



The Town of Barnstable
Affordable Housing Growth & Development
Trust Fund Board
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2021 JAN 8 AM 10:43
Mark S. Ells, Chairman
BARNSTABLE TOWN CLERK

AFFORDABLE HOUSING GROWTH & DEVELOPMENT TRUST FUND BOARD
MEETING
November 13, 2020
9:00 A. M.

Zoom meeting ID: 989 0139 2301

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 a telephone number, both provided in the posted meeting notice.

Board Member attendees: Mark Ells (Chair), Mark Milne, Laura Shufelt, Wendy Northcross.

Other Attendees: Ruth Weil; AHG&DTFB Staff; Elizabeth Jenkins, Director of Planning and Development, Arden Cadrin, Planning & Development, Paula Schnepf, Town Councilor, Aliana Wilkey, Cole Silva and Sam Bechtold.

Topics For Discussion

1. Public Comment

No public comment.

2. Approval of minutes of the 11/13/2020 meeting.

Motion: Laura Shufelt moved to approve the 10/09/2020 minutes as written. Wendy Northcross seconded the motion.

Vote: Mark Ells called for a roll call vote: Mark Milne (Yes), Laura Shufelt (Yes), Mark Ells (Yes) Wendy Northcross, (Yes),

Motion carries

3. Presentation by Aliana Wilkey on Social Housing, a housing production strategy developed in Europe which addresses the shortage of affordable housing by focusing upon the creation of municipal housing.

Ms. Wilkey, who indicated that her colleagues Cole Silva and Sam Bechtold were also present, narrated a PowerPoint on the subject of Social Housing, explaining that Social Housing is government-owned housing which achieves a mix of incomes because it is open to residents of all income levels. Ms. Wilkey posited that housing created exclusively by the private sector has failed to meet the needs of many renters as evidenced by the fact that the number of cost-burdened renters rose nationwide to 49.7% in 2018. By creating an influx of publicly-owned units, Social Housing will benefit Cape residents by greatly expanding the supply of mid-range and affordable units and by potentially stabilizing the rents of existing rental units. Ms. Wilkey stated that Social Housing could be financed through the issuance of municipal bonds. Examples of cities where Social Housing has been successful are Vienna where 60% of residents live in Social Housing and Singapore where 80% of residents live in Social Housing. Finland has experienced a 35% drop in homelessness through the creation of Social Housing.

Town Councilor Paula Schnepf noted that municipalities are subject to public construction laws which generally increase the cost of construction by 20-30%. Councilor Schnepf wondered whether there were any financial models that make the numbers work not only with regard to the cost of construction but also relating to the costs for operating the municipal-owned housing so that the municipality does not have to subsidize the housing on an ongoing basis. Cole Silva responded that he was not aware of any existing models which provided the financial projections that Councilor Schnepf was seeking. He reiterated that the financing of municipal housing would not be limited to Community Preservation funds but also would include financing through municipal bonds and/or borrowing from the federal government. Once the housing was constructed, there would be a sliding scale of rents with the higher income tenants essentially subsidizing the lower-income tenants.

Laura Shufelt stated that the closest correlation in Massachusetts to what is being discussed here is a state program for the redevelopment of public housing where an existing public housing development that has become obsolete is razed and replaced. The new development must have the same number of public housing units but then additional market rate units are added to the mix. Two such developments have been two permitted—one in Chelsea and one in Somerville and there is another in the works in Salem. Laura stated that it has been determined that to make these projects financially viable, there must be three market units created for every one public housing unit. And that only works in communities that can garner high rents for the market rate units. As stated in the presentation, these mixed income developments can create a sense of community by providing intergenerational, economically diverse housing.

Paula Schnepf and Wendy Northcross noted that there are several resort communities in Colorado which have developed municipal housing and those would be worth researching.

Aliana Wilkey and her team will follow up with Elizabeth Jenkins and Ruth Weil as needed.

4. Review by Elizabeth Jenkins, Director of Planning and Development, of new housing developments in Barnstable, including those in pipeline.

Elizabeth Jenkins stated that Barnstable is in a moment in time where several developers are coming forward to create a significant number of market-rate rental units. There may be opportunities to work with these developers to fund additional affordable units in these developments. Elizabeth went on to review the tracking list maintained by the Planning and Development Department which shows new housing developments in Barnstable, including

those in the pipeline. Some of the developments are completed but there are quite a few that are either under construction or in the permitting process. The Trust might want to consider a program that offers funding to create additional affordable units in these development above the 10% inclusionary requirement. Elizabeth Jenkins will continue to work with Ruth Weil to initiate discussions with these developers on the availability of Trust funds to create additional affordable units.

5. Discussion and possible vote on the next steps for the Trust to proceed with a First-Time Homebuyers Buydown Program.

Ruth Weil indicated that she had placed this topic on the agenda because the Trust had previously indicated that it wanted to determine by the end of the calendar year whether it was going to issue a Notice for Funding Availability for a First Time Homebuyer's Program.

To recap, because CPA funds are being used for this program, an Affordable Housing Restriction is required and a lottery must be conducted to choose recipients of these funds.

At the last meeting, there was discussion about reaching out to the County to see if there was an interest in exploring a county-wide Regional Housing Services Office. Laura Shufelt provided a draft report on how to implement such an entity. But to establish as an RHSO in Barnstable will be an initiative that will take some time to come to fruition.

Discussion ensued about what amount of subsidy would be necessary per home to make the program successful. There were concerns raised about how the requirements of the CPA funding would affect the viability of the program.

MOTION: Wendy Northcross moved to table discussion on the First-Time Homebuyers Buydown Program. Mark Milne seconded the motion.

Roll Call Vote: Mark Ells, Yes, Laura Shufelt, Yes, Mark Milne, Yes, Wendy Northcross, Yes.

Motion Carries.

6. Discussion of whether the property located at 461 Bishop Terrace, Hyannis, MA is a candidate for the Affordable Homeownership Preservation Program.

This unit has been previously discussed by the Trust before the acquisition of the CPA funds by the Trust and was one of the reasons the Affordable Homeownership Preservation was suggested. This affordable unit was created pursuant to a Chapter 40B permit subsidized under the now-defunct Homeownership Opportunity Program known as the HOP program. Unfortunately, the formula under the HOP program allowed the affordable selling price to be 100% of the Fair Market/Appraised Value and it occurred before the "deed survives foreclosure" requirement was included in the universal deed rider. The deed restriction required the property owner to obtain town and DHCD approval prior to any refinancing. After being denied such refinancing at \$167,000 in 2005, the owner was able to borrow through a reverse mortgage in excess of \$400,000. Wells Fargo was aware that the requested refinance of \$167,000 had been denied. When the affordable homeowner stopped making mortgage payments, Wells Fargo foreclosed on the home and the owner vacated the unit. DHCD advised Wells Fargo that the unit had to be sold to an affordable purchaser with a new deed rider that survived foreclosure. Now

the property is owned by Fannie Mae. The Building Commissioner inspected the unit in June of 2019 and there were at least \$60,000 worth of repairs that need to be done. The Town, through the Legal Department and Planning Department have been working on strategies to preserve the unit as affordable. Arden has been more recently involved. Last, November Chris Jee, a lawyer from DHCD was going to reach out to Fannie Mae to see if Fannie Mae was willing to perform the repairs and sell the property to an eligible buyer. If that plan fails, Ruth was wondering if the Trust would have an interest in putting out an RFP for an entity to purchase the unit and sell it to an eligible purchaser, Two pieces would have to come into play before Ruth would recommend that course of action. First confirmation from FANNIE MAE that the unit would be sold at an affordable price with a deed that survives foreclosure. Second, a re-inspection by the Building Commissioner to see if the costs of repair have increase to a point where an acquisition is not financially feasible.

Laura Shufelt asked whether this property would be a candidate for the Attorney General's Abandoned Housing Initiative (AHI). Ruth indicated that she would be willing to work with the Legal Department, Arden Cadrin, DHCD and the Attorney General's office on whether this unit would be a candidate for a receivership through the AHI program and report back to the Trust.

7. Discussion of topics for future meetings.

- Update of Town owned land that could be developed. (Mark Ells will have the Assistant Town Manager bring this discussion to the next meeting.)
- Update on discussion between the Town of Barnstable and the County Administration to talk about Regional Housing Services Offices.
- Possible *Pro forma* on a Social Housing development

No other matters reasonable anticipated by the Chair.

Adjournment

Motion by Laura Shufelt and seconded by Wendy Northcross to Northcross to adjourn meeting,

Roll Call Vote: Mark Milne (Yes), Mark Ells (Yes), Laura Shufelt (Yes), Wendy Northcross (Yes).

Meeting adjourned.

Next meeting is scheduled for 9:00 AM on December 11th, 2020.

List of Documents/Exhibits used by the Trust during the meeting

- A. Aliana Wilkey's PowerPoint Presentation on Social Housing.
- B. Excel Spreadsheet prepared by the Planning and Development Department on New Housing Developments in Barnstable, including those in the pipeline.
- C. Draft report prepared for Massachusetts Housing Partnership by Elizabeth Rust on Housing Services Offices.

Accepted _____
Date _____ and time _____.