

BARNSTABLE COUNTY HOME CONSORTIUM ADVISORY COUNCIL
THURSDAY, JULY 18, 2013
CAPE COD COMMISSION OFFICE
MEETING MINUTES

Members Present: Lee Berger, Jillian Douglass, Richard Carroll, Vicki Goldsmith, Bernie Kaplan, James Kyrimes, Elaine McIlroy, Sandee Perry

Members Not Present: Carl Brotman, Lorri Finton, Jon Holt, Michelle Jarusiewicz, Gerry Loftus, Marlene McCollem, Cindi Maule,

Public Present: Laura Shufelt-MassHousing Partnership

Staff Present: Paul Ruchinskas, Michelle Springer

Minutes-

Richard made the Motion to approve the Minutes of June 20, 2013. James seconded the motion, 6 members in favor, 0 opposed, 2 abstained.

As a follow up to our June discussion, Paul summarized the guidance DHCD published for Housing Authorities for use of CPA funds for Preservation of existing Public Housing Units.

State and Federal Legislative Updates-

Paul introduced Laura Shufelt, Community Assistance Manager for Massachusetts Housing Partnership (MHP).

Ms. Shufelt began by giving explaining that she was one of the original members of the HOME Consortium and was on the Consortium for many years. She then took a position with the Cape Cod Commission before working for Falmouth Housing Corp and now MHP. She just resigned from the Town of Barnstable zoning board. She is a member of the CPA and Affordable Housing Trust Fund for the Town of Barnstable.

She went on to explain who MHP is and what they do. MHP is a quasi-State agency that was founded in the 80's to respond to the lack of affordable housing in the State. In the beginning they were exclusively a technical assistance organization. MHP helped towns form local housing partnerships, which became housing committees. MHP was instrumental in starting the "Soft Second" program. Thousands of first time home buyers have received their mortgages through the "Soft Second" program. In the early 90's the State, for the first time in the nation, passed a law that would require banks merging in the State to set aside funds for MHP. At the time there were a lot of bank merging going on. The funds usually took the form of a pledge to lend money. There is a Capital fund that MHP turns around and lends at reduced rates. MHP went from

being a technical assistance organization to a permanent rental financing agency for affordable housing. In fiscal year 2013, just completed on June 30th 2013, MHP did just under \$104 million dollars of loans. As the bank mergers have slowed down and the funding became less MHP found other capital funds so they could continue to lend.

The board reserves a small piece of the profit that they make for the Community Housing Initiative division of MHP that maintains the technical assistance program. The Community Housing Initiative division of MHP does workshops, trainings, publications, and they are in the process of updating their Municipal Affordable Housing Trust guide book. Over 90 communities have established affordable housing trusts and they look to MHP for guidance on how to do various things. This year with the updated publication there are also creating a companion operations manual that will have sample documents for trust agreements, trust documents, grant agreements and as well as other various documents. The most recent draft also includes best practices. It will be published online and there will be hard copies available. They will be having three regional trainings around the trust issues. They held trainings last year that covered getting a trust started, how to fund a trust, etc. The next trainings will be on how to use the funds and how to use them correctly. One of the issues with trusts is that they do not understand that they are a municipal entity and are subject to all the procurement laws. The goal is to get education out there so that people are aware. There are a number of trusts around the State that are recipients of CPA funds in towns that do not want to create affordable housing. What they have found is that they have to spend the CPA funds so they are putting the funds in the trust, but nobody looks to see who's spending the funds so they sit. The CPA has fulfilled their obligation by allocating the funds.

Ms. Shufelt will be updating the CPA and Affordable Housing guide book, which is about five years old. There have been amendments to law that were put in the guide book but are not eligible uses. One of incorrect items currently in the guide book is in regards to homeowner rehab and CPA funds in conjunction with CDBG funds without a deed restriction, which is not allowed. MHP has compiled some helpful information as to what various communities have done with their funds as a template for other communities to use, which is very helpful.

The technical assistance program is currently working with five different cities on receivership. They work in conjunction with the Attorney General's office and the Housing Courts. There is a link on the MHP website to the Receivership Program.

MHP also does direct technical assistance to communities, housing authorities, and non-profits around affordable housing issues. The help with how to get community support and also have funding for third party feasibility studies.

Paul asked if Town need to have an approved housing plan in order to qualify for T.A.?

Ms. Shufelt answered no but to receive Priority Development Funds from Mass Housing you do need an approved plan.

The work closely with DHCD on the Priority Development Fund, which gives you more funds but you do need an approved up to date plan. If your plan is not up to date it will stall things along the way. Five years or less is considered an up to date plan.

They have targeted high opportunity communities. There is a combination of factors that go into categorizing a community as a high opportunity community such as schools, cost of living, transportation, etc. Most of the towns on the Cape are in this category.

The most known program is the 40B Technical Assistance. With that program if you have a 40B going to your zoning board then you can choose from a stable of consultants to use and MHP pays for \$15,000 of the consultant's fee the first time and after that it's \$10,000 maximum. The consultants do not work for the zoning board or the developers, they work for MHP as a neutral body. They assist the zoning board in reviewing the 40B as they are knowledgeable about the regulations, guidelines, and recent cases that have an effect on what a zoning board can do. They also help many zoning boards write decisions due to many zoning boards not having staff. They can help with negotiations if things are contentious. In a couple of towns they are being used for local initiative program applications.

MHP was instrumental in the creation of the Soft Second Program. The program is transforming itself into one mortgage, which will make it easier for borrowers and banks. They are in the process of signing banks up now. Not all the banks that have the Soft Second program switched over to one mortgage but MHP is hoping to attract other banks that have had a problem with soft second mortgages.

Paul commented that this makes it more complete for the lenders because you can sell it off to the secondary market, whereas before they were holding the 2nd mortgage in portfolio.

It still will have a reduced interest rate and there is still opportunity to get subsidy from MHP if you are below 80% AMI. It is a more easily understood program with just one mortgage.

Jill asked if there were any Cape banks participating in the one mortgage program.

Ms. Shufelt answered yes Citizens Bank.

Federal-

The sequestration within the Federal Government has really started to hurt various programs, especially the housing choice vouchers. With the housing choice vouchers you get a number of vouchers and a dollar amount so when the dollar amount goes down you lose vouchers. There will be no turn over for when someone loses the voucher and the wait list will stagnate. The amount the housing authorities can pay is being reduced because they have to try and maximize as many families as possible. Private landlords will start to opt out because they will no longer be getting the amount that the market allows for.

State-

The State Housing Bond Bill is at the Senate now and is expected to pass in the most recent form. It's \$1.4 billion over five years and increases pretty much every category over the 2008 bill.

It also has \$45 million dollars in a non-housing category for capital funds for non-profit daycare centers. There are two amendments that were carried over from the House. Ms. Shufelt explained that what she thinks they wanted it to say was that a town should have the right to say no to a 40B in a TIF area (Tax Incremental Financing) which is usually in a commercial or industrial area where a town says in order to bring business here we are going to give them a tax break due to their bringing in jobs. What the bill actually says is if you have a TIF area in town you can say no to any 40B project. It has huge repercussions if it ever passed the Senate. This is one that MHP will be watching. There is also an amendment to a bond bill to require State Public Housing to only lease to citizens or legal immigrants because currently the State doesn't ask about this information. Milton has never had a 40B project and there are four proposed 40B's in Milton right now. Milton doesn't currently having zoning to allow multi-family and the zoning is very restrictive so the only option is to do 40B. Senator Joyce would like to count assisted living rental units that have a down payment, as affordable units on the SHI.

Lee commented that there is another bill by Rep. Gifford to count mobile homes, assisted living, 1st homebuyers, and in-law apartments, as affordable housing units on the SHI. This is gaining a lot of power as the Wareham Selectman has already endorsed it. The Town of Barnstable has also received a letter to endorse this new bill.

Public Housing reform is moving slowly. The Joint Housing Committee is doing "listening tours" and they have three meetings scheduled into September and expect to have a hearing towards the end of the fall. Ms. Shufelt feels that there will be some kind of merger or consolidation of Housing Authorities, which will not be an easy process between contracts, unions, pensions, etc.

The CPA guidance from DHCD was a direct result of a new program that DHCD put out for rehab of State Public Housing called High LAP-High Leverage Asset Preservation. They looked at the State Public Housing that had a high level of need and identified projects. They have capital funds to put in as long as the Housing Authority comes up with some funds to leverage such as CPA funds. Some CPA communities do not feel that they can give CPA funds for preservation of State Public Housing or Rehab. There are others who rehab kitchens and baths. Town attorneys and/or councils usually make the final decision.

Sandee commented that it is great to get clarification on Utilization of CPA Funds for Preservation of Existing Public Housing Units but there one piece she would like to see clarified and that is on the issue of encumbrances. CPA funds and CDBG funds requires a restrictive covenant to encumber your properties and when you sign a CFA with the State they prohibit putting any kind of encumbrances on State property. This became an issue for Barnstable when they wanted to utilize CDBG funds for rehab of a 705 unit that was off-line because it needed extensive work and there wasn't money in the operating budget or capital money available. Fortunately, the State allowed some capital funding that was available to be used to make the repairs. The conflict for BHA was a deed restriction.

One of the major trainings that MHP and Community Housing Initiatives do every June is the Housing Institute training for town officials, volunteers boards, and others advocates for affordable housing. It's centered on development process, financing 101, how to build community support. They also do a case study, which people find very helpful.

One thing MHP has been working on is recognizing the difference between community support and community awareness. MHP has been emphasizing that when you have a project and a specific goal you want supported, it is important to have community support, but what's more very important to have is community awareness of the need within your community. It's also important that they don't just see you when you there's a project to support but that they are hearing often the need for affordable housing and the benefits for the community.

Clark Ziegler, Executive Director of MHP heads The Foundation for Growth, which is an organization that does a lot of research around the need for housing growth, not always affordable housing, but housing growth in order to keep MA strong economically. You can get to the Foundation for Growth website through the MHP website. They have found that if growth continued at the same rate in the greater Boston area that the Commonwealth will only grow 59,000 jobs in total over the next 10 years, which is not sustainable. In the new zoning reform bill that is in committee right now, MHP is advocating for them to include in it that every community must zone multi-family. There was some back lash from the rural communities. The first page of MHP's annual report has some of Clark Ziegler's writings about growth.

Paul asked if MHP has seen more requests for 40B assistance and if yes, is it old or new projects?

Ms. Shufelt responded that there has been a big uptick in the last 3-4 months in 40B. MHP has been seeing requests for project eligibility letters for mostly national companies, for very large rental projects, in high market areas, with no other subsidies, with 25% affordable, with 250 units in the Natick & Needham area.

James asked about the low income housing tax credit on the Federal level.

Ms. Shufelt responded that the Tax Reform Committee are advocating for a clean slate. They would like to wipe out all tax credits and then only allow them back in if there is a majority of support. This means that low income housing tax credits are on the block. There have been some national organizations that are advising folks to contact their Senator on it. There are Legislators who are going to support it.

James asked if there was anyone the Consortium could contact as a group?

Paul responded that the Senate has a deadline to submit their proposals of which tax breaks should remain and an explanation of why.

MHP is trying to analyze why affordable housing projects cost are so high. The tax credit program also is a dis-incentive to reduce costs because then you reduce your tax credits.

Paul explained that there is a mortgage interest deduction that the National Low Income Housing Coalition has a proposal to convert it to a tax credit. The effect it would have would benefit low and middle income homeowners so often times if you do not itemize deductions you do not benefit from it because 80% of the benefits goes to folks in the upper 20% income. Fundamentally more of our housing expenditures at the Federal level go to support homeownership of the higher income homeowners than is going to low income rental.

Consortium members agreed that Paul should draft a letter to Towns explaining why Rep. Gifford's bill on counting mobile homes, etc. is bad public policy.

Reminder-

Stuart Saginor, Executive Director of Community Preservation Coalition will be coming to speak on July 25th to speak about updates on uses of CPC funds.

Meeting adjourned: 9:47 a.m.

Meeting Enclosures:

1. Minutes of June 20, 2013
2. DHCD Guidance on Use of CPA Funds by Housing Authorities