

BARNSTABLE COUNTY HOME CONSORTIUM ADVISORY COUNCIL
THURSDAY, OCTOBER 17, 2013
CAPE COD COMMISSION OFFICE
MEETING MINUTES

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

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

Public Present-Michael Galasso and Jill O'Neil, both from TRI

Staff Present: Paul Ruchinskas, Michelle Springer

Correction to August 29, 2013 Minutes-Elaine McIlroy was not present and Michelle Jarusiewicz was present.

Minutes-

Richard made the Motion to approve the Minutes of August 29, 2013. James seconded the motion, 6 members in favor, 0 opposed, 1 abstained.

HOME Consortium Member Update-

Paul announced that Gerry Loftus has resigned as the Representative for the Town of Harwich as of October 1, 2013. Gerry was a very active member and will be greatly missed both on the Consortium and also on the Town's Affordable Housing Committee.

HOME Funding Request-

Funding Request-Village Green II-770 Independence Drive, Barnstable, MA-Dakota Partners-\$125,000-

Paul explained that the Government shut down has delayed the closing for Village Green I. Paul doesn't feel that there will be any issues that will prevent the closing. The Consortium voted to add the following conditions to our funding commitment letter: successful lease up of Phase I, and in Phase II storage for all 60 units and the bus service.

Richard made a motion to approve the funding based on the conditions within the commitment letter, Carl seconded, 7 approve, 0 opposed, 0 abstained.

Funding Request-20 Shore Street, Falmouth, MA-The Resource, Inc. (TRI)-\$105,000-

Michael Galasso and Jill O'Neil both from The Resource, Inc., attended the meeting to review the project and answer any questions the Consortium had. One of the questions that the Project

Review Committee had was in regards to the disposal of hazardous waste, which was not a line item on TRI's "Work Write-Up Price Worksheet". Michael explained that the cost of removal and disposal of the hazardous waste was included in the \$15,000 demolition line.

The question was asked how they were able to make up the gap in funding that they have. Michael explained that the operating budget tight with only a 10% cushion after paying the mortgage and that the development budget was also tight with \$310,000 of rehab needed. He explained that they have good relationships with the local subs and suppliers and were able to get the price reduced on some of the work and received either a discount or donated supplies, which helped bring the low bidder's number in line with what they needed. The net developer's fee is very modest at \$1,600. They are not receiving any funding from DHCD. He also noted at the time they created the budget a sprinkler system was not a part of the building code, but it is a requirement now.

Richard made the motion to approve the \$105,000 funding request, Vicki seconded, 7 approved, 0 opposed, 0 abstained.

HOME Regulation Changes-

Paul and Michelle attended a HUD briefing on the new HOME regulations which for the most part became effective on August 23, 2013. Other parts of the regulations will become effective in January and July of 2014, and some in January of 2015. Paul and Michelle are in the process of writing policies and procedures that are now required for the various programs that we administer. Some of the changes include the financial review of all rental projects annually (which we currently do); we will have to annually approve all rental increases; we will need have procedures in place for the underwriting of the DPCC and HP projects; we will need to have a physical inspection of all new rental projects within one year after completion; and commitment of funds can only happen after all of the necessary financing is secured, a budget and production schedule is established, underwriting and subsidy layering is complete, and construction is to begin within 12 months. This latter change will make meeting the 2 year commitment requirement more challenging. We are now able to come up with our own monitoring process as long as every project is monitored at least every 3 years, and we are also able to start charging a monitoring fee for all new projects. The monitoring fee would help to offset Michelle's time spent on monitoring and the physical inspections that we contract out.

Michelle Jarusiewicz raised a concern in regards to the charging of a monitoring fee. The developers of these projects already have a lot of costs and fees that they have to cover and to add another fee to that will just raise the cost of the projects we are funding. She stated that she did understand the reasoning behind our looking at this to help offset cost, but it's something we really need to look into more and discuss.

A change in the CHDO regulations means that CHDO's must have paid staff with demonstrated housing development capacity appropriate to the CHDO's role. This means that they cannot use volunteers, donated staff, shared staff or board members. The staff person can be either part or full time or an independent contractor to qualify for CHDO funds. As of right now, HECH will no longer be able to apply for those CHDO set aside funds due to this requirement.

In the past a rental project could use either the local housing authority or HOME utility allowance schedule. The new regulations state that each project will have to use the utility allowance model used by tax credit properties. There is an online model that you plug the information into that will give you current utility allowances for each specific project.

Paul will be coming to the Consortium with all the new policies and procedures drafted by staff in the coming year.

Federal Budget-

With the Government shut down we are still able to access our 2012 grant funding so we have not had to delay any DPCC and HP draws, which is good. We hope to be able to access the 2013 funding once things are running again. In the past we have received the grant funding in August or September. We have enough funding within the 2012 grant year to keep approving DPCC and draws so that will not be any delay.

Municipal Affordable Housing Trusts (MAHT)-

Paul attended an MHP MAHT workshop in Plymouth. There are at least 5 MAHT's on the Cape (Bourne, Mashpee, Yarmouth, Dennis, and Eastham) that have been formed under the provisions of the 2005 MAHT legislation (MGL Chapter 44, Section 55C). There are housing trusts or housing funds in most other Cape communities that were formed prior to 2005 that do not necessarily have the same powers as allowed by 55C.

One of the common themes was the issue of control- especially with respect to the use of CPC funds. Many CPC's have been reluctant to award and disburse funds to MAHT's unless it is for a specific project or purpose which runs contrary to part of the rationale for MAHT's: to have the flexibility to respond to opportunities or needs that arise without having to go to Town meeting for approval. MHP recommended that MAHT's develop a plan and budget to submit to their CPC with their funding request.

As municipal bodies, MAHT's are subject to the state's Chapter 30B procurement regulations; however, if an MAHT acquires property with CPA funding, then it is exempt from Chapter 30B. If the MAHT then wants to dispose of the property to a developer or a home buyer, then it must follow the Chapter 30B process. Also, if the acquisition is funded with non CPA funds, then the acquisition must adhere to Chapter 30B procedures.

Regional Community Preservation Act (CPA) Spending on Housing-

Paul created a handout that included all 15 towns on the Cape, for the time period of 2005-2013, that states the amount of funding awarded to housing activities, the total CPA revenue per town and the total percentage of affordable housing created through the use of the CPA funds. Towns have awarded over \$32 million of the \$183 million of the total CPA revenue toward affordable housing- almost 18% of the total allocation. Provincetown came in the highest with \$3,516,931 in funding awarded out of \$4,591,366 in revenue with 76.60% of the total going towards housing projects. The town of Yarmouth ranked 2nd with \$6,415,278 in funding awarded out of

\$15,744,456 in revenue and 40.75% of the total going towards housing projects. The town of Yarmouth had a good number of hotel/motel conversions that were funded through CPC funds.

The second handout gave the CPA amount by town and AH category. It breaks the funding down by rental production, ownership production, ownership buy downs or down payment, preservation of existing affordable units, support for individual households, and consultants' professional services. Over 50% of the \$32 million in CPA that Towns have committed to affordable housing have been for rental developments.

Announcements/Other Business-

As a result of a Regional Network To Address Homelessness Policy Board meeting on Martha's Vineyard in June, Paul reported that Martha's Vineyard was interested in joining the HOME Consortium. HOME requires that consortia be contiguous political bodies. If there is a separation by a water body, there must be a bridge connecting the communities- ferry service does not qualify. In part because of that issue and in part because Paul was informed that the CCC has no interest in expanding the Consortium beyond Barnstable County, Paul informed the Vineyard that we could not support the Vineyard's request to HUD to be added. Paul did tell them that actually rental projects could receive a bit more HOME funding if they were not part of the Consortium. In addition, it seemed unlikely that the DPCC program would be helpful on the Vineyard as there are likely not many homes selling in the low \$200,000's range there.

The Cape Cod Times recently had an article about the random shooting at Clay Pond Cove in Bourne (one of our newest rental projects). Paul has spoken to staff at POAH to find out what they are doing to resolve this issue. POAH has been meeting with residents to keep them informed and is considering a swipe card entry as well as cameras, but assured Paul they are on top of it and are working with the local authorities to remedy the situation. POAH stated that they were working very closely and cooperatively with the Bourne Police Department and that the Police Department has been very responsive in trying to find the person(s) responsible.

Meeting adjourned at 10:00am

Enclosures-

1. Minute of August 29, 2013 Meeting
2. Underwriting Analysis of Funding for Village Green Phase II
3. Source and Uses of Funds for Village Green II
4. Summary of changes in HOME Regulations
5. CPA Funding of Affordable Housing by Town and Category
6. CPA by Town of Affordable Housing as % of Total CPA Revenue