



BARNSTABLE COUNTY
DEPARTMENT OF HUMAN SERVICES
3195 Main Street, Post Office Box 427
Barnstable, Massachusetts 02630
Office: 508-375-6628 | Fax: 508-858-5094
www.bchumanservices.net

APPROVED

by Advisory Council on August 12, 2021

MEETING MINUTES
Barnstable County HOME Consortium
Advisory Council Meeting
Thursday, June 10, 2021

The meeting was held through remote participation by the Barnstable County HOME Consortium Advisory Council pursuant to Massachusetts Governor Charles D. Baker's Order Suspending Certain Provisions of the Open Meeting Law on March 12, 2020.

Members Present: Laura Shufelt (*Barnstable*)*; Jill Scalise (*Brewster*); Dave Quinn (*Bourne*)**; Josh Mason (*Dennis*)**; Carla Feroni (*Falmouth*); Arthur Bodin (*Harwich*); Arden Cadrin (*Mashpee*); Fran McClennen (*Orleans*)*; Nanette Perkins (*Sandwich*); Richard Ciotti (*Wellfleet*); Richard Carroll (*Yarmouth*); Charleen Greenhalgh (*At-Large*); Beth Wade (*At-Large*)**

** arrived after meeting was called to order / ** left meeting before adjournment*

Members Absent: Aly Sabatino (*Chatham*); Paul Lagg (*Eastham*); Michelle Jarusiewicz (*Provincetown*);

County Staff: Renie Hamman, HOME Program Manager
Patty Daley, Cape Cod Commission Ex Officio member

Advisory Council Meeting

1. Call to Order

The Barnstable County HOME Consortium Advisory Council convened at 10:01 a.m. Renie Hamman, HOME Program Manager, stated that the meeting was being held by remote participation pursuant to Massachusetts Governor Charles D. Baker's Order Suspending Certain Provisions of the Open Meeting Law on March 12, 2020, and that the meeting was being recorded.

2. Instructions for Virtual Meeting

Renie provided instructions for the virtual meeting.

3. Roll Call and Confirm Quorum

After Roll Call, Quorum was confirmed. All members present participated remotely

4. General Business

a. Approval of Minutes: April 8, 2021

Motion by Jill Scalise to approve the minutes of the Barnstable County HOME Consortium Advisory Council Meeting of April 8, 2021, as presented, seconded by Richard Ciotti. Roll call vote was taken; all approved. Abstentions: Arden Cadrin, Carla Feroni, Charleen Greenhalgh, Dave Quinn. Motion carries. Laura Shufelt and Fran McClennen were not present for the vote.

b. Proposed Revisions to Underwriting Guidelines discussion and approval

As some members were not yet present, this item was tabled until later in the meeting and was to be taken out of turn.

Item was called for discussion after the presentation of item 4.c. Renie started the discussion by explaining that staff had prepared some proposed revisions to the Barnstable County HOME Underwriting Guidelines which was provided to the Advisory Council along with a memorandum explaining some of the proposed revisions. Renie also stated that in the future staff would like to review the guidelines at least annually.

Renie touched upon the first section of the proposed revisions was to add some language to how the HOME Consortium will accept and review applications. The Advisory Council had no comments on this section.

The Maximum Award section was discussed next. Renie explained as the costs of construction has skyrocketed, staff was proposing a small increase of the maximum award from \$250,000 to \$300,000 per project and then staff can revisit at a later date. There was discussion on whether or not to increase the maximum award to \$350,000 and whether or not that would limit the number of projects we could fund. There was general consensus to increase the amount to the proposed \$300,000 per project and revisit at a later date.

The next discussion was regarding possibly lowering the affordability term. Renie provided a brief overview of the current affordability term for the maximum award being at 20 years as required by the U.S. Department of Housing and Urban Development (“HUD”) plus 79 county years for a total of 99 years. She also provided a brief explanation of the current loan terms of 40 years plus and extension for an additional 40 years and provided an example of affordability terms on a given project by subsidizing lender. General consensus was that keep the 20 HUD years plus 79 county years in place.

Renie then brought up item No. 11 in the guidelines scoresheet regarding points given for 15% of the total units targeted to serve homeless, special needs, and persons with

disabilities. Discussion revolved around how to document compliance with this item. The general consensus was to keep this scoring item in place.

The next item for discussion was items 14. And 15. regarding construction costs point scoring for total development cost per unit and per square feet. Renie explained that construction costs have risen significantly over the last few years and thus the numbers in the underwriting guidelines were outdated. As for total development cost per unit, discussion revolved around the ever-increasing construction costs and several members suggested increasing the threshold scoring items an additional \$50,000 for which there was a general consensus. The total development costs per square foot would stay as proposed with the \$350 per square foot in the median range.

It was decided that staff would make the suggested revisions and bring an edited version back to the Advisory Council for their review and approval.

c. Staff Report on HOME Program Activities

- **Membership Update**: Renie informed the Advisory Council of the following:

Kevin Grunwald from Truro unfortunately had to resign from the Advisory Council and staff was currently seeking a replacement.

Richard Ciotti was formally appointed to the Advisory Council with full voting membership.

Renie mentioned the reappointments of Nanette Perkins (Sandwich), Jill Scalise (Brewster), Donna Kalinick (Brewster alternate), Dave Quinn (Bourne), Paul Lagg (Eastham) and thank all for their volunteerism.

- **HOME Program Update**: Renie informed the Advisory Council that the Annual Action Plan has been submitted to HUD and that staff was still awaiting more information on the American Rescue Plan (ARP) funding.

- **HOME Projects Update**: Renie updated the Advisory Council of the following:

HAC-Mashpee project was still being reviewed and the HOME consultant was still performing the underwriting.

Brewster Woods project was closing the week June 11th or the following week.

Yarmouth Gardens was still currently under construction.

Terrapin Ridge in Sandwich is still going through the process of assigning the project to another non-profit entity and staff should have more information next month.

5. Member Discussion Topic: Regional Housing Services

Renie stated that for the discussion topic, a few members suggested regional housing services. Renie reminded the members that she had recently provided them with some information from the state toolbox that had a few examples on Shared Housing Services Office (SHSO)

communities in the state. Patty provided a brief overview of the Cape Cod Commissions data and data viewers that they have available and what they are planning on working on in the future. Member input was that the need was for services rather than planning. Many members expressed a need for regional lottery services, monitoring services, preparation of Affirmative Fair Housing Marketing Plans (AFHMP), and a renter ready list. The discussion revolved around having a centralized local regional person/entity available to perform these services for the communities of Barnstable County in a cafeteria approach. Laura stated that the SHSO toolkit was from MHP and that MHP could offer free technical services on the creation of a SHSO.

6. Business Not Anticipated – there was no business not anticipated

7. Next Meeting Date: July 8, 2021

Renie stated that the location of the next meeting date either being in-person, virtual, or a hybrid model was still pending as the Governor’s State of Emergency ends on June 15, 2021, and the State has not issued any follow up regulation or guidance regarding the ability to hold public meetings remotely.

8. Adjournment

Motion to adjourn made by Nanette Perkins, seconded by Charleen Greenhalgh. Roll Call Vote was taken; All in favor; motion passed.

Meeting adjourned at 11:19 a.m.

Meeting materials:

- Agenda and Virtual Meeting Instructions
- HOME Consortium Advisory Council Draft Meeting Minutes of April 8, 2021
- Memorandum to Advisory Council Regarding Proposed Revisions to Underwriting Guidelines
- Underwriting Guidelines with Proposed Revisions



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AGENDA
BARNSTABLE COUNTY HOME CONSORTIUM
ADVISORY COUNCIL MEETING

Thursday, June 10, 2021 @ 10:00 a.m.

*NOTE: The meeting will be held through remote participation by the Barnstable County HOME Consortium Advisory Council pursuant to Massachusetts Governor Charles D. Baker's Order Suspending Certain Provisions of the Open Meeting Law on March 12, 2020. The public will be allowed to view the meeting; but no public comment will be taken. **See attached instructions on methods to join the virtual meeting.***

Link to Meeting Materials: [MEETING MATERIALS - 06-10-2021](#)

Advisory Council Meeting

1. Call to Order
2. Instructions for Virtual Meeting
3. Roll Call and Confirm Quorum
4. General Business
 - a. Approval of Minutes: April 8, 2021
 - b. Proposed Revisions to Underwriting Guidelines discussion and approval
 - c. Staff Report on HOME Program activities
 - Membership Update
 - HOME Program Update
 - Projects Update
5. Member Discussion Topic: Regional Housing Services
6. Business Not Anticipated
7. Next Meeting Date: July 8, 2021
8. Adjournment

Reasonable accommodations for people with disabilities are available upon request. Please contact Justyna Marczak, Barnstable County ADA Coordinator at jmarczak@barnstablecounty.org or call 508-375-6646 at least 24 hours in advance of the meeting.

BARNSTABLE COUNTY HOME CONSORTIUM ADVISORY COUNCIL MEETING

Thursday, June 10, 2021 @ 10:00 a.m.

Virtual Meeting Access

NOTE: The meeting will be held through remote participation by the Barnstable County HOME Consortium Advisory Council pursuant to Massachusetts Governor Charles D. Baker's Order Suspending Certain Provisions of the Open Meeting Law on March 12, 2020. The public will be allowed to view the meeting; but no public comment will be taken. This meeting will be recorded.

REMOTE PARTICIPATION INSTRUCTIONS:

Click on [JOIN MICROSOFT TEAMS MEETING](#) and following instructions to Download the Windows app **OR** Join on the Web Instead to participate via virtual meeting.

or

- Attend by phone by dialing [+1 781-469-0191](#) and entering code: Conference ID: **504 365 26#**

*When attending by phone please press *6 to mute/unmute phone when requested.*

Link to Meeting Materials: [MEETING MATERIALS - 06-10-2021](#)

Special Instruction for Mac Users:

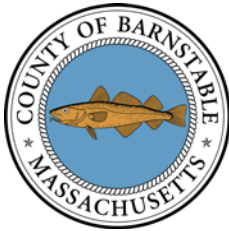
Use chrome, NOT safari if using Teams on the web (as an attendee)

In Systems Preferences:

System preferences/Security & Privacy/(privacy tab)/Screen Recording/

< **checkoff Checkbox for TEAMS** >

System Preferences/Sharing/ <**uncheck Screen Sharing**> REBOOT may be necessary



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Agenda Item 4.b.

MEMORANDUM

To: Barnstable County HOME Consortium Advisory Council
cc: Vaira Harik, Interim Human Services Director
From: Renie Hamman, HOME Program Manager *Rh*
RE: Proposed Revisions to Underwriting Guidelines
Date: June 10, 2021

Barnstable County HOME Staff proposes revisions to the Barnstable County HOME Consortium Rental Housing Development Project Underwriting, Subsidy Layering, and Risk Analysis Evaluation Policies and Guidelines as shown in the tracked changes document provided.

Most of the proposed revisions as shown in the track changes are self-explanatory for discussion purposes. Staff however provides some additional explanation for the following sections:

Section 2. Program Requirements:

Maximum Award / Loan Amount under (Page 10).

The proposal is to increase the maximum award as follows:

	Per Unit		Total Award	
	Current	Proposed	Current	Proposed
Projects scoring less than 95 points	\$40,000	\$50,000	\$200,000	\$250,000
Projects scoring 95 points or more	\$50,000	\$60,000	\$250,000	\$300,000

As the cost of construction of multi-family affordable rental housing continues to climb, there appears to be a need for additional funding to fill some gaps. Staff is recommending this small increase to the allowable funding award at this time and to revisit the issue again after we received information and guidance from HUD regarding the American Rescue Plan Act (ARPA) and the Consortium Advisory Council has an opportunity to discuss appropriate uses of the approximately \$1.5 million in ARPA funds.

As an overall general discussion, Staff would welcome comments and suggestions as to an appropriate HOME funding award amount for these affordable rental housing developments.

Affordable Housing Restriction (AHR) (Page 13).

Staff would like to obtain the Advisory Council’s opinion as to lowering the Affordability period. For discussion purposes:

Barnstable County HOME Current Affordability Period			
Amount of Funding	HOME Term	County Term	Total Term
Less than \$100,000	20	30	50
\$100,000 to \$199,999	20	50	70
\$200,000 or more	20	79	99

Staff has reached out to DHCD to inquire as to their requirements regarding HOME affordability terms but has not received a response as of date. In reviewing the last few projects, DHCD HOME appears to have a 30 year affordability term. Taking the 40-unit Yarmouth Gardens project as an example, the affordability terms are listed as follows:

Required By	Term	# Restricted
DCHD HOME	20 + 10 years	11
AHT	Perpetual	40
CBH	30 years	2
Yarmouth AHT	Perpetual	40
BC HOME	20 + 79	11

As most projects are over the \$200,000 funding award, the total Barnstable County HOME Program affordability term is 99 years. The loan term (mortgage and note) for these projects are 40 years with a possible extension of up to an additional 40 years. At the end of the initial 40 year term, the amount of the loan is due and payable or an extension may be requested which at that time an additional affordability term may be required to preserve the affordability of the housing.

Section 3. Threshold Scoring System:

12. Development Team (Page 18). The proposal is to add a section for Section 3 eligible members inclusion on the development team similar to the inclusion of Minority/Women’s Business Enterprise (MBE/WBE). HUD is seeking further documentation on Section 3 eligible members for future projects and thus this fits in with the reporting requirements.

14 and 15 Total Development Costs per unit and per S.F. (pages 17 and 18).

As we have discussed in the past, the cost of construction of multi-family affordable rental housing continues to climb. The current figures listed in this section are not comparable to today’s development costs. Staff analyzed the last four project’s¹ development costs (*the Terrapin Ridge project was adjusted as it was an outlier with a higher than normal development cost*). These recent projects were compared to the 2017 Canal Bluffs III project (a/k/a High Meadow Townhomes). The April 2017 numbers for the Canal Bluffs III project listed total development cost per unit as \$314,629 and total development cost per square foot at approximately \$280.00. Those numbers have consistently climbed through the years with each project. Brewster Woods is currently at about \$485,000 per unit and \$350 per square foot. It is noted that it is very difficult to compare projects as each development is very site and project specific. So staff used the above analysis as a general guide. Staff will continue to track development costs with each project and we can revisit the threshold as needed.

Proposed Revision:

14. Total Development Costs (TDC) per Unit			15. TDC per gross per S.F.	
Current	Proposed	Points	Current	Proposed
< \$250,000	< \$375,000	5	< \$225	< \$300
\$250,000 - \$274,999	\$375,000 - \$399,999	4	\$225 - \$249	\$300 - \$324
\$275,000 - \$299,999	\$400,000 - \$424,999	3	\$250 - \$274	\$325 - \$349
\$300,000 - \$324,999	\$425,000 - \$449,999	2	\$275 - \$299	\$350 – 375
\$325,000 +	\$450,000 +	1	\$300 +	\$375 +

Staff looks forward to the discussing the proposed revisions to the Underwriting Policies and Guidelines with the Advisory Council and welcomes all comments and suggestions.

¹ Brewster Woods, Terrapin Ridge, Yarmouth Gardens and Little Pond Place



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Agenda item 4.b.

Barnstable County HOME Consortium

Rental Housing Development Project Underwriting, Subsidy Layering, and Risk Analysis Evaluation

Policies and Guidelines

Adopted ~~April 11, 2019~~ June *, 2021**

Overview of the Application and Review Process

Decisions on funding requests are made by the Barnstable County HOME Consortium Advisory Council, a 17-member body with representation from each of the Cape's fifteen communities and two at-large members. Barnstable County HOME Consortium Advisory Council will review and evaluate rental project funding requests as follows:

- Concurrent with the release of funding from the Massachusetts Department of Housing and Community Development (DHCD), Barnstable County HOME Consortium (the Consortium) will accept applications for rental development projects. Due to the limited allocation and staff resources of the HOME Program, for projects seeking DHCD funding as well as Barnstable County HOME funding, ~~only~~ projects in their second round of the DHCD funding process will be given priority for review and funding.

Notwithstanding the above, depending upon availability of funds, number of applications, and potential special circumstances, first-round applicants may be accepted by the Consortium.

DHCD HOME Program: <https://www.mass.gov/service-details/home-investment-partnerships-program-home>

For projects not seeking DHCD funding in conjunction with an application for Barnstable County HOME Program funding, contact the Barnstable County HOME Program Manager regarding the availability of funding and the application process at homeprogram@barnstablecounty.org.

- Upon receipt of an application for funding, HOME staff will inform the applicant of available funding and priority for review. If it is determined that the application will be formally reviewed, HOME staff will review the application for completeness and contact the applicant to clarify issues and/or to request additional information. Applications are not considered complete until all the information requested has been supplied by the applicant. When staff has the necessary information to deem the application complete, the application will be date stamped and an Underwriting Risk Analysis will be prepared in accordance with the policies in this document.
- The HOME Consortium Project Review Subcommittee (made up of three to six members of the Barnstable County HOME Consortium Advisory Council) will review the application and the Underwriting Risk Analysis and make a recommendation to the Consortium's Advisory Council.
- The Advisory Council meets on a regular basis and will review and discuss the recommendation of the Project Review Subcommittee and make the final determination on the funding request.
- In the event DHCD has not issued a Notice of Funding Availability "NOFA" for funds and Barnstable County HOME has available funds, Barnstable County HOME will may issue an RFP soliciting project applications.

Applications for Barnstable County HOME funding will be evaluated on the following criteria:

1. Experience of the applicant and of development team members in projects of similar size and type;
2. Financial strength of the applicant to adequately carry out the project and the project's financial feasibility, including an assessment of the development and operating budgets.
3. A subsidy layering analysis that determines the minimum amount of HOME funds necessary for project feasibility.
4. Documented market needs for the project and a satisfactory marketing plan.
5. Readiness to proceed and ability to close on and expend HOME funds within 12 months of award.
6. The applicant and members of the development team are in Good Standing with respect to prior HOME Consortium funding awards, including but not

limited to having no unresolved findings from annual project monitoring reviews.

7. Project Score.

- While the above are the primary criteria, the Consortium reserves the right to consider other factors such as geographic balance, population served, etc. in making its funding awards.

Development Entity and Project Team's Capacity

The Consortium will assess the capacity of the developer/development entity and key members of the development team- in particular, the contractor if one has been selected; the architect; the marketing entity; and the management entity- to successfully complete the project. The Consortium will assess the level of risk associated with the following:

1. The experience of the developer and development team on projects of similar size, scope, and complexity. The Consortium will review the resumes and when appropriate the references of the developer, contractor, architect, marketing agent, and property management entity.
2. The overall staff capacity and the assigned staff to the project of the developer and development team to carry out the project tasks within the projected time frame.
3. The financial strength of the developer, including its liquidity and level of unrestricted net assets or net worth. The Consortium primarily will review the two most recent years of audited financial statements to make a determination.
4. Whether the developer is in Good Standing on prior Consortium funded rental developments and the Consortium's experience on Consortium funded projects, if any, with any/all members of the development team.

Market Need/Study and Marketing/Tenant Selection Plan

Projects that submit in DHCD funding rounds will be required to provide a market study done by an independent third party. Projects that do not require DHCD funding, in lieu of a full market study, may provide evidence of the local need and market demand for the project through documentation of local market conditions and the demand for comparable new or existing affordable rental developments in the primary market area. The Consortium will assess the level of market risk associated with the project through a

review of the submitted data along with the Consortium's experience on recently completed affordable rental developments.

As a condition of any funding, the Consortium will require the submission of an Affirmative Fair Housing Marketing Plan (AFHMP) that fully complies with DHCD's Chapter 40B AFHMP Guidelines and an approved Tenant Selection Plan (TSP). The AFHMP will describe the proposed marketing efforts, the lottery process for filling the initial units, including any DHCD approved local preference, and how subsequent vacancies will be filled. The Consortium will review the lottery/marketing agent's qualifications as part of the analysis of the project team's capacity.

Location and Property and Neighborhood Standards

To the greatest extent feasible, the Consortium looks to fund developments that

- 1) are located close to (within a mile) of employment opportunities, public and other services, health care, public transportation, schools, and recreational areas;
- 2) have no environmental impacts or none that cannot be mitigated; and
- 3) are consistent with DHCD's sustainable development principles.

The applicant must also demonstrate that their project promotes greater choice of housing opportunities and avoids undue concentration of assisted persons in areas containing a high proportion of low-income and/or minority households.

An analysis of the locational, environmental, and sustainability issues along with whether the project provides a greater choice of housing opportunities for low income and minority households will be included in staff's Underwriting Risk Analysis.

Design and Accessibility Issues

In general, the Consortium's Design guidelines are consistent with those of DHCD's Qualified Allocation Plan (<https://www.mass.gov/service-details/qualified-allocation-plan>) and DHCD HOME ~~program~~ Design gGuidelines (<https://www.mass.gov/service-details/home-investment-partnerships-program-home>) ~~(copy available on HOME Consortium part of Barnstable County Human Services web site)~~ that encourage energy efficient building envelopes and major building systems, healthy interior air quality, universal design, and "green" design elements.

In addition to the DHCD ~~HOME d~~ Design gGuidelines, the Consortium will incentivize Applicants to provide additional individual tenant storage space for each unit beyond what is provided inside the units.

For new construction of five (5) or more rental units ~~and~~ and/or substantial rehabilitation projects of fifteen (15) or more dwelling units ~~or more~~, a minimum of five

(5) percent of the dwelling units in the project (but no less than one unit) must be accessible to and usable by persons with mobility impairments.

An additional two (2) percent of the dwelling units (but at a minimum no less than one unit) must be accessible to individuals with sensory impairments (i.e. hearing or vision impairments).

For new construction projects, adoption of visit-ability standards is strongly encouraged. A unit is visit-able when a person with mobility impairments can enter the unit and navigate throughout the first floor and have access to an accessible bathroom. An analysis of the design and accessibility issues will be included in staff's Underwriting Risk Analysis.

Financial Feasibility Analysis

The Consortium ultimately needs to decide that the project is financially feasible to make any conditional funding award. The financial feasibility analysis included in staff's Underwriting Risk Analysis will include a review of both the project's development (sources and uses) and operating budgets.

A. Development Budget:

Sources: Applicants will be required to provide copies of commitment letters or at a minimum, letters of interest from lenders for all the funding sources identified in the development budget. For projects submitting in their second or more DHCD funding round, staff will review the projected state sources for consistency with DHCD's various program guidelines. For low income housing tax credit projects, staff will analyze the projected amount of equity raised with the guidance provided to applicants by DHCD. Staff will compare the total amount of public/DHCD subsidy requested against that of recent (within last 3 years) HOME funded projects of similar size and type.

Uses - Acquisition: For projects that have an acquisition expense, the applicant will be required to provide an appraisal from an independent party that justifies the acquisition cost.

Uses - Construction: The applicant will be required to provide a line item construction cost estimate that includes both site work and building construction. Staff will assess the reliability of the estimate based upon by whom (developer, architect, contractor) and by what method (comparable projects, contractor pricing, actual bids) the estimate was produced. A construction contingency of 5% above the estimate for new construction and 10% for substantial rehab projects is acceptable.

Staff will compare the overall per square foot (PSF) total construction cost to the range of PSF costs of recent similar HOME projects. The analysis will note any unusual project factors- difficult topography, lack of nearby infrastructure, or environmental issues that affect site work costs, special project design elements such as enhanced accessibility or solar panels, etc.- that impact the cost estimate.

In general, the Consortium shall expect that the contractor's general conditions, overhead, and profit should be no more than the DHCD related party 40B standard of 14% of the site and building construction costs.

Uses - Soft Costs: These include financing costs such as loan interest, permits, legal fees, property appraisals, credit and title costs, etc. Also included are engineering, architectural, or related professional services, project related audit costs, relocation costs, affirmative marketing expenses, and any lender required capitalized reserves. HUD requirements specifically state that project soft costs must be "reasonable and necessary". A soft cost contingency of up to 5% is acceptable.

The Consortium generally will require additional documentation and justification from the applicant when soft costs exceed 15% of total development costs on non-tax credit projects and when soft costs exceed 20% of total development costs on tax credit projects.

Uses - Developer Overhead and Fee: The Consortium's maximum allowable developer overhead and fee is 15% of the total of hard (acquisition and construction) and soft costs.

Uses - Total Development Cost (TDC) Per Unit: Consistent with DHCD's policy, the Consortium does not have a maximum per unit TDC limit; however, the Consortium has an obligation to use its limited HOME resources in the most efficient manner possible. As with other parts of the development budget, the Consortium will review the project's per unit TDC in comparison with that of other recent, similar HOME funded projects to make its assessment of the reasonableness of the project's overall costs.

B. Operating Budget:

Revenue- Rents and Other Revenue: All the HOME-assisted units shall have rents that are at or below the published HOME rents as of the date of the application. In general, and to allow for a marketing window, the Consortium will approve rents that are set about 10% below the maximum allowable HOME rents. A vacancy rate of 5% is generally appropriate although a lower vacancy rate would be acceptable for project-based units and a slightly higher vacancy rate allowable for any market rate units.

The Applicant will need to document the basis of its estimate of any additional revenue sources, e.g. laundry income. Application/wait list fees and other fees other than those that the Consortium has deemed reasonable and customary for the location or market area shall not be allowed.

Expenses - Operating Costs: The Consortium will review both individual line item expenses as well as the overall per unit per year operating expenses against other recent, similar HOME-funded projects. Property management fees of ~~5%-6%~~ 5% to 8% of collected rents shall be acceptable. The Consortium's replacement reserve requirement will be consistent with that of DHCD (currently \$350 per unit per year) on DHCD projects; however, the Consortium may impose a higher replacement reserve requirement on non-DHCD funded projects. The Consortium's annual monitoring fee currently is \$35 per HOME unit plus the actual cost of the property inspections. Such a fee must be carried as an expense in the project's operating budget.

Debt Service Coverage (DSC): The minimum acceptable debt service coverage (annual net operating income divided by annual mortgage(s) expense) shall be 1.15. The Applicant will be required to provide an analysis of revenues and expenses over at least a fifteen (15) year period. In exceptional circumstances and with the concurrence of the permanent lender, the Consortium may accept a DSC as low as 1.10. In general, the permanent loan shall have a fixed rate for at least twenty (20) years.

C. Maximum Per Unit/Total HOME Subsidy Limit for Project:

HOME has maximum allowable subsidy limits for HOME funds permitted in projects depending upon the number of HOME units and the bedroom composition. While the amount of County HOME funding will likely never exceed the allowable maximums, staff's Underwriting Risk Analysis will include this HOME required calculation.

D. Subsidy Layering Analysis/Conclusion:

HOME requires that the amount of HOME funds invested in a project be the minimum amount needed to make it feasible. Based upon the results of the foregoing financial feasibility analysis, staff's Underwriting Risk Analysis will include a determination of the amount of HOME funding that satisfies the subsidy layering and cost allocation requirements.

ATTACHMENT A

RENTAL HOUSING DEVELOPMENT PROGRAM GUIDELINES

SECTION 1. INTRODUCTION

Applications from non-profit organizations, housing authorities, for profit entities, and municipalities in cooperation with any of the above that are interested in receiving HOME funds to assist them in undertaking the creation or preservation of affordable rental units for families and individuals of very low and low-income are welcome.

HOME funds are available for 1) the creation of new affordable rental units- whether via new construction or rehabilitation/redevelopment; and 2) transactions that involve the acquisition and/or rehabilitation of existing affordable units whose affordability restrictions are about to expire in the near term (in general within the next 36 months). Except for preservation projects noted in 2) above, HOME rental development funds are not available for the rehabilitation of existing affordable rental units.

No HOME funds can be awarded until the Consortium certifies that it has adequate resources and has conducted an underwriting review, assessed developer capacity and fiscal soundness, and examined market conditions to ensure adequate need.

Applications for HOME funding are available at <https://www.bchumanservices.net/initiatives/home-investment-partnership-program/> www.bchumanservices.net or by contacting Barnstable County HOME Consortium: homeprogram@barnstablecounty.org ~~at~~ **or by calling** 508-375-6622.

SECTION 2. PROGRAM REQUIREMENTS

The following terms and conditions shall apply to any HOME funded rental housing developments:

Eligible Applicants	Non-profit organizations, for profit entities, housing authorities, municipalities, and Affordable Housing Trusts, in cooperation with any of the above.
Eligible Activities	HOME funds are available for 1) the creation of new affordable rental units- whether new construction, rehabilitation or redevelopment; and 2) transactions that involve the acquisition and/or rehabilitation of existing affordable units whose affordability

	<p>restrictions are about to expire in the near term (in general within the next 36 months).</p> <p>Except for preservation projects noted in 2) above, HOME rental development funds are not available for the rehabilitation of existing affordable rental units.</p> <p>The Consortium will not accept rental housing funding applications for projects containing less than three (3) HOME assisted units, unless determined otherwise for good cause.</p>
Site Control	<p>The applicant must demonstrate site control, either via a deed, signed Purchase & Sale or Designated Developer agreement, or some other comparable evidence of site control at the time of application.</p>
Permitting	<p>The applicant’s development must be fully permitted (except for building permits) <u>and include evidence of being allowed as-of-right or required zoning approvals and/or a Comprehensive Permit</u> with all appeals periods ended to apply for HOME funds.</p>
Location	<p>To the greatest extent feasible, the Consortium looks to fund developments that 1) are located close to (within a mile) employment opportunities, public and other services, health care, public transportation, schools, and recreational areas; 2) have no environmental impacts or none that cannot be mitigated; and 3) are consistent with DHCD’s sustainable development principles.</p> <p>The applicant must also demonstrate that their project promotes greater choice of housing opportunities and avoids undue concentration of assisted persons in areas containing a high proportion of low-income and/or minority households.</p>
Eligible Costs	<p>In general, with the exceptions of the timing of the expenses noted below and with the list of ineligible costs noted in the following section, most development related expenses: acquisition, hard and soft costs, and developer overhead and fee are eligible costs. The maximum allowable overhead and fee is 15% of the total of hard and soft costs.</p> <p>Consortium policy is to reimburse only for those expenses incurred after the date of the HUD Regional</p>

	Office’s approvals of the environmental review and Request for Release of Funds.
Ineligible Costs	Initial operating and other capitalized reserves; Non-HOME affordable unit costs; Non-residential portions of the development; Working capital; Syndication costs; Providing assistance to a project previously assisted with HOME funds during the established period of affordability unless the project is subsequently determined to be a “troubled” project; Providing assistance to federal public housing; Project-based rental assistance.
Maximum Award/ Loan Amount	The minimum HOME expenditure is \$1,000 per HOME assisted unit, while the maximum award is \$40,000 \$50,000 per HOME assisted unit for projects scoring less than 90 95 points or \$50,000 \$60,000 per HOME assisted unit for projects scoring 90 95 points or more. No single funding award, unless determined otherwise for good cause by the Consortium, will exceed \$200,000 \$250,000 for projects scoring less than 90 95 points and \$250,000 \$300,000 for projects scoring 90 95 points or more (see chart below).

	Per HOME-assisted Unit Funding Maximum	Maximum Project Funding Limit
Project- Score of Less Than 90 95 Points	\$40,000 \$50,000	\$200,000 \$250,000
Project- Score of 90 95 Points or More	\$50,000 \$60,000	\$250,000 \$300,000

Project Cost Limits	Consistent with DHCD’s policy, the Consortium does not have a maximum per unit Total Development Cost (TDC) limit; however, the Consortium is obligated to use its limited HOME resources in the most efficient manner
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	<p>possible. The Consortium will review the project’s per unit TDC compared with that of other recent, similar HOME funded projects to assess the reasonableness of the project’s overall costs.</p>
Term of Loan	<p>Generally, awards are provided as a Deferred Payment Loan (DPL) with a term of forty (40) years. During the final year of the loan, the borrower may request an extension of up to forty (40) years to preserve the affordability of the housing.</p> <p>During the term of the Affordable Housing Restriction, the affordability requirements will remain in effect regardless of a transfer occurring during its term or whether the loan is repaid. The full amount of the DPL will be repaid if the property is sold, transferred or otherwise encumbered during the term of the mortgage or if the terms and conditions of the loan are violated.</p>
Interest Rate	<p>Generally, HOME loans are 0% interest rate with no monthly payments required.</p> <p>For projects receiving federal or state Low Income Housing Tax Credits, if a 0% interest rate is infeasible for tax credit underwriting purposes, the interest rate on the Note and Mortgage can therefore be the Applicable Federal Rate at the time of closing.</p>
Security	<p>The DPL will be secured through a Promissory Note and Mortgage on the property to be executed between the County and the Borrowing entity. HOME funds are usually subordinate to other loans although the subordinate position will depend upon the financial structure of the deal. <u>Barnstable County HOME is a MassDocs participant and for the most part will be part of the MassDocs loan document process. However, Barnstable County HOME reserves the right, if in the best interest of the County, to process the DPL documents unilaterally.</u></p>
Recourse	<p>The loan will be non-recourse.</p>
Holdback	<p>HOME funds are provided through the regular requisition process with 10% of the loan held back until both substantial completion of the project and submission of a HOME <u>Rental eCompletion rReport and M/WBE and Section 3 reports. Forms attached and</u></p>

	<p><u>available:</u> https://www.bchumanservices.net/initiatives/home-investment-partnership-program/</p>
Replacement Reserve	The Consortium’s replacement reserve requirement will be consistent with that of DHCD on DHCD projects; however, the Consortium may impose a higher replacement reserve requirement on non-DHCD funded projects.
Permanent Loan	In general, the permanent loan shall have a fixed rate for at least twenty (20) years.
Debt Service Coverage (DSC)	The minimum acceptable DSC (annual net operating income divided by annual mortgage(s) expense) shall be 1.15. In exceptional circumstances and with the concurrence of the permanent lender, the Consortium may accept a DSC as low as 1.10.
Affordability- Incomes	All HOME assisted units shall be occupied by households whose income at their initial lease up is no more than 60% of the HUD published area median income.
Affordability- Rents, Utility Allowance, and Allowable Fees	<p>Up to 80% of the HOME-assisted units in a rental housing project of five units or more must have rents that are no more than the “high” HOME rent.</p> <p>A minimum of 20% of the HOME-assisted units in a rental project of five units or more must have rents that are no more than the “low” HOME rent for households whose incomes are at or below 50% of area median income.</p> <p>In general, and to allow for a marketing window, the Consortium will approve rents that are set about 10% below the maximum allowable HOME rents.</p> <p>For utility allowance, Applicants should use utility allowances that are consistent with DHCD’s policy and HOMEfires Volume 13, No. 2 or the Consortium schedule, if available.</p> <p>For households that have a mobile Section 8, MRVP, or local rental voucher, the maximum HOME rent is the “high” HOME rent or the Section 8 fair market rent (FMR), whichever is less.</p> <p>In those instances, where the project receives State or Federal project-based rental subsidies, the HOME rent is</p>

	<p>the rent allowable under the Federal or State project-based rental subsidy program.</p> <p>Application/wait list fees and other fees other than those that the Consortium has deemed reasonable and customary for the location or market area are prohibited.</p>		
HOME Assisted Units	<p>In general, the income, rent, and bedroom unit mix of the HOME assisted units shall be proportional to that of the overall project.</p> <p>The Consortium will generally designate the HOME assisted units within a project as “floating” units; i.e. not tied to any units in the project if the income, rent, and bedroom mix requirements are satisfied.</p>		
Affordable Housing Restriction (AHR)	<p>All HOME funded projects require an AHR executed by the borrower and recorded at loan closing to ensure the long-term affordability of the HOME units for the period noted in the chart below.</p>		
Amount of HOME Project Funding	HOME period of affordability- years	County period of affordability- years	Total period of affordability- years
Less than \$100,000	20	30 <u>10</u>	50 <u>30</u>
\$100,000-\$199,999	20	50 <u>20</u>	70 <u>40</u>
\$200,000 or more	20	79 or longest period allowed by law to achieve perpetuity <u>30</u>	99 or longest period allowed by law for perpetuity <u>50</u>
Conflict of Interest	<p>No HOME assisted affordable housing unit can be leased to any individual or any member of an individual’s immediate family, including those by blood, marriage or adoption, who is an officer, employee, agent, elected or appointed official, or consultant of the owner, developer, or sponsor of a project assisted with HOME funds.</p>		
Environmental Review	<p>An ASTM Phase One environmental site assessment must be submitted with the application for each property within the project. All HOME projects must satisfy HUD’s environmental review requirements, including possible review and approval from the HUD Regional Office. Additional documentation will be required from the applicant for Consortium staff to complete the review. Construction and site work cannot begin, and</p>		

	HOME funds cannot be released prior to approval from HUD.
Design Guidelines	<p>The Consortium’s Design guidelines are generally consistent with those of DHCD’s Qualified Allocation Plan (https://www.mass.gov/service-details/qualified-allocation-plan) and DHCD HOME program guidelines (https://www.mass.gov/service-details/home-investment-partnerships-program-home) that encourage energy efficient building envelopes and major building systems, healthy interior air quality, universal design, and “green” design elements.</p> <p>In addition to the DHCD design guidelines, the Consortium will award a maximum of 10 points to Applicants who provide additional individual tenant storage space for each unit beyond what is provided inside the units.</p> <p>HUD requires installation of broadband infrastructure at the time of new construction or substantial rehabilitation of multifamily rental housing that is funded or supported by HUD. The rule, however, recognizes that installation of broadband infrastructure may not be feasible for all new construction or substantial rehabilitation, and, therefore, it allows limited exceptions to the installation requirements.</p>
Lead- Based Paint Requirements	All projects involving the rehabilitation of properties constructed prior to 1978 are subject to HUD’s lead-based paint requirements.
Accessibility for Persons with Disabilities	<p>For new construction of five (5) or more rental units or substantial rehabilitation projects of fifteen (15) dwelling units or more, Section 504 requires a minimum of five (5) percent of the dwelling units in the project (but no less than one unit) must be accessible to and usable by persons with mobility impairments.</p> <p>An additional two (2) percent of the dwelling units (but at a minimum no less than one unit) must be accessible to individuals with sensory impairments (i.e. hearing or vision impairments).</p> <p>For moderate rehabilitation of 15 or more units, Section 504 also requires to the maximum extent feasible that</p>

	<p>the units be accessible to and usable by individuals with disabilities.</p> <p>For new construction projects, adoption of visit-ability standards is strongly encouraged. A unit is visit-able when a person with mobility impairments can enter the unit and navigate throughout the first floor and have access to an accessible bathroom.</p>
Section 3 and MBE/WBE Requirements	All HOME projects must have outreach and reporting plans to achieve the Section 3 and MBE/WBE goals approved prior to closing.
Affirmative Marketing/Tenant Selection	As a condition of any funding, the Consortium will require the submission of an Affirmative Fair Housing Marketing Plan (AFHMP) that fully complies with the form and content of DHCD’s Chapter 40B AFHMP Guidelines.
Monitoring/Fee	<p>The Consortium will annually monitor the recertification of tenants’ income, rent, and utility allowances.</p> <p>Every 1-3 years, depending upon project size, the Consortium will conduct property inspections along with site monitoring visits to review for compliance in the areas of tenants’ income and rents, lease terms, and resident selection policies.</p> <p>Finally, the Consortium will require annual project income/expense reports and/or audits to assess the project’s financial health.</p> <p>The annual monitoring fee currently is \$35 per HOME unit plus the actual cost of the property inspections. Such fee must be carried as an expense in the project’s operating budget.</p>
Good Standing	Applicants for HOME funds, including all members of their development teams, must be in good standing with the Consortium with respect to other Consortium-funded projects.

SECTION 3. THRESHOLD SCORING SYSTEM

1. Type of Development:

- Rehabilitation/redevelopment: *30 points*
- New Construction: *10 points*

Redevelopment involves the use and expansion of an existing building, the conversion of use of an existing building, and the razing of an existing building to construct housing. Buildings will be determined primarily through their assessment classification. The demolition solely of accessory structures shall not be considered redevelopment.

2. Design likely to achieve LEED eligibility through architect submission of LEED for Homes Project Checklist: *10 points*

3. Project's wastewater is tied to sewer or local package system, or employs alternate denitrifying system that exceeds state Title V standards: *10 points*

4. Percentage of total project units that are handicap accessible:

- at least 5%: *5 points*
- at least 10%: *10 points*
- at least 15%: *15 points*
- at least 20%: *20 points*

5. Percentage of total project units that are visit-able:

- at least 20%: *4 points*
- 21-40%: *6 points*
- 41-70%: *8 points*
- 71%+: *10 points*

A unit is visit-able when a person with mobility impairments can enter the unit and navigate throughout the first floor and have access to an accessible bathroom.

6. Tenant Storage Space: Up to a maximum of 10 points for applicants who provide additional individual storage space in addition to what is provided in the unit.

7. Percentage of Project Affordability:

- 0- 25%: *0 points*
- 26-33%: *5 points*
- 34-50%: *10 points*
- 51-75%: *15 points*
- 76%+: *20 points*

8. Income targeting/ affordable units:

Household Incomes Targeted	AFFORDABLE UNITS				
	Up to 15%	16-25%	26-50%	51-75%	76%+
0-30%	6 points	9 points	12 points	15 points	20 points
31-50%	2 points	4 points	6 points	8 points	10 points
51-80%	1 point	2 points	3 points	4 points	5 points

9. Local Support through donation or leasing of land and/or financial support (CPC, trust funds, etc.) in an amount at least equal to HOME request: 10 points

10. Larger bedroom Mix *maximum of 10 points*:

- At least 65% of the units in a project are two bedrooms or larger and at least 10% are three bedrooms or larger: 10 points
- At least 50% of the units in a project are 2 bedrooms or larger and at least 5% are three bedrooms or larger: 5 points

11. At least 15% of the total units targeted to serve homeless individuals or families, special needs groups, and/or persons with disabilities: 10 points

12. Development Team (maximum 10 points):

Inclusion of certified Minority/Women’s Business Enterprise (MBE/WBE) members on the development team: *maximum of 5 points*:

- Project sponsor, general contractor, and/or management agent: 5 points
- Architect, attorney, development consultant, syndicator: 2 points

Inclusion of Section 3 eligible members on the development team: maximum of 5 points:

- Project sponsor, general contractor, and/or management agent: 5 points
- Architect, attorney, development consultant, syndicator: 2 points

~~12.13.~~ 13.13. Project involves permanent displacement of income eligible households: (-10 points)

~~13.14.~~ 13.14. Total development costs per unit:

- less than \$~~250,000~~375,000: 5 points
- \$~~250,000~~375,000 – \$~~274,999~~399,999: 4 points

~~\$275,000~~400,000 – ~~\$299,999~~424,999: 3 points
~~\$300,000~~425,000 – ~~\$324,999~~449,999: 2 points
~~\$325,000~~450,000⁺⁻: 1 point

14.15. Total development costs per gross square feet (sf):

less than ~~\$225~~300/sf: 5 points
~~\$225~~300 – ~~\$249~~324/sf: 4 points
~~\$250~~325 – ~~\$274~~349/sf: 3 points
~~\$275~~350 – ~~\$299~~374/sf: 2 points
~~\$300~~375⁺/sf: 1 point

MINIMUM POINTS NEEDED TO CONSIDER FUNDING: 7975

MAXIMUM POINTS: 179184

SECTION 4. EVALUATION CRITERIA

Applications for HOME funding will be evaluated on the following criteria:

1. Experience of the applicant and of development team members in Projects of similar size and type.
2. Financial strength of the applicant to adequately carry out the project And the project's financial feasibility on both the development and operating budgets.
3. A subsidy layering analysis that determines the minimum amount of home funds necessary for project feasibility.
4. The documented market needs for the project and a satisfactory marketing plan.
5. Readiness to proceed and ability to close on and expend home funds within 12 months of commitment.
5. The applicant and members of the development team are in good Standing with respect to prior home consortium funding awards, including but not limited to having no unresolved findings from annual project monitoring reviews.
7. Project Score.

While the above are the primary criteria, the Consortium reserves the right to consider other factors- geographic balance, population served, etc.- in making its funding awards. Decisions on funding requests are made by the Barnstable County HOME Consortium Advisory Council, a 17-member body with representation from each of the Cape's fifteen communities.

SECTION 5. SUBMITTAL REQUIREMENTS AND OTHER INFORMATION

Two copies of the application are to be mailed or hand delivered to the Barnstable County Human Services Department, C/O HOME Consortium, 3195 Main Street, PO Box 427, Barnstable, MA 02630. Additionally, an electronic copy with attachments is to be submitted. **Please note that one copy of a complete- including Exhibits- One Stop application may be submitted in lieu of the Consortium's application; however, Section 5- Threshold Scoring System- of the Consortium's application must be submitted along with the One Stop.**

The Consortium reserves the right to seek additional information from all applicants, to select finalists and to schedule interviews.

The Consortium reserves the right to reject all applications; to waive any requirements of this application format, to waive any minor informalities in applications; to modify or amend, with the consent of the respective applicant, any application, if otherwise permitted by law; and to affect any agreement deemed by the Consortium to be in its best interest.

Applicants are encouraged to contact Consortium staff prior to applying. Technical questions about this application for HOME rental development funds should be directed to the HOME Program Manager at 508-375-6622-~~/~~
homeprogram@barnstablecounty.org