

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

Members Present: Lee Berger, Richard Carroll, Jillian Douglass, Lorri Finton, Jon Holt, Michelle Jarusiewicz, Bernie Kaplan, Gerry Loftus, Marlene McCollem, Mary McDermott, Sandee Perry.

Members Not Present: Vicki Goldsmith, Art Hultin, Elaine McIlroy, Judith Riordan

Public Present: Gael Kelleher-Housing Assistance Corp., Cindi Maule-Chatham Housing Committee, Brenda Rocklage-Housing Assistance Corp., Michael Galasso-The Resource, Inc.

Staff Present: Paul Ruchinskis, Michelle Springer

MINUTES

Richard made a motion to approve the minutes of May 17, 2012. Sandee seconded the motion, 9 members in favor, 0 opposed, 1 abstained.

Correction to page 3- Paragraph 5 where it says NOTE: Paul reviewed the draft regulations after the meeting and the proposed limit is 18 months, not 12 should be under paragraph 8 after Marlene's question.

HOME Program

Project funding update

Paul explained that the Consortium has about \$890,000 available to commit. Of that \$100,000 has to be reserved for CHDO (Community Housing Development Organizations that are non-profit) projects. By August 31st we need to commit \$180,000 in order to meet our two year commitment requirement under the HOME regulations. There were two projects that we committed to last June, Community Green and Village Green. Because the two projects didn't get their funding in time, under the new regulations HUD automatically cancels the project if we don't spend the funds within 12 months and that is what happened to the two projects. The funding that was committed to these two projects is now part of the \$890,000 that we need to commit.

DHCD has changed their funding round process a bit for this year. They are requiring that the applicant submit a pre-application. The pre-application is due by August 1st. They are looking to fund projects that are ready to go with building permits, local

funding secured, etc. The funding round for DHCD will be October 12th. Keeping with the Consortium's policy, October 12th will be our next funding round as well.

Paul said he is aware of five projects that will be submitting pre-applications:

- Dakota Partners- Village Green-Barnstable
- Stratford Capital Group-Coady School -Bourne
- HAC- Melpet Farm-Dennis
- Falmouth Housing Corp.-Woods Hole
- Community Housing Resource-Stable Path-Provincetown

HECH is looking at a project in West Harwich, but Paul is not sure if they will be submitting a pre-application for the project.

Paul asked Lee if he knew if the Coady School needed any permitting.

Lee responded that he thought they would need a 40B because it is a R40 Zone and they have not gone to the Bourne ZBA as of yet.

Paul said that probably Stratford will not be submitting a pre-application for this round if they haven't started the process. That would make it four projects that would be coming to us for funding.

For the Simpkins School and Sally's Way projects Paul had our attorney draw up a draft loan documents at a cost of about \$300 each to keep the projects on the list for our 2 year commitment requirement. If the projects don't go forward, we will have to pay HUD back the \$600 in funding.

Marlene asked if Paul knew if HAC would be re-submitting the application for Community Green. Paul responded that he didn't know if they would in the future or not.

Funding request-Housing Assistance Corp.-\$50,000 Breezy Acres/Great Cove Community-Mashpee-

We made the original funding award in June 2011 for \$175,000. It will consist of ten new rental housing units on Old Barnstable Road. The Mashpee Housing Authority will lease the land to HAC, and HAC will build the ten units and the housing authority will manage the units. They will tie the existing 6 units and the 10 new units to the Mashpee High School waste water treatment plant as a way to improve the water quality. A business meeting happened in April and HAC seemed ready to launch into the closing process when they discovered they had a gap of over \$300,000. They had a \$200,000 gap in construction items that they missed in the original cost estimate. HAC tried closing the gap, but are still short \$267,000 in funding to complete the project. In the memo included in the meeting packet HAC outlines how they can fill the gap by requesting

\$50,000 from the HOME Consortium, \$60,000 from the Town of Mashpee (the town currently has roughly \$250,000 of affordable housing mitigation money at the Commission from a project in Mashpee that happened 8 years ago and that's where the \$60,000 would come from). That funding would go towards the sprinkler system that the Mashpee Fire Chief has strongly suggested they put in but is not required by code. Some of the developer fee is included in the gap as well as various state increases.

The Review Committee met last Friday and recommended approval of the \$50,000 request in funding with two conditions. The committee asked that HAC approach the town about seeing if they could get a waiver for the \$20,000 water/sewer connection fees. HAC said that they will ask for the waiver through the water commissioners. In the memo HAC asked that if there is any unused construction contingency that HAC be allowed to use that first to re-coup the \$40,000 in fees that they are giving up. The Review Committee thought any un-used contingency should go back into the project to restore some of the things HAC had to cut out; for example, hollow core doors, pine trim, etc. This would help to decrease the ongoing maintenance cost. One other condition that Paul recommends adding (that DHCD uses) that HAC be in good standing. There is one HAC project that has a finding that still needs to be resolved that was found through Michelle's annual monitoring. This finding being resolved would be an additional condition of the funding. This is something Paul would like to adopt this for all funding requests.

Pau had a conference call with all the funders on Monday where Adrienne went over everything and the other funders thought that the additional funding amount the HAC requested from them was reasonable.

This request would put us over the project limit amount that we currently have in our funding policy, which has only happened twice in the last 11 years. This will set a precedent for future applicants.

Members further discussed the sprinkler and the waste water system issues.

Funding Conditions:

- HAC requests a waiver of the water and sewer fee
- Any construction contingency goes back to the project
- Good standing

Lee made the motion to approve the additional funding for Great Cove Community with conditions, Gerry seconded the motion, 10 in favor, 1 opposed, 0 abstained.

~~Funding request- The Resource, Inc.-\$202,300-20 Shore Street-Falmouth-~~

Michael Galasso gave a brief presentation on the work that The Resource, Inc. has done in the past and presented the 20 Shore Street project to the Consortium. TRI is a non-profit that has been around since 1994. Its primary business has been to manage the Homeowners Rehab programs in various Cape communities that receive CDBG State funds. In the last 4-5 years TRI has expanded into doing some development work

including a 5 unit project in Dennis and projects in New Bedford on foreclosed properties.

The 20 Shore Street project is a foreclosed property located in Falmouth and will consist of three rental units at a cost of \$570,000, including funding from the Falmouth CPA, first mortgage funding, and the request for us of \$202,300. The amount is over the \$25,000 per unit amount that they would receive based on our scoring system. The Review Committee met and discussed the project. The committee's recommendation was to fund the project, but at the funding max of \$75,000.

Concerns-

- Going over our funding policy amount/award limit at \$67,433 per unit
- TRI has a limited portfolio for managing rental properties
- Small developer fee
- Located in the historic district and if the rehab specs will meet the standards
- Not enough units created for the funding amount
- Older home could involve lead paint, etc.
- Permitting is not complete still need historic commission approval and zoning board for third unit.
- Legal funds in budget seem low
- Vacancy rate in budget seems low
- Sets a precedent for future applicants to request more funding than allowable under our current scoring system.

Positive Aspect-

- Rehab of a foreclosed home rather than new construction
- Located in town close to transportation, jobs, etc.
- Neighborhood support
- Lower per unit total development costs

Lee made a motion to approve \$75,000 in funding to the project, Richard seconded the motion

Jillian made a motion to amend Lee's motion to approve \$150,000 in funding (no second)

Jillian made a motion to amend Lee's motion and to approve \$105,000 in funding, Lorri seconded the motion, and 10 in favor, 1 opposed, and 0 abstained.

HUD Monitoring Visit-

Paul explained that we had a HUD monitoring visit July 17th with our HUD Rep Cleonie Mainvielle to review our 2010 DPCC program. So far the feedback has been positive with no findings. They visited Brenda Rocklage at HAC to review files. We will have to wait and see if they come back with anything after they fully review all the documents they

collected, which could take a couple months. HUD comes out every three years to monitor a part of the HOME program.

Nelson Ave.-Subordination request-

Community Development Partnership is asking to refinance the Nelson Ave. property in Provincetown. We do have a policy about this that we adopted back in 2006. It does state that they must obtain written approval from the Consortium. The original amount of the loan was \$60,000 and was awarded in 2001. Paul has reviewed the request and feels that we should give permission to refinance in the amount of \$123,000 and subordinate our mortgage. The money will go back into the property for energy efficiency upgrades such as solar panels.

Lee made a motion to approve the Nelson Ave. subordination request, Bernie seconded the motion, and 11 in favor, 0 opposed, and 0 abstained.

Marlene asked that a review of the funding limits go on the August agenda.

The DPCC Eligibility and Underwriting Policy was not discussed and will be the first item on the August agenda.

Meeting adjourned at 9:58

Meeting Enclosures-

1. Great Cove Community funding request
2. The Resource, Inc. funding request and Power Point presentation
3. DPCC Eligibility and Underwriting Policy