

BARNSTABLE COUNTY HOME CONSORTIUM ADVISORY COUNCIL
THURSDAY, SEPTEMBER 20, 2012
CAPE COD COMMISSION OFFICE
MEETING MINUTES

Members Present: Lee Berger, Richard Carroll, Lorri Finton, Vicki Goldsmith, Jon Holt, Michelle Jarusiewicz, Bernie Kaplan, Gerry Loftus, Elaine McIlroy, Mary McDermott, Sandee Perry

Members Not Present: Jillian Douglass, Art Hultin, Marlene McCollem, Judith Riordan

Staff Present: Paul Ruchinskas, Michelle Springer

Consortium Member Update- Judith Riordan has resigned as the Bourne Representative.

MINUTES-

Richard made a motion to approve the minutes of August 16, 2012. Jon seconded the motion, 9 members in favor, 0 opposed, 2 abstained.

Correction 1: Page 3- Under "Minimum down payment", third sentence down, should read "would go towards the closing cost" not we.

Correction 2: Page 4- Under "Rental Funding Guidelines" second bullet, Sandee asked why we would fund a project below the scoring limit. Paul responded that we have two scoring limits. We have a minimum scoring limit of 70-89 points, which makes them eligible for \$30,000 per unit up to \$150,000, and if they score 90 or above, they are eligible for \$35,000 per unit for a total of \$175,000.

HOME Program-

Annual Plan/Annual Report/Commitment Deadline-

Paul received notice from HUD on August 29th that they have approved our annual plan for next year. We have signed and sent back the contract. The new funds have not been released yet, but Paul expects they should be released sometime before September 30th.

Paul sent the annual report to HUD yesterday for last year's activities. There were no comments submitted during the comment period.

Paul reported that we made our two year commitment deadline. The report used by the HUD Regional office states that we made it by \$115,000. There is another report that Paul is able to get on a daily basis that has us making it by \$50,000. We are not sure as to what the discrepancy is between them. We will need to commit around \$600,000 by next August between development projects and down payment loans.

Funding Requests-

DHCD has changed the funding round process this time. They had applicants submit a pre-application that was due August 1st that was a more compact application. DHCD reviewed the applications and notified the applicants that were ok to go ahead and apply. If they didn't get past the pre-application phase DHCD let them know what the issue(s) were. They came up with a set of four funding priorities. The project had to qualify under at least one of these four priorities to get through the pre-application round and make it to the final funding round.

- Housing for extremely low-income-You would need to reserve 20% of the units for families/individuals/seniors that have incomes of 30% of median or below. This is difficult to do unless you have project based vouchers.
- Investment in distressed and at-risk neighborhoods-Projects located in "at risk neighborhoods", which are the Commonwealth's Gateway cities. Barnstable is the only city on the Cape considered a "Gateway city".
- Preservation of existing affordable housing- To preserve and extend affordability.
- Family housing production- Neighborhoods and communities that provide access to opportunities, including jobs, transportation, education, and public amenities. That also includes at least 65% of the units in a project to be two bedroom or larger, and at least 10% must be 3 bedrooms. Unless you can show through data that there is a need for smaller units.

This was included in the DHCD's modification to their tax credit plan. They have to submit an annual plan for how they intend to allocate the tax credits and what their criteria will be.

Paul thought about submitting a comment letter on the second priority but decided not to. There is something called a "qualified census tract" that gets an extra amount of tax credits and you also an extra amount of tax credit if you are in a "difficult to develop" area, which all of the Cape is considered. Any tax credit project on the Cape that gets proposed has the ability to get more tax credits than if they weren't. Paul suggests including that as a qualifying criteria as well for number two in DHCD's pre-application priorities. If you want to do senior housing on the Cape under these priorities you would only be able to do it under the first priority. These priorities are going to make it a challenge for developers on the Cape. CHAPA will be looking closely at DHCD's pre-application process to see how it works out this funding round.

Six Cape projects applied for the pre-application round and three made it through. They will all apply in October.

1. Village Green in Barnstable
2. Housing Assistance Corp's project off Route 134 (formally Melpet Farm)
3. Falmouth Housing Corp's project in Woods Hole.

The three that didn't make it were the Stratford Capital Group's Coady School project (which has not been permitted yet), HECH's West Harwich project, and Community Housing Resource's Stable Path project. They will be re-applying at the next pre-application round this coming winter.

POAH will not be coming to us for funding for their Kings Landing project. They have applied to the Brewster CPC for funding. The only other funding that Paul is aware of that might be coming to us is a small non-profit in Yarmouth called Building Dreams. Mike Williams, the former construction manager for Habitat for Humanity, is the developer and they have been awarded \$190,000 in Yarmouth CPC funding to purchase four existing homes in Yarmouth. They will have to do the necessary rehab and then they will be made into affordable rental units.

Paul has met with Mike to go over the requirements for applying for the HOME funding. They would not be applying for DHCD funding, just local.

Refinancing Requests-

Neither property that has inquired about refinancing has submitted the package to us yet.

Federal Budget/Policy Issues-

Both the House and Senate passed a continuing resolution for level funding that will fund the government through the end of March of next year. If nothing happens after the election and Congress cannot agree on the fiscal year 13 budget and how to deal with the "Budget Control Act," a set of automatic cuts will go into effect. That would mean an 8% cut across the board on all domestic and military programs. HUD estimates a quarter of a million people will lose their housing vouchers along with about 100,000 that participate in programs funded with McKinney Homeless grants. For the HOME program, level funding would be the best case, with a \$30,000-\$35,000 cut likely from any automatic cuts. We need \$350,000 in HUD funding to continue the program.

LIHTC Study-

The Cape was late in gaining low income tax credits, which passed in 1987. Dennis Commons was our first tax credit project but since then, there have been a significant amount of projects using the tax credits. There are 868 units out of our 5,100 affordable units that have been done through the tax credit program. Eleven out of the seventeen properties that have our HOME funding, and are tax credit, were sponsored by non-profits and the twelfth Community Housing Resource (which is for profit with a non-profit associated mission). The study noted that the initial projects had just a 15 year affordability term and anything after 1990 have at least a 30 year affordability term. Many on the Cape have our HOME funds in them, or DHCD funds, and typically have a longer affordability period. Even though there is a minimum 30 year term for all of these tax credit properties, we will hopefully not be facing any issues with these properties for many years.

Nationwide the earlier projects have pretty much remained affordable with a combination of non-profit sponsors or it made sense not to convert to market rate housing. A higher percentage of tax credit properties that were created from 1995-2009 had non-profit sponsors. This is the first study Paul has seen that looks at what happened to tax credit properties and it is somewhat encouraging.

Paul did note one concern in regards to tax credit properties. Tax credit properties as well as non-tax credit properties have not been putting enough replacement reserve aside for needed capital upgrades (tax credit investors are only concerned with the first 15 year period).

State Issues-

Budget-

Sean Caron reported (at the CHAPA regional meeting that Paul attended) that on the State level it was not a bad year for affordable housing and Massachusetts is doing better than the rest of the nation. In the budget there is \$42 million set aside for the Mass Rental Voucher program about a 16% increase over last year. This translates into 500-550 more vouchers, and DHCD has made the policy choice that 400 of them will be dedicated to families that are homeless and that have a family member with a disability who is receive disability or SSI. The other 100-150 will be dedicated to supportive housing for people with disabilities. These will be targeted towards the people with the most housing needs.

Public housing operating subsidies received a \$2 million increase up to \$64.5 million and housing authorities statewide should be receiving \$90-\$95 million to cover the cost of maintaining the properties.

The RAP program, which is somewhat of a homeless prevention program, is for people earning less than 30% of median income, received an increase from \$260,000 to \$8.7 million. There will be a substantial amount for resources for people (up to \$4000) to provide for 1st, last, and security on housing rather than having to go into a shelter.

The State low income housing tax credit allocation was doubled so there will be more state resources available. The capital budget finances the Housing Investment Fund and a couple other State development funding sources increased from \$168 million to \$178 million.

The CPA revisions passed and would result in \$25 million more if in fact the State has a budget surplus which most people are anticipating. This would increase the State match to 45% where it is now around 22%. Next fall we will hopefully be seeing a big bump in the CPA funding.

CHAPA Regional Meeting-

Paul attended the CHAPA Regional meeting yesterday and CHAPA has "The Massachusetts Affordable Housing Toolbox" on its website. It is made up of best practices from across the

State. This is something that came up as a result of the 40B campaign. It has a short description of financing tools, funding sources available, etc.

CHAPA also announced that they have a small amount of funding for Community Assistance Grants. This is similar to our local TAP funds that we award for pre-development, planning, etc.

Housing Authority Commission Reform Study-

One of the most challenging recommendations is in reference to single unified property management system consisting of local site staff, regional supervision and technical assistance, and centralized back office and application waitlist functions. This is targeted to housing authorities that have 200-250 or less State funded units and/or vouchers. It will also involve a governing structure to try to provide more resources to smaller housing authorities. The intent is to still have local site staff.

Sandee stated that a lot of this stems from prior issues with the Housing Authorities in Chelsea and Medford. There are a lot of different ideas being put out there of which will require additional funding. Some of the ideas are:

- Regionalization of just the smaller housing agencies
- The regionalization of all housing agencies with a regional board over seeing them
- A level of bureaucracy that would take over some of the aspects of administrating local housing authorities
- A state wide waiting list

Sandee explained that the directors of the Cape Housing Authorities get together monthly and share ideas on purchasing, services, problem solving, etc.

HAC currently administers the regional waiting list for Section 8 vouchers. If the State regulations were equal to what HAC currently uses for their requirements, than it might be possible for there to be a regional public housing waiting list for units. State regulations are different from Section 8 regulations and HAC doesn't currently keep a waiting list for public housing.

Gerry brought up the Regional Ready Renters list that the town of Harwich participates in that is administered through the Cape Cod Commission. Paul explained that there are four towns that participate in the program- Barnstable, Dennis, Harwich, and Yarmouth. The list was set up for towns that have local affordable housing by-laws. The primary benefit for the town is that it satisfies DHCD's "Fair Marketing Guidelines" and enables the units to count on the Subsidized Housing Inventory list.

MHP Training-

Paul attended the MassHousing Partnership workshop last week on Chapter 30B which is the State's Procurement process and Chapter 149 which is the State's Public Bidding process. It was primarily directed at housing authorities who need to follow these processes. DHCD is interested in looking at housing authorities request for proposals, if they are intending to acquire or dispose of property, whether it is property that is related to current State housing

properties or other properties. DHCD would like to review RFP's before they go out to make sure things are being done" by the book".

Regional Data-

Cape housing prices are 10% higher for a single family home and the wages are 30% lower than the rest of the State and has been since 2005. Banker and Tradesman, at the end of the year will do a summary for Barnstable County of the median sales price and that is what Paul has used in the past. Paul found out that they go back and check and do further research and adjust the median income. The numbers from 2005-2007 were higher than what had been reported in the year end statistics that Paul had used in the past. In 2006 the number of sales was reduced by about 400 as a result of further review. Paul went back and adjusted the affordability gap and it hasn't changed much. This year so far the low interest rates are making home ownership more affordable.

Other Business/Announcements-

Elaine talked about her tour of Province Landing, a new project in Provincetown, developed by Community Builders. She said the project had turned out great with community rooms, art exhibits, on-site services, etc.

There will be a dedication on October 3rd for the project.

Shank Painter has one vacancy left.

Meeting Adjourned-9:40

Meeting Enclosures:

1. Minutes of August 16, 2012
2. LIHTC study
3. Report of the Public Housing Sustainability and Reform
4. DHCD Housing Development Funding Priorities
5. Median Family Home Sales Comparison/Annual Average Wage Comp./ Cape Home Ownership Affordability Gap and Sales Price