

BARNSTABLE COUNTY HOME CONSORTIUM ADVISORY COUNCIL
THURSDAY, AUGUST 29, 2013
CAPE COD COMMISSION OFFICE
MEETING MINUTES

Members Present: Lee Berger, Carl Brotman, Jillian Douglass, Richard Carroll, Vicki Goldsmith, Bernie Kaplan, James Kyrimes, Elaine McIlroy, Marlene McCollem

Members Not Present: Lorri Finton, Jon Holt, Michelle Jarusiewicz, Gerry Loftus, Cindi Maule, Sandee Perry

Staff Present: Paul Ruchinskas, Michelle Springer

Minutes-

Richard made the Motion to approve the Minutes of July 18, 2013. James seconded the motion, 6 members in favor, 0 opposed, 0 abstained.

Public Meeting- 2012 Annual Performance Report-

Paul began by reviewing some key points of the Annual Plan. Page 4, is the part of the report that includes both the summary of the comments received at the August 29th Public Meeting, as well as the summary of comments received during the fifteen day public comment period.

Page 5 outlines the expenditures (Paul needs to add \$58 to the Administration allocation due to a late adjustment made by Finance) the actual amount spent was \$368,497, which is lower than in past years due to the development projects not using as much.

Page 6 is on Program Results, which shows the amount of units created or preserved. The number of units includes of all units within the project, not just the HOME units. The ownership project was the Barnstable Homeownership Buy-Down Program that we closed out after not being able to get the deed rider issue resolved. We currently have 4 projects underway and 4 more that have not yet closed.

Pages 7-11 have summaries of the projects completed along with pictures.

Page 12 summarizes the four projects that are currently underway

Page 13 summarizes the projects that received conditional commitments. At the bottom of page 13 is the summary on the one project that had its funding withdrawn as it was not able to secure funding within the one year period.

Page 14 talks about the results historically of the Consortiums. There have been 71 projects that have been completed and occupied that have resulted in 1,204 affordable units: 51 rental projects

with 1,078 affordable units and 20 ownership projects with 126 affordable units. Page 14 also talks about the 8 DPCC loans completed this year, which is the most completed in the last three years. To date 611 households have received assistance through the DPCC Program.

Page 16 has a map that indicates where the projects we have funded are located. We have been able to spend it over 9-10 communities every year. Over our history we have funded projects in all 15 communities on the Cape.

Vicki asked how we were able to complete the Home Ownership Projects that we have with the Deed Rider issue that has still not been resolved.

Paul responded that both the Universal Deed Rider and our HOME deed rider were used for the Barnstable Buy-Down Project.

Page 17 shows the performance measures of how much we have funded, how much expended compared to our goals. We clearly exceeded both Housing Production and DPCC goals. The bottom of the page outlines particular performance measures that we have in the Consolidated Plan which includes number of units created for households at or below 30% AMI, units created for households between 30-50% AMI, and the number of minority households assisted.

Page 18 explains that we met 4 of the 7 rental housing objectives in 2012 and 5 of the 7 over the first three years of the Consolidated Plan period with LEED and minority targeting objectives not met. Minority targeting is the new one we added last year when we amended the Consolidated Plan. Paul will start tracking this information for next year's Annual Report. Paul noted out of the 110 units newly created units, within the three projects, the minority participation was 11.8%.

Page 19 reviews the Homeownership objectives, which the Consortium did not meet in 2012; however, it has met 4 of 6 performance measures over the first three years of the Con Plan period. The DPCC program did meet the objective and 22% were minority households.

Page 20 explains the Ownership Housing Outcomes and the fact the Consortium did not meet its objective in 2012; however, it has met 4 of the 6 performance measures over the first three years of the Consolidated Plan period. As noted in our 2010 Annual Report, the August 2009 HUD ruling that the Massachusetts universal deed rider was inconsistent with HOME has brought the Consortium's ownership production program to a standstill.

Lee asked if we should be asking our Congressman and/or Senator to file a bill to amend the ruling on the Deed restriction issue as it's a legal issue not a policy issue.

Paul responded that it has been interpreted that the HOME statute states the home must be re-sold to an income eligible buyer during the period of affordability. It's also in the regulation, but the regulations also states that if that doesn't happen then the jurisdiction has to pay back the amount of money put into the project. Paul always interpreted that to mean that yes there is the statutory language, but if someone can't sell their house at below 80% income they shouldn't be stuck. They should be able to sell it to on the market and the jurisdiction would have to pay

HUD back. HUD's legal interpretation is that you can't have a deed rider that allows any possibility of selling to a non-income eligible buyer during the 10-15 year affordability period. Lee asked if there was a way to at least have a bill filed to amend that so that it will comply with the UDR?

Paul responded that it would require re-opening the HOME statute which HUD is reluctant to do in this Congress and it's a Massachusetts specific issue. It's not an issue for all of the State but more the high cost areas. There is not a lot of political weight because of this.

Vicki asked if it was possible to change just the MA deed rider language to say that if an eligible purchaser cannot be found during the HOME affordability period a designated agency would purchase back the unit and use it as an affordable rental until the affordability period expires.

Paul responded that we did that in Mashpee for the three Mashpee Habitat units and they have that language in the DR. The issue with doing that going forward is that it's not the UDR so the borrower will have to find a lender that will agree to it and take that risk.

Page 20 talks about the Rental Housing Objectives and none of the units created this year were designated for homeless individuals or families, so that goal was not met.

Page 21 covers the Special Needs category. Two of the projects completed this year (Clay Pond Cove 5 units & Province Landing 3 units) included units funded by the state's Community Based Housing program. CBH units are reserved for applicants who have a disability and who are institutionalized or at risk. We exceeded our goal of 3 units and the Consortium has also met its goal over the first three years of the Consolidated Plan period.

As far as the objectives, other than Homeownership and Homelessness, we are doing reasonably well.

Section 3 deals with Program Administration and the Annual Plan, which HUD approved on August 9th 2013.

The monitoring and on-site inspections, which is what Michelle does, includes 35 units that had unit inspections, 14 rental projects had on-site monitoring visits, and the 4 completed rental projects had their initial monitoring.

Page 23 talks about the match requirement of \$71,146 which the Consortium exceeded this year. The Consortium will carry forward a match surplus of over \$21.7 million dollars into FFY 2013. HUD has proposed new regulations on how to do Fair Housing plans. We have tried twice to get Fair Housing funds and even though we scored 97 out of 100, we didn't get funded. We will not be applying for the next funding round as there is no way to improve our score at this time. The various developers that are creating these projects are doing well in terms of outreach to the minority population. We consistently had a higher percentage of minorities participate in HOME assisted units than percentage region wide.

In regards to the Cape and Islands Regional Network to Address Homelessness the December 2012 application was successful in securing \$1,676,806 in funding for renewals of various

ongoing homelessness efforts and programs. This includes 146 permanent supportive housing beds for homeless individuals. They didn't receive any funding this year for any new beds. The new round of funding has just started and the notice should come out sometime in October and the application will be due in December. It looks like not all of the projects will get funded this year.

Pages 26-27 is the Self Evaluation piece of the report, which is a summary of performance measures. The Single-Family home market and foreclosures, which is something HUD has required in the Annual Report the last couple of years. It is not something that was required this year so Paul might take this piece out of the report.

Page 28 talks about the marketing and minority participation.

Page 29 talks about the minority and woman owned business outreach program and affirmative marketing.

Page 30 shows the CHAS Annual Performance Report.

Pages 31-33 shows the HQS report for unit inspections and the Monitoring report.

The last page in the report is the HOME Match Report.

Paul asked if any of the Consortium members had any comments and/or edits.

Lee made the motion to approve the Consolidated Annual Performance Evaluation to be put out for formal public comment. James seconded the motion, 9 members in favor, 0 opposed, 0 abstained.

HOME Funding Request-

We currently have about \$600,000 available to commit to projects out of our previous years funding. We should be getting the new HOME allocation sometime next month, which will give us \$175,000 to commit to projects. The \$600,000 includes a little over \$105,000 for the Shore Street project in Falmouth that we committed to a year ago. The issue with that project is the bids for the rehab work all came in over budget. They are working with the low bidder to see if they can get the number down closer to their budget. Paul heard from the staff person yesterday and they have made some progress and hope to have a revised budget to Paul by the end of this week. Paul explained to him that HUD has a new rule if there isn't any funding spent on the project for one year from when the funds were committed, they will automatically de-commit the funds. Paul explained that if they find a way to close the gap and come up with a revised budget that is reasonable for this size project that they could re-submit an application for funding to the Consortium.

Marlene asked if the Project Committee would have to review the project again.

Paul responded yes we would.

Paul explained that with that commitment gone we need to commit about \$275,000 of our funds between now and September 30, 2013 or we will lose that funding.

HAC's Route 134 project is in the DHCD funding round. Our prior award goes thru the end of this year. Their budget has also increased but that is something DHCD will have to address.

There are around 50 applications that have been submitted for the next DHCD funding round and typically 25-30 projects get funded. Route 134 is in for the second time. The three we are voting on today are each in for their first time. Even though it is unusual for a project to get funded the first time they apply given the mix of applications one of them could get funded.

The Development Project Review committee met to review the three projects on August 16, 2013.

Funding Request- Coady School Residences-Bourne-\$175,000

This is a redevelopment and new construction of 58 units of 100% affordable, age restricted (55+) rental housing at the former Coady Middle School. This project is being developed by the Stratford Capital Group. The projects will consists of 1 studio unit, 31 one-bedroom units, 26 two-bedroom units, and 12 units are being proposed as project-based with 8 Section 8 vouchers and 4 MRVP's. There are more two-bedroom units than you usually have in an age-restricted project, which is a good thing. The school is on the National Register so they will be looking for Federal Low-Income Tax Credits, State Low-Income Tax Credits, Federal Historic Tax Credits, and State Historic Tax Credits, which will provide about 72% of the funding. They scored 95 on our project scoring. The Stratford Capital Group is currently redeveloping the Simpkins School in Yarmouth. At \$271,000 per unit this is one of the less expensive rental development projects that we have seen. The estimate a 6-8 month lease up. The market study indicated strong demand for newly constructed affordable age-restricted units. The capture rate from the primary and secondary market area was about 3.2%. Winn will be doing the property management. The Development Project Review committee recommended approval subject to our standard conditions.

Paul noted that the new HOME regulation recently came out and HOME now allows for a monitoring fee. This will be added to our list of conditions for our funding.

Bernie made the Motion to approve the funding request of \$175,000 for the Coady School Project. James seconded the motion, 8 members in favor, 0 opposed, 1 abstained.

Funding Request-Stable Path-Provincetown-\$150,000

This is project is new construction of 23 units rental units, 18 of which will be affordable for single persons and families. This project is being developed by the Community Housing Resource, Inc. The project will consist of 10 buildings of 2-4 units each with 2 studio units, 3 one-bedroom units, 16 two-bedroom units, and 2 three-bedroom units. There will be 5 project

based Section 8 vouchers and 4 project-based MRVP's. This project scored a 73 on our project scoring. The cost per unit is \$333,000. The market study gave a capture rate of 1% there is a huge demand for affordable rental units in Provincetown. There are 5 market rate units within the project. CHR will be the property manager for the project. CDBG funds a resident's service coordinator for all the affordable units in Provincetown.

Paul noted that he had storage for two units within one of the buildings. CHR is confident they can provide storage for all of the units within the other buildings.

Paul asked Michelle if that CDBG needs to be applied for every year.

Michelle responded that CDBG funded the program for one year. They are seeking other funding for the services to couple with the CDBG funds.

The Development Project Review committee recommended approval subject to our standard conditions.

Richard made the Motion to approve the funding request of \$150,000 for the Stable Path Project. James seconded the motion, 8 members in favor, 0 opposed, 1 abstained.

Village Green I-Closing Requirement-

We are currently in the closing process for Phase I and the condition in our commitment letter states that "The plans must provide for additional tenant storage beyond what exists in the units". Paul did note that he did not outline that it had to be 60 individual units of storage, but that's the way we have implemented it since we started (in 2007) putting this condition in the commitment letter.

Paul showed the Consortium members a picture of the proposed building so that they were able to see where the current "shared storage" would be located. The Dakota Partners staff person suggested adding additional storage to phase II to accommodate the additional storage.

Paul spoke to the staff person at DHCD to see if they had a policy in regards to storage. They do not have a policy on storage and do not currently require storage. Paul also requested and received a quote to finish the foundation, to allow for the additional storage, and it came in at about \$27,000. Paul showed the members where the basement could be finished to accommodate the additional storage to cover all 60 units. The idea of outside storage did not appeal to the developer.

Richard made the Motion to include separate 5x7 (minimum) storage unit for each tenant. Lee seconded the motion, 7 members in favor, 1 opposed, 0 abstained.

Funding Request- Village Green II-Barnstable-\$125,000

The project will be new construction of two buildings (same as Phase I). The project will have a total of 60 units with 14 one-bedroom units, 42 two bedroom units, and 4 three-bedroom units. This will be family rental housing with 6 Section 8 vouchers.

The Development Project Review Committee had extended discussion about location and site marketability. The recommendation from the committee was to defer action on this funding request until the September meeting to make sure the Phase I closing happened. Also, it was suggested to make the funding award commitment conditional on a successful lease up of Phase I. They had hoped to provide a residence services coordinator as part of the staffing but they ended up getting less DHCD money than they had hoped. Paul wants to strongly recommend they have a residence services coordinator as part of the project.

The vote will be held until the September meeting.

Announcements/Other Business-

Vicki asked if anyone had any recommendation for property managers for homeowners' associations.

Meeting adjourned at 10:00am

Enclosures-

1. Minute of July 18, 2013 Meeting
2. Underwriting Analysis of Funding for all three projects
3. Project Description for all three projects.
4. Photos of the proposed area for the three projects.
5. Correspondence in regards to Village Green I storage for units.