

BARNSTABLE COUNTY HOME CONSORTIUM ADVISORY COUNCIL  
THURSDAY, OCTOBER 18, 2012  
CAPE COD COMMISSION OFFICE  
MEETING MINUTES

Members Present: Richard Carroll, Jillian Douglass, Lorri Finton, Vicki Goldsmith, Bernie Kaplan, Gerry Loftus, Sandee Perry

Members Not Present: Lee Berger, Jon Holt, Art Hultin, Michelle Jarusiewicz, Marlene McCollem, Mary McDermott, Elaine McIlroy

Public Present- Bill Grant, Cindi Maule

Staff Present: Paul Ruchinkas, Michelle Springer

**MINUTES-**

Gerry made a motion to approve the minutes of September 20, 2012. Richard seconded the motion, 6 members in favor, 0 opposed, 0 abstained.

**HOME Program-**

**Commitments by Town-**

Paul put together a report of "HOME Commitments and Expenditures by Community ". The towns with the most projects and funding were Barnstable and Falmouth, which are the two biggest communities, Provincetown had the third biggest amount, and Harwich was the fourth. We have made almost 600 DPCC loans and 167 rehab loans. Overall we have spent money in every community, but not necessarily every single program in the community.

**Project Status Report-**

The report shows where the projects are in the process. Clay Pond Cove still has some vacancies that they are trying to fill. The projects that are closed and under way are Clay Pond, 83 Shank Painter Rd., Province Landing, and Rock Harbor. In regards to Province Landing the contractor, Williams Building, Co. has filed a claim with the owner for \$2.3 million in delay damages. The next step will likely be a mediation meeting.

Barnstable HOP is the one project that we have on hold. HAC bought and resold two homes to eligible buyers in 2009 and 2010; however, the project has been on hold for two years because of the HOME deed restriction issue. The Consortium committed funding to the project four years ago, and all funds must be spent within five years. Staff had a conference call with the Town and HAC and determined, that because of the market conditions, the tighter lending requirements, and the limited mortgage options with HOME deed rider that it made sense to end the project, close the project out with HUD, and recapture the remaining \$90,000 for other projects/uses.

The projects with commitments that are in the loan closing process are Simpkins School, Sally's Way, Great Cove Community, and Stage Coach Road.

We have one project with a conditional funding commitment, which is Shore Street.

### **Funding Requests-**

We received three funding requests- Dakota Partners for Village Green in Barnstable, which will be 60 units, Housing Assistance Corp. submitted for the former Melpet Farm site in Dennis called Route 134 for 27 units, and Falmouth Housing Corp. submitted for Notantico Woods, 11 units in Woods Hole. The Project Review Committee will be meeting next month to review the projects.

### **Final HOME Rule-**

HUD hopes to have the regulatory changes out soon. There will be a lot more policy and procedures that we will need to create. Paul hopes that a site can be set up so that HOME PJ's can share documents.

### **Fair Market Rents-**

Included in the meeting packet is a copy of the new FY13 Fair Market Rents. Paul put a chart together of the FMRs since 2001. The 2013 FMR for Barnstable County are a reflection of "Recent Mover Data" that comes from the 2006-2010 American Community Survey. It doesn't really reflect the current rental market and the FMR is capped at the 40% median rent. Meaning 40% would be lower and 60% would be higher. For many years the Section 8 program on the Cape has used 110% of the payment standard.

Cindi explained that HAC's payment standard is 110% for Section 8.

Sandee said that BHA's payment standard is 100%, but that the three and four bedroom amounts have gone up significantly. To stay within their budget BHA will be going to 95% of FMR for a three bedroom and 97% of FMR for a four bedroom.

The HOME rents will be affected by the change in the FMR. The HOME rents are the lesser of the FMR and what someone at 65% of median can afford.

In the 2010 Census the Cape had a rental vacancy of 12.4%. A healthy rental market should have a vacancy rate of about 7.4%; therefore, the higher vacancy rate should mean a reduction in market rents.

## Federal Policy-Tax Reform Proposal-

The National Low Income Housing Coalition has been working on a Housing Tax Reform Proposal. The Government Accountability Office did a study from fiscal year 2010, on government related housing expenditures that totaled about \$170 billion with \$38 of it was direct HUD spending and \$132 billion was tax revenue loses. The low income housing tax credit program was \$5.6 billion which is forgone revenue that the government gave and the mortgage interest deduction cost the government \$80 billion. If that was not a part of the tax code the treasury would have collected \$80 billion more in taxes. In 2010 households making more than \$100,000 were 13% of all tax returns yet they accounted for 47% of that \$80 billion. Households under \$100,000 or 87% of tax filers get 53% of the benefits. The realtor and development community say they need this to promote home ownership. Other countries do not have this in their tax code but have a comparable homeownership rate to the US. This is something that has been looked at for years and the National Low Income Housing Coalition has come up with a proposal to convert it into a tax credit rather than a deduction. Many middle/lower income tax filers don't have enough itemized deductions so they take the standard deduction and in effect do not receive the benefit. The tax credit would apply to anybody who owns a home; however, the amount of the mortgage eligible for the credit would be limited to \$500,000. NLIHC estimated it would broaden the number of households that would benefit and save between \$20-\$40 billion dollars a year. Their proposal is to apply that to the Affordable Housing Trust Fund that Congress passed, but never funded. In the polls they have done there is public support for this, but will it ever get through Congress is unclear, or if it does then there is a possibility they would apply it to the deficit.

## Chapter 40B-

DHCD hosted a 40B workshop, and they are looking at some changes to the 40B guidelines. One of the changes will be to assisted living facilities and what the definition is in order to qualify on the SHI. The other part of that is to figure out the rental standard that should be used. Another area they are looking at is Housing Production plans and changing the effective date to be the date that DHCD approves it, rather than when you submit them. In the initial design guidelines they had density standards for the number of units per acre which they have taken out. There will be new language in regards to the Affirmative Fair Marketing and Resident Selection Plan and CORI checks. The new guidelines state that all CORI checks would have to be approved by the subsidizing agency and conform to the DHCD model policy (which isn't out yet).

Sandee explained that DHCD wants to make sure you have an appeal process.

There will also be a prohibition in regards to the language you can use for example "active adult community" or "empty nester" will not be allowed. There will also be no "first come first serve" option for a lottery process.

## MHP Workshop-

Paul explained that Mass Housing is issuing “Project Eligibility Denial” letters. Easton recently had a case where the site and design was not terrific; the town had just completed a Smart Growth Chapter 40R district and had approved a large rental development that got them above the 10%. Mass Housing denied the developer’s request for project eligibility. The message for towns is that one, you need to do good planning and designate areas that you want affordable housing and two, and you need to take action, show recent progress, and approve projects consistent with your plan. Mass Housing has shown that they will take all of that into consideration.

## Cape 40B Study Update-

Paul just did an update of 40B study for the region. Over the last two years there have only been eight new 40B developments that have been built. Two were in Provincetown, a couple Habitat projects, a small home ownership development in Falmouth, and an assisted living facility in Falmouth. Historical data shows that 44% of affordable housing was permitted through 40B and 57% of the units are affordable on the Cape, which matches the State. In the State a little fewer than 60% of the units built in 40B developments are affordable. 70% of the units produced here are rental and 30% are ownership. Slightly more than half (64 of 125) of the comprehensive permit developments built or under construction have occurred in Barnstable, Falmouth, and Sandwich. In the last decade over 80% of the units added to the region’s affordable housing inventory were permitted through 40B. Actual affordability is a little bit lower but that is due to more home ownership 40B’s. The project size is a little lower with the average size being 25 units. Since 2001 62% of all 40B projects on the Cape have been done. All rental units’ count, but not all rental units are affordable. Therefore, 344 of the 5200 units counted on the SHI are actually market rate with the rest being affordable.

Some of our recent projects have not been put onto the SHI list yet.

## Town Reports-

Habitat for Humanity received their ZBA approval in Orleans for five affordable Habitat for Humanity homes and Chatham has awarded Habitat four homes. They currently have applications in Falmouth and Mashpee for two homes in each town that will be built next year. They received a private donation in Barnstable for a one house project in Centerville.

Don Dickinson, the long time land acquisition person at Habitat for Humanity has resigned. He will be honored this year as “Volunteer of the Year” at philanthropy day sponsored by Philanthropy Partners of the Cape and Islands..

The Town of Eastham is considering purchasing a 10 acre lot. The housing authority has made strong representation to the town that the back 5 acre be made available to the housing authority for elderly housing.

Paul noted that the Eastham Housing Trust has just put out an RFP for \$275,000 for either a rental or homeownership project.

Gerry reported that there is a three acre parcel next to the Thankful Chase development in Harwich, where the owners are unknown. The CPA authorized \$50,000 to research the property along with five other properties. On August 30<sup>th</sup> of this year the town registered the deed in Barnstable and the town is planning to take it as eminent domain. The article that was passed in 2011 said that “any property acquired through the use of the (\$50,000) funds would go towards a CPC purpose” meaning housing, recreation, or conservation purpose. The financial director for the town pointed out that there is \$109,000 in back taxes that are due. There will be a meeting on November 5<sup>th</sup> to discuss what options there are for the back tax amount that is owed.

The Truro Housing Authority is in the process of doing their housing production plan. They are also looking at trying to do a buy down program in Truro. They would need at least \$175,000- \$200,000 to buy down a home in Truro. They would need to go to Town meeting to ask for the funds to buy down a home that would help one household.

The new owners of Swan Pond Village, a 150 unit development in Yarmouth, whose affordability restriction was running out in 2010, agreed to renew the Section 8 contract and keep it as affordable housing. They were looking to do some upgrades, but weren't able to get the tax credit funding in 2010. They are now looking to Mass Development for a loan to put \$40,000 per unit in needed upgrades into the property. They will probably be looking at 4% tax credits.

Meeting adjourned at 9:30

Meeting Enclosures:

1. Minutes of September 20, 2012
2. Commitments by Town
3. Project Status
4. Fair Market Rents
5. Federal Policy-Tax Reform Proposal
6. Cape 40B Study Update