



The Town of Barnstable
Affordable Housing Growth & Development
Trust Fund Board
367 Main Street, Hyannis MA 02601
www.town.barnstable.ma.us



Office: 508-862-4610
Fax: 508-790-6226
Email: mark.ells@town.barnstable.ma.us

Mark S. Ells, Chairman

Friday, September 8, 2023
Affordable Housing Growth & Development Trust Fund
Fund Board Meeting APPROVED Minutes
9:00 A.M.

Pursuant to the passage of legislation extending certain COVID-19 measures adopted during the state of emergency, this meeting was closed to the public.

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: Mark Ells, Chairman, Andy Clyburn, Mark Milne, Laura Shufelt and Wendy Northcross.

Other Attendees: Elizabeth Jenkins, Director, Planning & Development; Charles McLaughlin, Sr. Town Attorney; Jillian Douglass, Trust Administrator, Planning & Development; and Ellen Swiniarski, Community Preservation Coordinator, Planning & Development. Jake Dewey, Applicant; Attorney Bernie Kilroy, council for applicant.

Call to Order

With a quorum present, Chairman Ells called the meeting to order at 9:00 a.m. and stated that today's meeting is recorded 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 (present): Wendy Northcross, Laura Shufelt, Mark Milne, Andy Clyburn, and Mark Ells.

Public Comment

Ms. Asia Braves, a resident of Hyannis spoke about the need for immediate housing saying that she is presently living in an income driven unit which she no longer qualifies for and must move. She noted there is nothing available for people making between \$45,000 and \$60,000 saying that perhaps other creative ways could be used such as co living and elimination of broker fees would help. She said that the people needed every day such as nurses and teachers cannot afford to live on the Cape. She offered that she is available and would like to advocate and help with the housing crisis locally. Chair Ells thanked Ms. Braves and welcomed her valuable input and said that staff will continue conversations with her.

Topics for Discussion

1. Approval of minutes for the September 8, 2023, meeting.

The motion of Wendy Northcross was seconded by Marke Milne to approve the September 8, 2023, meeting minutes as submitted. Roll Call Vote: Laura Shufelt (yes); Wendy Northcross (yes), Mark Milne (yes), Andy Clyburn (yes). Mark Ells (abstained).

2. Continued Application – Jake Dewey – Request for \$500,000 re-development funding for Linnell Landing, to renovate an existing 3-family (c.1870) building located at 50 Yarmouth Road, Hyannis on a .39-acre parcel, and add 3 new buildings, with 8 new 1-bedroom and 4 new 2-bedroom units, including 1 inclusionary unit at 65% AMI and 1 affordable unit at 80% AMI.

Mr. Jake Dewey reported that he and Attorney Kilroy met twice with Attorney McLaughlin and a draft document was circulated this morning of a bulleted list of the Trust's requests. Attorney McLaughlin noted that because an approved grant is for preconstruction, there would need to be security provided for the advancement of Trust funds allowing for recovery of funds if the project does not go forward. Attorney McLaughlin referenced the bulleted list and said that key to discussion is whether funds advanced would be sequenced into the construction loan as in the Residence at 850 where upon application to the lender, the Trust could review the application, and architect's certification to ensure that the funds remaining undisbursed are enough to cover the entire cost of the anticipated future construction costs as the project to be built. He noted that with the certifications, the Trust could disburse at the beginning a small portion in conjunction with the lender advances of funds. The alternative would be to wait until the end of the project when it is either certified by the architect that the project is substantially complete or wait until there have been Certificates of Occupancy issued before the release of Trust funds. Attorney McLaughlin said that the proforma for this would have to be in place. He said that the applicant's proposal to the Trust was for the advancement of the funds from the beginning as a part of the construction loan schedule and identified that this is an open item the Trust would need to discuss and decide. Attorney McLaughlin stated that there is agreement that a deed restriction in perpetuity is to be recorded for any affordable units, but the proposal for a 24-month commitment would need to be discussed and decided. He said there is agreement in principle regarding a fair market plan and would likely require input from Laura as to how the reporting and monitoring and the level the Trust would need to be assured. He noted that Laura's comments had not been included. Attorney McLaughlin referred to a prior discussion regarding \$500,000 being needed for support of two affordable units to allow the entire project go forward which includes the creation of 12 market rate units that are also very much needed in the community. Attorney McLaughlin said a mechanism is needed that is acceptable to all that would limit the market rate units to ensure that the funding of \$500,000 for only two affordable units would be feasible if the market unit rents are also limited. Other outstanding questions are what AMI the market rate units would be limited, and discussion regarding local preference for the affordable units.

Attorney McLaughlin said that the Grant Agreement was modeled after the Residence at 850 agreement and is nearly complete depending upon what additional information will be added by the Trust saying that any open item will require further discussion and decision from the Trust.

Laura Shufelt said that according to the proforma she reviewed, the sources showed a gap of \$500,000 using the construction loan as the debt. She noted that the permanent loan is \$551,000 more than the construction loan so it does not show a gap of \$500,000 because the \$551,000 difference reflects the developer fees contribution. She explained that once the permanent loan is closed after stabilization, there is no gap and appears that what is needed is a \$500,000 bridge loan for construction. Mr. Dewey referred to an updated proforma that removed the developer fee making it straightforward that it is the construction costs and the permanent loan with no added value. Chair Ells asked that the updated proforma be sent again to the Trust members, so they can review and have a meaningful discussion on how to proceed.

There was discussion regarding the difficulty analyzing information that has been distributed without ample lead time to review. Andy Clyburn reviewed the conversation from the last meeting which included the concern for setting precedent at \$250,000 per unit for the two affordable units noting that all agreed the rental rates for the market units are desperately needed and if a way to ensure the market rates remain attainable, he was hopeful there would be a way to approve the project. Mark Milne expressed the same concerns saying that the limits of the market rate units and local preference could be included in a Grant Agreement. Laura Shufelt noted that with a discount based on where the market units are on the index per AMI and then increase the income limit to 120%. She noted that the proposed market rents are around 90% AMI. She explained that the rents in the TIE agreement may be made enforceable through the Grant Agreement. Laura noted that local preference is a Fair Housing law that has a maximum local preference limit of 70% of the units at initial lease up, after which they go on a wait list that is a mix of local and nonlocal people.

There was discussion regarding the timing and the status of required applications and Attorney McLaughlin noted the role that a tax incentive program plays is vital to the proforma and asked if a TIE application has been submitted. Mr. Dewey confirmed that things are continuing to float regarding rates, construction costs however he noted that his builder has historically been accurate with the budget for his last two project noting that the more time that goes by, the more expensive things get. Jake said that if funds fail, he will have to decide to reduce the scope of the project or shelf it. He said if he received conditional approval from the Trust, he would order the appraisal and push forward as quickly as possible saying that he hoped to have foundations in before a hard freeze. Jake said that one way to create market rate attainable units is through deed restrictions for year-round tenancy and shared that he has spoken with Alissa at HAC for ways to restrict units to ensure that they fall within the void of attainable housing. She noted that the project he is building is naturally attainable housing for the work force. Jake noted a lottery cost of \$15,000 and asked if the ready renters list could be used instead. However, Laura explained that for units to count on the SHI, they require a lottery first.

Chair Ells agreed that time is a factor, and the development application will be taken under advisement, and he requested that a summary of the critical items that need to be addressed be shared with the Trust in advance of the meeting so a decision can be made one way or another. Chair Ells asked for a minimum of 48 hours prior to the meeting for materials to have time to review for the Trust to make good decisions. It was decided that a vote of the Trust should wait for a more comprehensive package. Mr. Dewey expressed frustration and questioned whether there is enough information to put into the draft, saying that he is flexible and willing to do what the Trust asks. Laura said that until there is an instrument that can lock in more than two units, the Trust cannot vote on anything else. She said \$500,000 for only two affordable units blows up the Trust's criteria, precedence, and fiduciary responsibilities in her opinion.

Wendy made a motion to include in the final document, items such as advancement of the agreed upon amount from the beginning of the construction process; a 24-month commitment; market rate assurances in perpetuity at 90% AMI, noting local preference is handled by law. After discussion, it was decided that instead of a vote, there was board consensus for these items to be included in the draft Grant Agreement. Laura Shufelt noted that it could be agreed upon and worked into both the TIE and Grant agreements regarding the limitation of the market rate units to justify \$500,000 for two affordable units.

Andy Clyburn stated that he felt the developer's numbers are already there as presented and there only needs to be a legal mechanism to lock in what has been presented. Elizabeth Jenkins said that there is an active TIE application and said that if Laura has an idea how to limit the market units through the Grant Agreement, it could be a resolution and said she felt confident something that aligns with the TIE agreement could be worked out. Laura confirmed that the AMI index is the easiest to use moving forward by avoiding the need for a market study to verify the market rents and then discount from that.

The application will be taken up at the next Affordable Housing Trust meeting.

3. Continued Application - \$50,000 pre-development funding to Nathan Herschler, applicant for Bread & Roses, to cover due diligence Architectural and Pro-Forma investigation of renovating 2nd floor (1,406 s.f.) of mixed-use property at 296-302 Main Street (circa 1909) on a .23-acre parcel, by renovating the 2nd floor of 298 Main Street to add two (2) new Affordable units at 60% AMI, 2-bedroom apartments.

Elizabeth Jenkins recused herself from participating in the review of this application.

Mr. Herschler said that he has executed a contract with his architect who is currently taking revised measurements of the existing space. He said that the proposal addresses two vacant commercial spaces by converting them to residential, one of which is essentially completed and will likely not require Trust construction funds but will likely require construction documents to make it a legal unit. The other space is a completely unfinished storage space which will require both predevelopment funds and development funds. He explained that although he does not have any numbers yet, he does have quotes coming in for every aspect of the project and should be able to share them as soon as the construction documents are complete and sent to the contractors for final estimates. He estimated the total construction cost is going to come in somewhere around \$60,000 and \$80,000 for one unit and whatever remediation is needed for the second unit that is nearly complete. He said he estimated a \$80,000 development loan request from the Affordable Housing Trust and will use HAC to manage the affordable units.

Jillian Douglass confirmed that the application is complete for the Board to consider, including the pre-development application and contracts for professional services. She noted that the pre-development application seeks the funds for the work of the consultants. Laura clarified that the application is for a \$50,000 pre-development fund to cover all the preconstruction documentation. Mr. Herschler noted that the project is on schedule and once there are finalized quotes from the contractors, he could potentially be able to start construction in November. Attorney McLaughlin indicated that at the last meeting, security of the funds would need to be provided so that if for any reason the project did not go forward the Trust would be able to recover the soft costs. He noted that in the past, the Trust has taken a mortgage on property with sufficient equity. If the project goes forward and Certificates of Occupancy are issued, the Grant

funds would not be returnable and at that point, would vest in the developer. Mr. Herschler confirmed that the subject building has enough equity to secure the pre-development grant funds.

The motion of Laura Shufelt to approve the \$50,000 pre-development loan that is potentially forgivable once complete with documentation of affordability, for a mortgage lien during the construction period and a Grant Agreement, which lays out tasks and costs and that the Trust will disburse the funds over the course of construction, was seconded by Wendy Northcross.

Roll Call Vote: Laura Shufelt (yes), Wendy Northcross (yes), Mark Milne (yes), Andy Clyburn (yes), and Mark Ells (yes).

Elizabeth Jenkins returned to the meeting.

4. Planning & Development Updates – Elizabeth Jenkins, Director of Planning & Development

a. Letter of Intent to Community Preservation Committee for Transfer of Funds

Elizabeth Jenkins shared that staff is moving forward and working to submit an application for the CPC's October meeting. She mentioned the Town Council meeting last night, and the current updating of the Housing Production Plan and the Inclusionary Affordable Housing Ordinance, and said staff will continue to provide updates to the Trust as they move forward through those processes, either by inviting the Trust to discussions at the Housing Committee, or providing information directly to the Trust for feedback. She also mentioned there was a session about the potential and need for a rental assistance program and noted there are good models for this. Andy asked that rental assistance discussion be added to the agenda for the next meeting.

5. Trust Administrator's Updates/Follow-Ups Jillian Douglass

a. Continued discussion of additional options/tools.

Jillian Douglass shared that there has not been the chance to discuss additional tools as she has been focused on the project application and associated instruments. She also noted that she and Laura talked about bringing forward criteria and standards for the monitoring agreements and said this will be included on a future agenda.

b. Revisions to Notice of Funding Availability (NOFA)

Jillian said that the current NOFA is not inclusive of programs such as the rental assistance programs just mentioned, only for construction and development. She explained that the current NOFA would need to be expanded to include programs if the Trust decides they want to solicit requests for funding for different programs.

6. Topics for Future Meetings/Agendas

- Policy and Guideline Discussion - Trust discussion outside of a project request regarding per unit investment including legal input regarding the limitations of the use of CPA funds.
- Discussions to Ensure Alignment of the Trust with Town Council Guidance for Housing
- Discussion regarding expansion of the Trust by two members with affordable housing experience.

7. Matters Not Reasonably Anticipated by the Chair

None.

8. Next Meeting Dates – October 13, 2023, 9 a.m. as discussed, and decided at this meeting.

Adjournment

The motion of Laura Shufelt was seconded by Andy Clyburn to adjourn the meeting. Roll Call Vote: Laura Shufelt (yes), Wendy Northcross (yes), Mark Milne (yes), Andy Clyburn (yes), and Mark Ells (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 9/8/2023.

Exhibit 2 – Draft Minutes from the August 4, 2023, Affordable Housing Trust meeting.

Exhibit 3 – Application and Supplementary Documents for Development Funds – Linnell Landing – 50 Yarmouth Rd, Hyannis.

Exhibit 4 – Application and Supplementary Documents for Pre-Development Funds – Nathan Herschler - 296-302 Main St, Hyannis

Respectfully submitted,
Ellen Swiniarski
CPC Coordinator
Planning & Development