

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

Members Present: Lee Berger, Richard Carroll, Jillian Douglass, Lorri Finton, Vicki Goldsmith, Jon Holt, Bernie Kaplan, Gerry Loftus, Elaine McIlroy, Sandee Perry, Marlene McCollem

Members Not Present: Michelle Jarusiewicz, Mary McDermott

Public Present- Cindi Maule, James Kyrimes

Staff Present: Paul Ruchinskas, Michelle Springer

MINUTES-

Bernie made a motion to approve the minutes of November 15, 2012. Richard seconded the motion, 7 members in favor, 0 opposed, 2 abstained.

Correction to November 15, 2012 minutes- Vicki Goldsmith was not present at the November meeting.

HOME Program-

CDP Refinancing-

The Community Development Partnership has requested to refinance their property located at 885 State Highway, Eastham, MA named Gull Cottages. The project consists of 5 units of affordable family housing. The County and the Consortium provided two sources of funding for the project: \$115,000 in HOME and \$51,000 in Barnstable County Rental Program funds. Mortgages for each source were recorded on August 24, 2000. The other public sources of funding were DHCD's Housing Development Support Program for \$262,750 and Mass Housing for \$35,000. Cape Cod Five provided the construction financing as well as the permanent financing. Although the mortgage will increase from \$119,000 to \$165,900, it is exchanging a 9% interest rate for a 4.2% rate and will therefore reduce its mortgage payments by \$78 per month.

The CDP wants to use the proceeds (about \$46,000) from the refinancing and other of its own sources in order to make approximately \$90,000 of primarily exterior repairs on two of the five buildings.

Paul feels that they satisfy our refinancing criteria other than not being able to get a fixed rate over 20 years.

A Consortium member asked if any other the current tenants would be displaced during construction.

Paul responded that no, they wouldn't be and it was primarily exterior.

The other question asked is what place our mortgage is currently? What position would our mortgage be in after the refinancing?

Paul responded that right now we are in 3rd and 4th place and will be moved down to 2nd and 3rd after the refinancing.

Paul did note that when he performed the title search on the property, the \$262,750 DHCD funding is listed as a mortgage, but it's not carried on the CDP's balance sheet. Paul was told by the financial person at CDP that their auditors have regarded the DHCD funding as a grant opposed to a mortgage. The DHCD funds used were a "Housing Development Support Grant", which goes through the town to be used for affordable housing development.

Lee made a motion to approve the Community Development Partnership refinance request for Gull Cottages. Richard seconded the motion, 7 members in favor, 0 opposed, 2 abstained.

HUD Monitoring-

On June 21, 2012 Cleonie Mainvielle and Amy Yuhasz from HUD came out and monitored our DPCC program. We received four findings. We get monitored every three years from HUD. Below are the findings and what we have done to remedy them.

1. The Consortium did not include the HOME Environmental checklist in project files.

Back in 2003 Paul looked at the HOME Environmental Regulation and misinterpreted the requirement for the DPCC program. What we should be doing is a limited review to look at whether the properties coastal zone, flood zone, and airport clear zone (which only affects Barnstable airport and MMR). We are able to use our GIS Department and the MASS GIS mapping system to get the information coastal and airport needed. The Flood Zone information is typically part of the appraisal.

2. Homebuyer project files did not consistently contain final property inspection reports.

When potential buyers are looking to purchase an existing home, HAC has the inspector go out to perform an inspection to find out what needs to be done to be at the housing quality standard and safety repairs that need to be done.

Our HUD Rep's position was that all repairs need to be done prior to closing. The way we interpreted the regulation is that any health and safety issues need to be done before the new homeowner could move in, but if it's not health and safety, they would have six months to

make the repairs needed. There is a part of the regulation that allows up to two years for the repairs to be made for non-health and non-safety.

The new HOME rule interprets it the way we have and that was our response to the finding.

3. Several activities were funded in IDIS before the execution of a legally binding agreement.

We have always viewed having the Promissory Note and Mortgage, which states the house must be your principal residence and that the loan will be paid back at sale or transfer of the property, signed by the homeowner at closing was sufficient.

Paul attended a workshop where he was made aware of the fact that that wasn't the case and there need to be a separate agreement that outlines all of the HOME regulations in regards to the DPCC program. We have this agreement signed by both the Count Commissioners and the home buyer. We implemented this in July of 2011, and we were disappointed that this fact was not noted in the monitoring letter.

4. The affordability period was not provided to the homebuyer.

HOME requires a certain affordability period depending on the amount of funds that are used. For all DPCC loans there is a five year affordability period. The way our DPCC program is structured is that when the homeowner sells their home, that is when the loan will be due. We could say that they would only have to keep it as their principal residence for five years and after that you can move out, rent, and not have to pay the loan back. We decided we wanted people to maintain the HOME as their primary residency.

Paul has added "the affordability period is as long as the mortgage is outstanding" to the written agreement.

FFY 2013 Draft Income Limits-

HUD has published the 2013 Income Limits. They are not official for the HOME program yet as HUD has to figure out the rent amounts based on the information. The HOME rents & incomes should be out sometime around the beginning of February. The median income for Barnstable had dropped a little over 5% from \$80,000 to \$74,900.

To come up with the median income HUD used the data from 2006-2010 American Communities Survey. The five year average for the county was a little over \$75,000. The second step is to look at the 2010 data and compare the two. They applied an inflation factor for 2011 which is about 4% and another adjustment factor. They collected all that information and came up with the median income for Barnstable of \$74,900. The remaining income figures get based off the \$74,900 number. It used to be even if incomes came down HUD used the prior year's income and would not adjust them. HUD changed in 2010 and said incomes will adjust to reflect the data with the exception that they can't go up or down more than 5%. The 4 person 50% income amount of \$40,950 reflects the reduction of 5% from the prior year. To get to the one

person income amount they multiple the four person number by .7%, the two person by .8% and the three person by .9%. The 80% is multiplied by 1.6% of the 50% amount. For any non-HOME programs the published income limits are applicable; for HOME we will likely have to wait until February.

Council Member Appointments 2013-

There are five positions up for renewal. The Barnstable, Bourne, Chatham, Dennis, and the At Large seats are due for renewal. Art had resigned as the Truro rep so that seat is also open. Paul has heard that the Truro Housing Authority chair would be taking the Truro seat. Bill Grant is interested in the Bourne seat and just needs to be appointed by the Selectman. Paul will send a letter to the Barnstable Town manager for Sandee's re-appointment, and Lee's seat as the At Large Rep is also up for renewal, and as of right now Paul didn't have anyone else interested in the seat so hopefully Lee will stay on. Paul will send a letter out to the Selectman in the towns due for renewal.

Policy/Other Issues-

The Continuum of Care funding is the annual round of homelessness funding that the region has been receiving since 1994/1995. Included in the meeting packet was a list of projects that have been funded with Continuum of Care funding by HUD. The report includes the amount of funding and number of units. These are all existing projects that typically get funded annually and are called "renewal projects". Historically HUD has had enough funding to fund any "renewal project", but this year is different as the HUD budget has about \$1.61 billion available for the program. After getting information from all communities that receive this funding, HUD found out that there are about \$1.67 billion of these renewal projects. For the first time Continuum of Care had to prioritize their projects. They were divided into Tier 1 and Tier 2. In our region we had \$1,648,000 worth of renewals yet we had to put \$120,000 into Tier 2, which means it would be impossible to get all the renewal projects in Tier 1. Also, for the time HUD is allowing Continuum of Care projects to have planning money, which is \$20,608 for this region. In the early years HAC was the convening agency for the Consortium, but over the last 5-7 years it has been Community Action Committee who has served as the convening agency and will be eligible to receive the planning funds. Five or six years ago there was \$200,000-\$300,000 in funding available for new projects targeted to the homeless. For the last five or six years there has been between \$40,000-\$45,000 available for funding and that is not enough to build a project. The funding has been going towards leasing projects. In the last three years Duffy Health Center has used the funding for vouchers for permanent housing.

Paul serves on the grant sub-committee for the Continuum. Over the course of three meetings the committee had to come up with a ranking system for the projects. They came up with a scoring system that would give the project points for number of beds, if the project serves the chronically homeless, creating permanent housing, and a performance measure that HUD came up with that if you move people into housing, HUD wants to see 70% stay for the at least 7 months or longer.

It came down to whether or not to allocate planning funds in the amount of \$20,608 to allow Community Action to be able to do the planning function. The alternative is to give the funds to one of the existing projects that are serving people already. The decision of the group was that the planning function that Community Action does is very important and should be funded. Had they voted to not have the planning funds go to Community Action one of the projects in Tier 2 could have been moved up to Tier 1. One other minor tweak was in regards to the Barnstable Housing Authority's Pilot Plus project, which ranked lower than the leasing project by Vinfen, but the Pilot Plus program serves five people where the Vinfen program serves two. HUD is reasonably certain they can fund everything in Tier 1. Depending on the recapture funds, the budget, etc. they might be able to fund some of the projects in Tier 2. There are two programs that don't provide beds and are in danger of not being funded. Champ Homes (14 individuals) and their funding goes towards case management services and the Legal Services project that provides legal services to people who are homeless with CORI checks, past issues, etc. The last project in Tier 2 is the new Duffy project, which might have provided 3-4 beds for the chronically homeless, but the choice was made to preserve the existing projects.

Lee asked if there was a way the HOME program could provide funding to the projects in Tier 2.

Paul responded that most of the funding goes to support the rental vouchers that are provided for the households. The only way we could support these projects with HOME funds is to institute our own local housing voucher program.

Sandee asked if we could fund the planning piece as this is an overall County grant.

Paul responded that no, we can't use HOME funds towards that, but the County has helped to fund Lee Hamilton, the grant writer for Community Action. The only time we can use HOME funds for planning is for a CHDO. We could allocate up to 5% of our annual allocation towards a CHDO operating expense.

The funding these projects receive can't be increased as it stays at the same amount as the first year they applied. Unfortunately, costs go up every year and the funding received by these projects is not covering their cost to run them.

Paul commented that if we did run a housing voucher program, the funds to administer and run the program would come out of our Admin funds. Another possible option might be the County could fund the planning piece. Paul feels that there will be more conversations about this need over the next couple years.

Lee asked Paul if he could look into what is feasible for the HOME program to do to try and help makeup the short fall for the next meeting.

DHCD Housing Conference-

Paul attended the DHCD conference last month where the staff from DHCD talked about their focus for 2013. Their priorities are to address chronic homelessness, Public Housing which they characterized as the "Revitalization and Reform" process, and producing more housing with a focus on "Smarter Growth Location" in areas of opportunity in the 24 Gateway Cities. The Governor gave the key note speech and set the goal of creating 10,000 new multi-family units every year in the Commonwealth. This came a day or two after the Greater Boston report card came out which stated that Eastern Mass along 495 should create at least 12,000 housing units per year to meet the need in that area. There were 6,000 units created in that area last year. To really spur the economy in that area there would need to be 19,000 new units created each year. MHP has spent a good amount of time over the last number of years looking at the impact of housing production on economic growth and the lack of housing production within the Commonwealth. It has really hindered the Commonwealth's ability to improve economic growth. The high housing costs are restraining people from moving here and the younger age group from being able to afford housing in Eastern Mass. This has been DHCD's big focus.

MassHousing Partnership talked about the cost of affordable housing development and is something they are looking at right now. The other thing MassHousing talked about was the reorganizing of their soft second loan program. It will no longer be a second mortgage. They will still have the program, but it will be only one mortgage. They hope to introduce the reorganization April 1st. They will serve the same target income and there will not be any mortgage insurance.

Paul attended a workshop that Kate Racer moderated about the four priority areas for funding:

1. You need to have 20% of the units in the project targeted at people with incomes at 30% of area median income or below.
2. At risk/distressed neighborhoods and Gateway Cities (Barnstable is one)
3. Preservation of existing housing
4. Areas of opportunity

Unless DHCD is going to allocate more resources for project based units, the first criteria could be a challenge to meet.

MassHousing had a record year last year and could possibly have another one this year with about \$1 billion in mortgages. Paul noted that he didn't hear anything about potential homeownership production initiatives coming out of DHCD. They are trying to push it in the 24 Gateway Cities, but that was it. They did feel that the housing market has stabilized. DHCD will hopefully be announcing their funding round decisions next month.

New England Housing Conference-

Paul attended the conference that hosted people from the 6 different states. The major topic was breaking down silos. They had someone there from the Federal EPA, Health and Human Services, and Transportation. HUD is trying to work across departments. HUD has a Sustainable Communities funding project that involves transportation, EPA, and Housing in terms of targeted investments from all three agencies for housing development. There is a new Affordable Care Act, has potential housing opportunities. An example is if someone is admitted into the hospital for asthma and that person gets re-admitted a few months later for the same condition, the hospital will have to pick up the cost. Research has shown that health issues could be related to the housing. There are areas that have services where someone goes out and inspects the home to see what can be done to cut down on the health issues. This has shown to cut down greatly on hospital visits. There is an opportunity for non-profits who are doing rehab work to structure something with the hospital.

There will likely still be cuts to the HUD budget, especially Section 8 funding, no matter what budget deal is enacted.

Regional Ready Renters Program-

We have administered the program here for two years and we are now looking for an entity to administer the program. We are in the process of finding one now and have had conversations with HAC so far. The three communities that participate are Barnstable, Dennis and Yarmouth. We have filled nine units in the last year and a half. There was a lottery held for two Eastham units and we were able to fill both units. One had a local preference and the other was a handicap accessible unit and we were able to fill both with the priority. For the first year both tenants will receive rental assistance. The biggest challenge had been the majority of our list is people at 30% median income or below. The Commission feels that is a worthwhile program to keep going.

Other Business/Announcements-

Lee reported that the Bourne ZBA received an application for the Coady School to be rehabbed with tax credits. The potential project will consist of 1 studio, 31 one-bedroom, and 26 two-bedroom units. The units will be targeted at 60% or less and 30% or less. The developer is Stratford Capital Group, which is also the same developer that is working on the Simpkins School project in Yarmouth.

Elaine reported that there is a group in Wellfleet called the Cape Cod Modern House Trust and they are working to save the modernist houses built by modernized architects that came to the Cape years ago. Most of the homes are located in the National Seashore and Peter McMann (the head of the group) has been able to get two leases for two of the homes from the National Seashore. They have rehabbed one of the homes and are working on the other. They make the homes available to come and work and they felt it should be more rooted to the Community needs. This year they are going to advertise nationally a design competition for an affordable

accessory dwelling unit (800 sq. ft.). They will select six submissions to come and live in the home. There will be two days of presentation that the public can come and see and the following day there will be a panel that will view the submissions. The next phase would be to look for funding. A possible idea would be a donation from someone in the town of a study site so they could work on the project and a spot for the project.

Meeting adjourned at: 9:45

Meeting Enclosures:

1. CDP Refinancing-885 State Highway-Eastham
2. HUD Monitoring
3. FFY 2013 Draft Income Limits
4. 2012 Continuum of Care Funding Round

Meeting Handout:

1. MA503 Cape & Islands CoC Ranking Chart for HUD CoC Application FY2012