The Town of Barnstable

Affordable Housing Growth & Development Trust Fund Board

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Mark S. Ells, Chairman

Friday, February 26, 2021
Affordable Housing Growth & Development Trust Fund
Fund Board Meeting APPROVED Minutes
9:00 A.M.

As a result of the COVID-19 State of Emergency, this meeting was closed to the public to avoid group congregation.

Alternative public access to this meeting was provided by utilizing a Zoom link or telephone number, both provided in the posted meeting notice.

Board Member Attendees: Andy Clyburn (Acting Chairman), Laura Shufelt, Mark Milne. Absent – Mark Ells.

Other Attendees: Ruth Weil, AHG&DTF Staff; Elizabeth Jenkins, Director of Planning & Development; Arden Cadrin, Housing Coordinator, Planning & Development; Charlie McLaughlin, Senior Town Attorney; Paul Ruchinskas, Consultant; Tim Telman and Bob Carleton, Applicants; Jake Dewey; Ellen Swiniarski, CPC Coordinator, Planning & Development.

Call to Order

With a quorum present, Acting Chairman Andy Clyburn called the meeting to order at 9:00 a.m. and stated that today's meeting is recorded and broadcast on Channel 18 and in accordance with M.G.L. Chapter 30A, s 20 he must inquire whether anyone is recording this meeting and to notify the Chairman that a recording is being made. No one came forward.

Member Introduction

By roll call: Wendy Northcross, Laura Shufelt, Mark Milne and Andy Clyburn.

Topics for Discussion

1. Public Comment

The following Public Comment was read into the record by Ruth Weil:

Members of the Affordable Housing and Growth Development Trust:
As I will be unable to attend Public Comment at tomorrow's Trust meeting, I wanted to pass on my comments to you ahead of the meeting:

After reviewing Paul Ruchinskas' comprehensive financial review and pro forma analysis for the 53 unit multi-family development proposed at 850 Falmouth Road in Hyannis and the AHGDT's proposal criteria under the NOFA for FY 2021, I have the following questions/comments:

1) Unlike the decisions that already have (or will) come before the Town (zoning changes to create eligibility for HDIP, property tax relief) and that primarily promote the development of market rate housing, the AHGDT must look to balance the amount of funds requested to the number of affordable units actually created. The NOFA specifies that "potential funding per affordable unit may be up to $100,000" and the total "funding per project will be $500,000 for a project which is affordable." Is there something extraordinary about this project which supports the subsidy of $140,000/unit with a total request of $1,400,000? Most affordable projects that are funded with local public funding have a much lower contribution per unit, and/or provide a much larger number of affordable units.

2) While ROI is projected at 7% for the developers, there seem to be a number of variables that could either enhance the "return" of this development (i.e. higher rents for the market units, and/or receiving Fair Market Rents ($1,265 per month for 1 BR; $1,667 per month for 2 BR) for the 50% AMI units through tenants with vouchers) or possibly reduce it (i.e. higher construction costs, delays in receiving tax credits). Should the developer shoulder more risk (through additional infusion of equity if necessary) rather than the Trust making a contribution outside its stated guidelines?
Best, Paula
Paula Schnepp
Barnstable Town Council, Precinct 12
Marstons Mills, MA

2. Approval of minutes for the 1/22/21 meeting.
The following amendments to the 1/22/21 meeting minutes were identified by Laura Shufelt:

- Page 4 – Tenant Appointment to Housing Authority Board Section –remove "however" from line 3 and place "however" after they in line 4.
- Page 4 – Housing Development Incentive Program Section - First line amended to read: "Laura explained that this increase in funding and change of amendment was vetoed by the Governor."

Motion was made by Wendy Northcross, and seconded by Mark Milne to approve the January 22, 2021 meeting minutes as amended by Laura Shufelt. Roll Call Vote: Wendy Northcross (yes), Andy Clyburn (yes), Laura Shufelt (yes), Mark Milne abstained. Motion carries.

3. Applications:

Continuation of the presentation and review of the revised application submitted by Standard Holdings, LLC for a project identified as "Residence @ 850", a proposed multifamily housing development applying for $1.4 Million Dollars of Trust funds to create 10 units of affordable rental housing to be affordable to individuals and families whose income is 50% of the Area Median Income (AMI), to be located at 850 Falmouth Road, Hyannis, MA.

Mr. Paul Ruchinskas, housing consultant, provided a brief outline of his professional background including 12 years at three small community based non-profits before taking the position as the affordable housing specialist at CCC in 2001 working mostly as the administrator for the HOME Program for the County reviewing funding requests for affordable housing rental developments that were 90-100% affordable. He stated that after retirement, he has continued consulting work for the Consortium with respect to the funding of rental developments. He pointed out that his experience is primarily with affordable and rental projects however the fundamentals are the same for all housing developments.

Mr. Ruchinskas reviewed his financial Review and Analysis of the Pro Forma Report dated February 3, 2021 for the Trust members:

2. Review of Sources

a. Owners Equity

Looking at the sources of the development, owner equity, the applicants have acquired the property, they have the remaining funds to satisfy their $1.75M equity investment. The 1st mortgage loan is $50,000 higher than the original submissions.

b. First Mortgage

The applicant did receive a term sheet from MassDevelopment for a little over $10.5M with a participating lender. The mortgage rate will be at least 3.5% for the first 5 years and will re-set at that point for a higher amount. The term is 10 years, however is based on a 25 year amortization schedule. The loan to value is 85% which is typically higher than most private lenders who prefer and seek a 80% to /20% loan/value ratio.

The applicant looked at a number of lending sources. One of the applicant's criteria was to find a lender who would provide both construction and permanent financing as well, which narrowed the field. Based on the combination of the interest rate, the terms that were offered, and their prior experience with MassDevelopment, MassDevelopment was chosen as the lender for the project.

c. State Tax Credit-Housing Development Incentive Program (HDIP)

This is a $200,000 difference from the revised application primarily because the applicant provided a letter of interest from Dorfman Capital indicating that they could place the credits for 88-90 cents on the dollar return of $1.76M to $1.8M and the pro forma was carrying $1.5M. The applicant basically netted out the loan interest rates, the carrying costs for the bridge loan and deducted $200,000. Usually in a pro forma you see the full amount of the State contribution or corresponding expenses shown as uses.

Mr. Ruchinskas said that he contacted Steve Pantalone at DHCD who confirmed the HDIP is a popular program that can yield typically 84-90 cents on the dollar return, however Steve's expectation would be that the applicant's credits would not be available until 2024 given that the applicant intends to carry a bridge loan and have interest expense on the bridge loan for 3 years until credits can be sold. Given this timing delay, an estimate of an 85 cent return is not unreasonable.

3. Review of Uses

a. Acquisition Cost

Mr. Ruchinskas stated that 33 years ago the rule of thumb was not to pay more than $20,000 per unit acquisition costs. $23,000/unit is a good price given rising costs and is comparable to a recent Town-supported 100% affordable Yarmouth Gardens acquisition cost and a proposed Cape Cod 5 redevelopment in Orleans that has an acquisition cost of over $52,000 per unit.

b. Construction Costs

Construction costs are 80% of the total costs of the project and are the largest concern when looking at affordable developments. Construction costs include not only the building of the structures, but whatever site costs are involved including infrastructure. Recent housing developments have run about $240- $270 per square foot. The applicant did provide information from the construction company that they plan to use, along with information on three recent developments including Harbor House off Independence Drive, that range from $130 - $150 per square foot. Mr. Ruchinskas said that he considered the construction costs proposed to be reasonable.

c. Soft Costs

Mr. Ruchinskas pointed out that soft costs are $250,000 higher than the original application. This reflects primarily the costs for the bridge loan and the fee to Dorfman Capital for placing the credits. They came in at 8.2% of the total costs which are significantly lower than what is seen in an affordable housing development. The HOME Consortium has about a 15% soft credit target, however, they typically come in anywhere between 17-20% instead. This project has a much less complicated financing structure than is typically seen in an affordable housing development as most have at least a half dozen funding sources.

d. Developer Overhead and Fee

Developer's overhead and fee is a little over 4% which is significantly lower than what you see in affordable housing developments. Typically tax credits run 10-12% of the total cost for development and often time developers have to contribute some of their fee as a source to make the numbers work.

e. Total Development Cost

Total development cost of almost $290,000 per unit and $215/sf is significantly lower than what you see in a fully affordable housing development. This is primarily driven by the lower construction costs. The Ridgewood Ave project that Housing Assistance Corporation funded with Trust funds was at $300,000 per unit.

4. <u>Review of Operating Budget</u>

Revenue:

a. Affordable Rents

The affordable rents are at the maximum of what the 50% AMI allows including utilities.

b. Market 1 bedroom @ $1,500

The market 1 bedroom unit rents for $1,500 per month, which is $100 less than the original submission. The information from the third party indicated $1,700 was not an unreasonable rent. The applicant said that they wanted to be conservative on this, and lower rents are preferable to higher rents. Lower rents tend to keep a project more affordable. Even for the market rate units at $1,500 per month, a household would need to make at least $60,000 per year to not be cost burdened.

c. Market 2 bedroom @ $1,900/Month

Market rate 2 bedroom rent for $1,900 per month seems to be in line with the going rate for 2 bedrooms in newly constructed apartments in Hyannis.

d. Vacancy rate of 5% is the standard of the industry.

Operating Expenses:
Operating expenses are about $58,000 higher than the original submission which seems reasonable as they were at the lower end in the initial submission. This project is at about $7,100 per year per unit compared to other affordable housing developments ranging from $8,000-$10,000 per unit per year. However, the fully affordable developments have significantly more compliance costs in terms of oversight by the various funders. It is more common for affordable developments to have staff for resident support services. The management fee at 5% was at the lower end of what is typically seen with a range of 5-8% management fees. The replacement reserve of $350/unit/year is standard and this development also has the benefit of $30,000 in solar credits that saves nearly $600 per unit in operating costs. Mr. Ruchinskas concluded that the operating expenses are reasonable.

Debt Service Coverage (DSC):
The minimum debt service coverage which is the net operating income divided by mortgage payment by the debt service is 1.20 or higher for the term of the MassDevelopment loan. For market rate developments, 1.20-1.25 is standard, affordable developments are lower and provide for more borrowing capacity at more risk.

Return on Investment (ROI):
Return on investment in terms of cash flow in year 1 divided by the owner equity is at 6%, and 7.1% in year 2 without discounting for the time value of money. Mr. Ruchinskas concluded that it is not an unreasonable return on investment proposed.

5. <u>Conclusion</u>:
Mr. Ruchinskas opined that the development and operating costs were reasonable with the construction costs being the biggest difference from what is typical. He further said that overall the project appears to be a financially feasible development: acquisition was reasonable; there is equity on hand; and, they are in the process of acquiring the tax credits and a more permanent mortgage and term sheet from MassDevelopment. With $1.4M from the Trust at this point in the process, the lender’s public funders would have a much better idea of the what the yield of the tax credits will produce; if they came in at $1.8M they could save $100,000 that way. Given the three year time frame of when the credits will be sold, the $1.7M is not unreasonable. In terms of the mortgage amount, a 85% loan to value would indicate more could be borrowed, however the debt service requirement of 1.2 only supports the $10,510,600 mortgage. The only way to increase the mortgage would be to increase rent, lower operating costs, or find a lower mortgage rate. The assumptions used currently are reasonable and do not require looking for any opportunity to try to look for a higher loan amount. A 6-7% owner’s investment return is not unreasonable in this economic climate. The applicant provided adequate information to make a recommendation, and should the trust proceed, the applicant will need to provide additional lender information.

Questions from the Trust Members Regarding the Report:
Laura Shufelt asked if in his discussions about the HDIP with DHCD if there were any concerns about the money being available in 2024 with the possibility of a new Governor. Mr. Ruchinskas said that Steve Pantelone did not indicate that, but that specific question was not asked. Laura also asked Mr. Ruchinskas if in his experience, construction typically starts with a reserve commitment for the tax credit. Paul said that there would be as there will be a bridge loan for this; yes there will be a reservation for tax credit. Laura pointed out however that a reservation commitment is not a commitment and asked how much risk there is in that? Paul was unsure of the risk.

Laura explained that a MassDevelopment term sheet is not a commitment and should the Trust move forward, that could be one of the conditions of the award letter. Also it is typical to have a term sheet at this point and also the commitment for the additional funding. Laura further explained that right now there is no indication that MassDevelopment is on board with the bridge loan for the HDIP as it was not included in the term sheet. Paul indicated that the Applicant, Tim Telman will speak to this issue.

Laura also commented regarding the soft legal costs for closing on a MassDevelopment loan with tax credits, stating that an estimate for this of $75,000 is low. Paul answered that he looked more at insurance costs and other soft costs, and compared them to other projects in the area to ensure those costs were in range.

Laura inquired if local funds typically pay for affordable units that are required as they are for inclusionary units and the 25% affordable required in a 40B. Paul said that local funds will only pay for the affordable units in a 40B that are beyond the 25% affordable required. Paul agreed with Laura that the definition of inclusionary units, or affordable units required under zoning, would mean you could do this within a cost collateralization with the market units.

Laura asked if Mr. Ruchinskas looked at what the average local contribution is per unit on any recent developments? He said that the local contribution has recently been in excess of $1M for tax credit developments in the range of 30-50 units. The per unit amounts are much lower, because of the number of affordable apartments. Laura pointed out that in the Town of Falmouth has a maximum of $65,000 per unit for local contribution and there is also a limit for the Trust per unit.

Laura asked regarding the rebates for solar under hard costs in the sources for development, which typically have rebates for their acquisition or lease and noted that solar appears only in the operating cost. Paul answered he did not evaluate this specifically.

Wendy Northcross commented that Paul did a good job explaining the report and that her questions are more for the applicant.

Applicant Response and Presentation of Additional Information:
Mr. Tim Telman explained that he would like to do a quick review of the project and the challenges so far. The property was purchased in July 2020 and then subsequently purchased a small abutting piece of land on Whitehall Way. They worked with the Town to merge the parcels and change zoning to allow for increased density for the proposed housing development at 850 Falmouth Road. He explained that costs are prohibitive everywhere so they needed to find different funding sources such as the HDIP and Trust funds. Proposed on the property are 53 units of well-constructed, green-as-possible building with solar on the roof. There are 44, 2 bedroom/2 bath units, and 9, 1 bedroom/1 bath units. Amenities are electric charging stations and smart tech security for safety reasons. The project is an L shaped, 3 story 66,600 s.f. building with a 5,000 s.f. basement including mini storage for occupants. Mr. Telman explained that there were hurdles required in order to be eligible for HDIP, specifically, rezoning the property to be included in the HDIP zoning which allows them to qualify for this credit. Mr. Telman said that although they anticipated to break ground last November, the zoning process took time. He explained that the amounts have not changed and the budget is similar to the previous application other than the change in the number of affordable units. He said they are going forward with the HDIP however waiting for approval from the State for this. There are

timing issues as to when those approvals come along. He noted that it was with the Town's help that they are able to have the feasible project they have now.

Mr. Telman said that he would like to respond to some of the previous questions and concerns of Trust members. He noted that the financing piece usually comes at the end of the process. He explained that they have been talking to MassDevelopment on several different projects and it would be atypical to have a commitment now as time and energy would not be spent prior to knowing whether a building permit will issue on the project. He stated that they are in a position to submit building permit now. MassDevelopment is in the process of underwriting and have indicated that they should have a commitment for their piece to go along with the other lender on April 8, 2021 with an opportunity to close the bank financing piece on May 1, 2021. He explained that the commitment comes only if all the other pieces come together: commitment from Trust for funding, and commitment/approval from the State. The State will commit and fund based on the HDIP approval knowing that it does not come for a few years with the liquidation of that tax credit. Regarding the bridge loan, he said that they are working with Bank 5 who is a 2nd position lender for $1.5M. He said that he and Bob Carleton as developers, will plan to save on interest costs and that their fee will come at the end when that is liquidated and the funds are there. He said they intended to borrow only half the amount over the period of time and explained that is one way to fund the project with their fee along with any contingency money left over intending to keep the bridge loan as low as possible. Mr. Telman explained that commitments are contingent on each other, based on Trust and the HDIP credit. He said that their request for this piece of the financing is as critical as the other pieces and that funding was studied very deliberately and if cost per unit was $30K they were not doing it. He explained that they are pleased with the financing package that they now have: owner equity, bank debt, Trust application and HDIP for a project that is a good mix of market and affordable units.

Mr. Telman said that Paul did a good job speaking to the funding analysis. He explained that the first thing that must be done for a project like this is to figure out how much bank debt can be supported. We are getting that maximum amount with a debt service amount of 121 versus the bank required 120. Loan to value out of the gate is 68% but you need both of those parameters to be met to borrow more money. He said if they borrowed more money, first this creates more risk and you need to assure your capital structure is appropriate. Too much debt is a problem for everyone. He said it is important to note that the loan of $10.5M is personally guaranteed by Bob and himself which is a huge financial commitment. HDIP credit actually would be able to get nearly $3M and the limit is $2M, so the project qualifies on all levels. He explained that HDIP is very objective, if you meet their requirements for the monies, they will accept you into the program with an approval. Regarding the owner's equity, if we were to have a higher return than what we show (7% return), he said he would understand that process would be different and other pieces would change for funding. If it were 3% or 4%, no one will do the deal. Risk of 7% return on that piece is appropriate in addition to having to sign on the loan personally.

Mr. Telman stated that the request from the Trust is the same amount. The difference is there were 14 affordable units in the prior application, and 10 affordable units today. It is understood most people realize that the reason is that we needed to be 80% or north to be eligible for the HDIP credit. With 10 affordable units, it will cost $289,000 per unit to build. At $2,890,000 we are requesting just under 50% per unit and trying to be consistent with other projects. In an effort to be rational, we are at 50% AMI versus other projects that were funded through the previous process at 80% and 100%, and the $100,000 per unit funded previously was for units at 80% AMI. 80% AMI rent is $1,700 per month, we are at $1,087. This is a dramatic difference and the other project where two units were funded at $150K, each I believe they were at 100%

AMI which is north of the $1,740 per month for a 2 bedroom unit. When an analysis of the 10 units is performed, Tim said they are okay with 50% AMI. If it was at 80%, then the request would be different, however do not intend to change that. A simple analysis of those 10 units consisting of 8- 2 bedroom and 2- 1 bedroom units, we will be deficient cash flow wise nearly over 100,000 per year which has to be made up by other 43 units. There is increased density under the MAH zoning, but costs have far outstripped rent increases over the past number of years. Mr. Telman explained that they are still in a very good position budget wise but lumber prices increased 100% in the past six months so pieces need to come together. He explained they looked at additional debt, more equity, but this is not without a lot of thought how the capital structure is put together that makes sense. He said that he ran through the Development Activities Point Assignment and roughly come up with 90 points for the project. At end of the day, assistance is needed to make it work. All of the pieces are contingent on each other. He explained that the applicant's money is already in the project in expenditures for architects, legal fees, soil fees, environmental fees which are all paid for. He indicated that the bank will not fund without the commitments from Trust and the HDIP.

In answer to Wendy Northcross question as to what currently exists is on the parcels that have been purchased, Tim answered that there is only dirt right now.

Laura Shufelt stated that given the pandemic and economic situation we are in right now, she feels that it is very likely rents will drop with the HUD roll out which is typically in March or April. She inquired regarding a contingency for this and said it would affect the affordable rents, but asked what if predicted rents can't be reached? Tim said that there are two answers as the pandemic is a double edge sword. He noted a Cape Cod Times article identifying the lack of housing on Cape Cod because single family rentals are either being sold or used as Air B&Bs. The article also discussed the inability of people to pay rent. He said that if they do a break even analysis for the project, the goal is to pay the bank debt and have funds to run the development, the owners return comes at the end. On the current model, there is a 7% return which is first to go and is available for the project. He said that with everything he has read, even with the understanding that rent may decline, supply and demand is also going to affect that. Right now there is very little supply.

Laura Shufelt said that her other question was about using the Barnstable Housing Authority for compliance, however, said that she did not see compliance in the operating budget. Mr. Telman said he did not have a handle on that number but it is something he will be paying for. Arden Cadrin indicated that the amount is minimal at $125 per affordable unit per year for a total of $1,500 at maximum. Laura asked who will do the lease ups? Tim indicated that with a 12 month process for construction and he cannot put shovel in ground until he receives financial commitments or will be disqualified for both CP Trust funds and HDIP if construction is started. He said he has 12 to 15 months to get this into place. Laura explained that from a Fair Housing and affordable housing perspective, it is important to know who is going to be doing leases, and said she assumes that MassDevelopment will also have approval of who will be the management agent. Laura said that typically you need to know before construction loans, so this is why she asks at this point. Tim said he will obtain an answer.

Mark Milne asked Mr. Telman if he is confident in the construction cost estimates provided and if there is a contingency plan if they are higher than what is estimated. Mr. Telman acknowledged that there is an increase in construction costs and that this will be the last piece to come together. Mr. Telman said that Stateside is the builder in the industrial park, and when you substitute one project for another, we are coming in very close to the projected number. The architect designed the building with the highest quality of product available, the type of insulation used and fixtures can be looked at, however we are coming very close to the number that is in the application now. Mark asked if there was any opportunity to increase the HDIP credit beyond $1.7M. Tim said that it is a $2M credit and Dorfman Capital has indicated it is 88 to 90 on the dollar, given that it may not be funded until 2024, the difference is the interest carry for 2 to 3 years.

Laura Shufelt asked why they went through a zoning change that did not result in a project that could be done without having to exceed the Trust's guidelines for funds to bridge the gap? Tim explained that they had thought about this and most understood it to be 65% AMI /14 units. With the goal in requesting to reduce units, it was thought it would be good to have a give and take with the Town and offer units at a lower AMI. The AMI was 65% at first and we did not want to request less units at a higher AMI. There are some advocates in housing who proposed higher AMIs, we wanted to be fair: request less affordable units but at a lower % AMI. Laura answered that when the land was purchased, it was known that it was at 25% and 65% AMI. She explained that she is having difficulty understanding a zoning change when there are two conflicting purposes: HDIP which is market housing, and the underlying municipal affordable housing which is supposed to be affordable housing. She said that it seemed if it is known going in that you needed $1.4M to make the project work, and the Trust has a on criteria of $100K per unit and $500,000 per project, that you would have taken that into consideration. Mr. Telman explained that this was looked at and what really drove the process was if HDIP was not available, the project would not move ahead, so it was needed that the 25% affordable requirement be 20% instead. Mr. Telman said that they let the numbers drive them when trying to figure out the best way to capitalize and make it feasible. It was HDIP that drove us and if they were at $3M we would be asking for less from the Trust, but they are not. Mr. Telman said this is why they had to go for the zoning change. At 65%, it is not much different, it is higher rent but the key was how to get the other piece capital. With a tax credit available from the State, why not figure out best way to utilize that. Laura answered that this is also a tax credit from the Town's well if the Town reduces real estate taxes. Tim said that they had assumed that the Town organized those programs to promote development on some level realizing the complexities of putting these projects together and commitments required. Tim said that there was a long arduous process to change zoning however they are almost there and could get a building permit now. He explained that they would just do a different project if pieces don't come together and that they try to be mindful of the affordable housing piece, this is why they went down to 50% AMI. He said that if they had gone down from 14 units to 10 affordable units and asked for 80% AMI, that would not have been acceptable or fair.

Laura reminded of the Trust's role for being responsible for the Trust money and ensuring the money we have it does actually produce significant affordable housing.

Andy Clyburn noted earlier Public Comment on the NOFA and stated that the Trust should review the entire document. A sentence from the NOFA that stood out at the end is that the specific amount awarded will depend on the Trust's evaluation of the aspects of each project as related to the established evaluation criteria. He said that the Trust needs to discuss how to move forward with the evaluation of this particular application. He said that the Trust needs to decide if the evaluation worksheets should be completed outside of a public meeting in order to avoid the appearance of improper deliberation. Members would submit their evaluations to staff, then the evaluations may only be distributed to a quorum of the Trust members in a properly noticed meeting. Alternatively, members could bring their individually completed evaluation to the trust meeting for compilation at the meeting. Andy asked Trust members how they would like to move forward.

Laura said that she found in her experience that when Trusts or Committees score, it is best to come into a meeting with a score sheet filled out already for discussion so that no one is influenced at the meeting. Basically, come in to a level playing field for the discussion. It was decided that this is the better alternative and the Application will be taken up at the next meeting with each member to have a filled out the evaluation sheet for the meeting.

Andy Clyburn said that the Trust requires that a grant agreement spelling out the terms and conditions of the Trust funding is required. If Trust funds are granted, it should be considered what the conditions that the Trust would impose on the applicant in addition to the template conditions.

Charlie McLaughlin said he has a question similar to Mark Milne regarding costs of construction. Charlie asked when bids are expected and how much lumber price increases can be absorbed and still have an affordable project. Tim said that they show $161 which is higher than the last project they finished. It is likely it will be around $168 given the price increases. He said they are able to absorb that again. As an example solar- we have included a few things in the bid that if you look at build out sheet, solar is outside of that. Smart tech is outside of that, so using that, and sharpening pencils which they are, we can come to a happy medium. If it comes up as $1.5 million higher, that is not going to work, they know that. We should have that final number next week, if manageable, we will go ahead. We both have to move a little bit. Charlie asked Mr. Telman to share the bid/estimate when it comes in. Charlie also asked about Paul's comment about projects at $240-$270 which is almost $100 per s.f. over this project's $160. Paul said that Laura is better prepared to answer this however, six years ago it was researched to try to figure why affordable housing was costing more than market rate. Paul used the example of the Yarmouth Gardens development that had a motel to demo, environmental issues with hazmats and also Brewster Wood which is not a flat site. He said that site cost complications are part of it, but in terms of actual building, he did not have a really good answer why such a big difference. Laura said that it depends on what is going into the building for example, amenities. Basically, amenities are usually non revenue producing square footage. It would seem if there are no amenities, it should cost less, but that is not always the case. It will cost more if there is a septic system, or utility delivery down a long driveway with lots of pavement, those things add up. Tim said that Mass Housing has great programs, however a problem is, any time you use them you also need to pay prevailing wage contractors adding a 30% increase to the project.

It was decided Charlie would have an offline discussion with Laura and Ruth to determine the structure of financing and how and when to draw down on Trust funds. Charlie stated that this is an important factor in the evaluation to make sure we are all protected.

Andy said that Trust members are asked to take the application, pro forma evaluation, and 100 point system, and come to the next meeting ready to discuss. Ruth said that she will resend the documents previously emailed on February 11.

4. Amendment to the evaluation instrument used in the review of development activity applications seeking funding under the Notice of Funding Availability. (NOFA) to reflect the priorities outlined in the NOFA.
Ruth noted that the Trust approved the Notice of Funding Availability which had established 5 priority categories for funding based on the priorities established in the Town's various planning and housing documents. These housing priorities are incorporated into the Trust Evaluation Worksheet. Through a scrivener's error, the category of rental units that are affordable to households at 50% or below the AMI was deleted from the final version of the worksheet. Ruth is requesting that Trust members correct that error by moving to amend the Evaluation Worksheet to include rental units affordable to households at or below 50% AMI.

Motion was made by Wendy Northcross and seconded by Mark Milne to amend the document as recommended. Roll call vote: Laura Shufelt (yes), Wendy Northcross (yes), Mark Milne (yes), Andy Clyburn (yes). Motion carries.

5. Review of Trusts quarterly report for the period from November 1 2020 through January 31, 2021 to be submitted to the Community Preservation Committee.
Ruth Weil explained that the report is a summary of what has happened in the last 3 months, and basically focuses on evaluation of the Residence @ 850. The report also outlines the activities that the Trust has been involved in looking at town-owner properties for the development of affordable housing. While the CPA funds are not being billed for that work, it is important for the CPC to know that the Trust is looking at broad ways to increase the Town's affordable housing stock which will eventually result in a request for further funding under the CPA. The report is straightforward and short and was due February 1, 2021. If the Trust members are willing to approve the report, it can be moved forward to the CPC.

Motion made by Mark Milne and seconded by Wendy Northcross to approve the Trust quarterly report. Roll call vote: Laura Shufelt (yes), Wendy Northcross (yes), Mark Milne (yes), Andy Clyburn (yes). Motion carries. .

6. Update on the evaluation for the development of affordable housing of the property now addressed as 1200 Phinney's Lane, Hyannis, MA (Map 274, Parcel 031) which was formerly owned by the Disabled American Veterans (DAV).
Members decided that this item would be taken up at the next Trust meeting scheduled March 12, 2021.

7. Correspondence
Monitoring Report submitted by the Housing Assistance Corporation for the period from September 1, 2020 through November 30, 2020 for the temporary emergency rental assistance program.
Ruth Weil said that HAC has reported they only provided assistance to one family during this period of time. HAC has recently received a lot of State, County and Federal funds. Also, even though the State eviction moratorium lifted, there is a CDC moratorium still in effect for non-payment issues related to COVID. Very little of the $300K has been expended during the period ending November 30, 2020.

Laura Shufelt said with a ton of Federal money coming in, the Trust funds will only be used by someone who is not for Federal money. Laura noted that landlords can apply on behalf of tenants, with their approval for Federal money. Federal funding works best if tenants are in the arrears and there is a re-check of income every three months. Laura said that the word needs to get out that there are funds that can assist with housing. HAC does have money now and folks should be applying, including landlords on behalf of their tenants if tenants have difficulty with the paperwork and they approve.

Charlie McLaughlin asked Trust members if they thought there was any merit in receiving a report sooner than later from HAC if the money is not going to be used. He mentioned the possibility of looking at foreclosure assistance as a better use of the funds. Ruth reminded that the contract with HAC ends in June or July, so there would be an opportunity to revisit at that time. Ruth said that there could be some legal issues attendant to the use of CPA funds for foreclosure prevention, and they will need to revisit those regulations going forward. Ruth noted that HAC does already have money for foreclosure prevention. Charlie said it can be discussed again perhaps as a soft loan to give folks time to recover financially. Ruth said that Charlie's suggestion could possibly fall into the CPA housing support category.

8. Application to the Massachusetts Housing Partnership Affordable Housing Trust Intensive Technical Assistance Program

Ruth Weil said that Elizabeth Jenkins brought this MHP grant offer to affordable housing trusts to her attention. They wanted to see if the Trust would be interested in applying for funds for predevelopment costs for the 1200 Phinney's Lane parcel. The deadline is March 5, 2021. Laura Shufelt said that they should reach out to the person who runs the program to see if that is an allowable use of the grant funds. She said it is more staff time than a grant. It was decided that if Ruth and Elizabeth reach out to MHP and this is an allowable purpose, it would be okay for the Trust to apply.

9. Discussion of topics for future meetings.

After discussion regarding the unavailability of 3 of the Trust members for the next meeting scheduled on March 12, it was decided that all Trust members would be available on March 5 at 2:30 p.m. Members were requested to be prepared to evaluate the Residence @ 850 Application at that meeting.

Adjournment

Motion to adjourn was made by Mark Milne and seconded by Laura Shufelt. Roll call vote: Laura Shufelt (yes), Wendy Northcross (yes), Mark Milne (yes), Andy Clyburn (yes). Meeting adjourned.

List of documents/exhibits used by the Board at the meeting:

Exhibit 1 – Affordable Housing Growth and Development Trust Fund Board Agenda 2/26/21.
Exhibit 2 – Draft minutes for 1/22/21 Affordable Housing Growth and Development Trust Fund Board meetings.
Exhibit 3 – E-mail RE: Public Comment 850 Falmouth Road Application, Councilor Paula Schnepp.
Exhibit 4 – Financial Review and Analysis of Pro Forma and attachments – Residence @ 850 prepared by Paul Ruchinskas, consultant.
Exhibit 5 - Report on the Affordable Housing/Growth & Development Trust Fund Activities Relating to the Award of Community Preservation Funds for Period from 11/1/20 through 1/31/21.

Exhibit 6 – Correspondence: Housing Assistance Corp Rental Assistance Monitoring Report Town of Barnstable as of 11/30/2020 and Affirmative Marketing.
Exhibit 7 – Outline of Review Process for Development Activity Applications/Point Assignment for Evaluation of Development Activities – dated February 11, 2021.

Respectfully submitted,

Ellen M. Swiniarski
CPC Coordinator
Planning & Development Department