable housing designation to Thankful Chase II, in North Harwich, for a 12 unit rental project and will cost the affordable housing fund \$107,000 to pay for the back taxes. Habitat received \$139,500 from the affordable housing fund for a 7 unit development on Oak Street. Harwich has created a Middle School Re-purpose Committee and next year the Monomoy School District will declare it surplus assuming that the high school is completed and occupied. The Committee will highlight the best re-use for the Town of Harwich. If nothing else a senior affordable housing sponsor might be an option. They will be putting out an RFP.

#### Town of Wellfleet-

Ted Malone is developing five ownership condos on Gull Pond Road . He is moving forward with his public process called The Ready to Buy Initiative. Because funding had evaporated, and the way he was going to fund the project changed, it's now a LIP program and his funding source wants to see that there is a demand for the condos before they finalize funding. The Ready to Buy Initiative is a pre-application process and he will be having an info session next week. The hope is to get 10 interested parties to insure the funding. The hope is start in May 2014.

The Affordable Housing Design completion was a success and other towns are asking more about it. The second round starts in August and the designs will be at the Congregational Church for a week and you can go and vote. There has been a lot of interest in build smaller homes in Wellfleet so hopefully some really good prototypes will come out of the completion.

The Housing Authority has been without a Governor's appointee since January 2012 when Elaine LaChapelle retired after ten years. After one year they rejected the first person submitted (and they do not have to tell you why) so they have submitted someone else for the appointment. They do a background check on driving records, back taxes, etc.

#### Town of Dennis-

The CPA gave the Dennis Municipal Affordable Housing Trust \$300,000 for 15 rental assistance vouchers with case management. It's a combined program between HECH and We Can. We Can will be doing the case management. They will be going back to the CPA for more funding in a couple months. They are trying to create an economic impact statement to show that the 15 recipients of the assistance will contribute to the local economy to show that its cost beneficial. With this rental assistance program they will be insured that the rents are paid therefore insuring landlords can pay their taxes, etc. This is the second time the Town has had a Rental Assistance program.

#### Town of Truro-

The housing authority received \$180,000 from the CPA funds for land purchase and has put out an RFP. The RFP is due the end of June.

#### Town of Orleans-

The Hinkley project is finishing up and people will be moving in in the next couple weeks. The drawing for the Habitat project located on Skaket Road will be happening on Tuesday for five homes, possible six, with 55 applications.

#### Town of Yarmouth-

Town meeting approved additional funding for motel conversions, to turn them into affordable housing, and have tightened up the conversion guidelines. The town gave preliminary approval to a Habitat subdivision, which would be a private purchase. They needed to get preliminary approval from the Community Housing Committee to get permitted. Town meeting also took back \$1 million in CPC funding from the Housing Authority. There was a project on Forest Road that had received approval for a small development, but it was later announced that it would be over 100 units. There were drainage issues due to it being a cedar swamp.

#### Habitat Update-

The will be raising walls on 10 homeownership homes this year. One aspect that is making a difference in their capacity is marrying the Habitat program with USDA 502 mortgage program. For mortgage applicants who are under the 60% of median USDA needs this demographic. They qualify for Habitat's mortgage first, and once they are selected, they work with Habitat to fill out the application for the USDA 502 mortgage. They will only use the Habitat mortgage if they are not able to get the USDA 502.

**Meeting adjourned: 10:00 a.m.**

#### Meeting Enclosures:

1. Minutes of May 16, 2013
2. DPCC/Closing Cost Program Historical Analysis
3. Chapter 40B Guideline Changes and 2010 Census Data on Barnstable County Minority Population
4. Action on Housing is Key to Economic Prosperity in Massachusetts Report