



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

Mark S. Ells, Chair

May 14, 2021

Lindsey Counsell, Chair
Community Preservation Committee
367 Main Street
Hyannis, MA 02601

Re: Report on the Affordable Housing/Growth & Development Trust Fund Activities Relating to the Award of Community Preservation Funds for Period from February 1, 2021 through April 30, 2021.

Dear Mr. Counsell:

On behalf of the Affordable Housing/Growth & Development Trust Fund Board, I am submitting the following report regarding the Trust's activities for the period from February 1, 2021 through April 30, 2021.

FUNDING ACTIVITIES

AWARD OF \$1.4 MILLION DOLLARS TO STANDARDS HOLDINGS, LLC FROM CPA FUNDS HELD BY THE TRUST TO CREATE TEN (10) AFFORDABLE RENTAL UNITS, WHICH UNITS WILL BE AFFORDABLE IN PERPETUITY TO HOUSEHOLDS EARNING 50% OR BELOW OF THE AREA MEDIAN INCOME (AMI), SUBJECT TO THE EXECUTION OF A GRANT AGREEMENT MEMORIALIZING THE CONDITIONS OF THE AWARD VOTED ON BY THE TRUST.

On March 5, 2021, Paul Ruchinskas, former Affordable Housing Specialist for the Cape Cod Commission hired by the Trust as an outside housing consultant, presented his financial analysis of Standards Holdings, LLC *pro forma*. Following Mr. Ruchinskas' presentation, each Trust Board member evaluated Standards Holdings, LLC's application using the evaluation instruments created by the Trust. The evaluation criteria and concomitant assigned weighted point system evaluated the numbers and percentage of affordable units, the amount of other funds leveraged by the investment of CPA funds, the strength of the overall concept (including evaluation of unit mix, whether building design compliments the existing design vernacular of Barnstable, parity between affordable and market units, whether the design is consistent with green design and smart growth principles and the project's additional public benefits), the

strength of the development team, the financial feasibility of the project, the number and percentage of units that are accessible units and the project's readiness to proceed. All the Trust members gave the proposed development a score in excess of the minimum sixty-five (65) points established as the minimum score needed to be considered for funding. After discussion, the Trust voted to approve an award of \$1.4 million dollars to Standards Holdings, LLC from CPA funds, contingent upon the execution of a grant agreement memorializing the conditions of the award, which conditions were to be reviewed by the Trust at its April 9, 2021 meeting.

At its April 9, 2021 meeting, the Trust reviewed a series of conditions to be incorporated in a Grant Agreement and approved an award of funds to Standard Holdings LLC in the amount of \$1.4 Million from Community Preservation Funds for a project identified as "Residence @ 850", a proposed multifamily housing development to create 10 units of affordable rental housing, to survive foreclosure and to be affordable in perpetuity to individuals and families whose income is 50% of the Area Median Income (AMI), to be located at 850 Falmouth Road, Hyannis, MA, subject to the conditions contained in the April 8 Memo from Ruth Weil to the Trust and any other additional conditions necessary to ensure the proper expenditure of Trust Funds. (See copy of April 8, 2021 memo attached),

SEEKING PARTNERSHIPS TO LEVERAGE COMMUNITY PRESERVATION ACT FUNDS FOR COMMUNITY HOUSING.

Trust Board member, Laura Shufelt, made a presentation to the Trust explaining that Massachusetts Housing Partnership (MHP) has piloted a program in Boston working with Boston Community Preservation Committee (CPC) and local banks to significantly reduce the mortgage rate for first time homebuyers. Ms. Shufelt elucidated that the program combines Community Preservation Act (CPA) funding and MHP's ONE Mortgage program; the increased benefit by also utilizing ONE CPA funds from the City of Boston, added a total of \$144,000 to the buying power with the same monthly payment. Ms. Shufelt said that after piloting the program for a year and a half in Boston, MHP has found it to be a very successful program with other communities hoping to replicate it. She noted that the first group expressing interest are municipalities in Gateway Cities, of which Barnstable is one. The next steps for the Trust and Town are to participate in the meeting that MHP has scheduled for Gateway Cities.

POTENTIAL USE OF TOWN-OWNED PARCELS FOR THE DEVELOPMENT OF AFFORDABLE HOUSING.

The Trust is continuing to work with the Asset Management Division to identify parcels that may be candidates for the use of the predevelopment funds that are available under the Trust's Notice of Funding Availability (NOFA) for the purpose of undertaking development feasibility analyses.

COMMUNITY PRESERVATION FUNDS EXPENDED DURING REPORTING PERIOD:

Fee for Outside Housing Consultant to perform a financial analysis for the Residence@ 850.

\$1,000 Dollars.

PENDING EXPENDITURES:

Loan to the Cape and Islands Veterans Outreach Center, inc. for \$90,000 in to support the creation of 5 single room occupancy (SRO) units for homeless veterans to be located at 1341 route 134, Dennis, Ma.

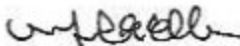
The Cape and Islands Outreach Center has advised the Trust that rather than seeking a loan from the Trust, they will ask that the approved loan be converted to a grant upon the occupancy of the development.

Award of \$1.4 million dollars to Standards Holdings, LLC from CPA funds held by the Trust to create ten (10) affordable rental units, which units would be affordable in perpetuity to households earning 50% or below of the Area Median Income (AMI).

As noted above, the next step is the execution of a Grant Agreement, memorializing the conditions of the award.

Trust members and staff are available to appear before the CPC to answer any questions that you may have regarding the report. Thank you.

Sincerely,



Mark S. Ells, Trust Chair

cc: Town Council

cc: Housing Committee

ATTACHMENT 1

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

Mark S. Ells, Chair

To: Trust Board Members
From: Ruth J. Weil
Date: April 8, 2021
Subject: Revised Grant Agreement Conditions for the Residence @850

As was discussed at the last meeting, before the vote made by the Trust to award funds to the applicant can be finalized, the terms and conditions of the funding, which then will be memorialized in a written Grant Agreement, must be voted upon by the Trust. Based upon the discussion at the Trust's March 5th meeting, I am offering the below conditions for review at the Board's April 9th meeting.

Conditions to be Fulfilled by Applicant Prior to the Disbursement of Funds.

1. Execution of a Grant Agreement which shall contain standard provisions and conditions to ensure that grant monies are properly disbursed and expended and that the Trust's investment is adequately protected, including, but not be limited to, provisions regarding the scope and description of the project, recordkeeping, monitoring, indemnification, recapture, termination, enforcement and insurance as well as any additional provisions deemed necessary to ensure that the funds are expended consistent with G.L. c. 44 s. 55C and G.L. c. 44B. In addition to the above, the Grant Agreement shall include the following specific conditions:

- a. A minimum of one of the ten affordable units shall be fully accessible to persons with disabilities.
- b. The Trust shall receive written documentation from the Grantee that the Department of Housing and Development (DHCD) has approved the Lottery and Marketing Agent for the Development. In the event that DHCD has not taken on the responsibility for approving the Lottery and Marketing Agent, approval by the Trust of the Lottery and Marketing Plan shall be required.
- c. The Trust shall receive written documentation from the Grantee that the Department of Housing and Development (DHCD) has approved the Management Agent for the Development. In the event that r DHCD has not taken on the responsibility for approving the Management Agent, approval by the Trust of the Management Agent shall be required.

d. For a period of ten years from the date of the closing the Grantee's loan from MassDevelopment, any transfer of the subject property or any change in the membership of the LLC greater than a total of twenty-five (25%) percent of the membership during the ten-year period shall be subject to the prior written approval of the Trust, which approval shall not be unreasonably withheld and/or delayed. It shall be considered reasonable for the Trust to ensure that the proposed transferee has the financial strength and management capabilities to comply with the terms of the Grant Agreement.

e. An annual certification shall be submitted to the Trust regarding compliance with the affordability requirements from either the monitoring agent or from MassDevelopment.

2. Proof of execution of a Note by the Grantee and recordation of a Mortgage, both approved by the Town Attorney, securing the obligations under the Grant Agreement. The mortgage shall be subordinate to the permanent loan. The mortgage would be a monetary, thirty-year mortgage with no interest which shall be forgiven in thirty (30) years if there is no default. In the event of default, the full amount of the One Million, Four Hundred Thousand (\$1,400,000.00) loan shall become due and payable to the Trust. Prior to a declaration of default, the Trust shall provide the Grantee notice of any default, whereupon the Grantee shall have 60 days to cure or dispute said default from receipt of such notice.

3. Proof of a recordation of an Affordable Housing Restriction (AHR), senior to all encumbrances and which survives foreclosure, approved by the Town Attorney and executed by the Department of Housing and Community Development (DHCD), the Town and the Grantee requiring that the ten (10) affordable units be rented in perpetuity at a rent which is affordable to an individual or family whose income is 50% or less of the AMI as determined by HUD or any successor agency.

4. Proof that the 10 affordable units are eligible for inclusion in the Subsidized Housing Inventory (SHI), which in addition to the recordation of an AHR specified in the Grant Agreement, shall include documentation of a draft written lease which contains the following terms: a) a minimum of one year term which provides: 1) that during the lease term the tenant can only be evicted for a substantial violation of a material term of the lease; 2) that sixty (60) days' notice of non-renewal of the lease shall be provided; and 3) that the tenant shall furnish information to document continued eligibility sufficient to determine compliance with the eligibility requirements.

5. A final project budget shall be submitted to the Trust with proof of written funding commitments from MassDevelopment and from DHCD under the HDIP and of the approval by the Town of the TIE.

6. A current Certificate of Good Standing from the office of the Secretary of State of the Commonwealth for Standard Holdings LLC.

7. Proof of an issuance of a building permit.

Process for Fund Disbursement:

The Trust shall work with MassDevelopment to enter into a written agreement to establish a process for the disbursement of the Trust's grant award on a *pro rata* basis during construction which process shall include providing the Trust with a construction and disbursement schedule and periodic inspection

reports throughout the construction period. Ten (10%) percent of the Trust's funding shall be retained by the Trust until certificates of occupancy are issued for the development and there is verification that the Grantee is in compliance with the terms of the Grant Agreement. In the event that the Trust and MassDevelopment are unable to enter into an agreement for the disbursement of Trust funds, the Grantee shall appear before the Trust to discuss alternative processes for the disbursement of Trust funds.