

FINAL MINUTES
AFFORDABLE HOUSING COMMISSION MONTHLY MEETING
THURSDAY, AUGUST 21, 2014, 7:00 P.M.

Charlestown Town Hall, Annex Conference Room, 4540 South County Trail, Charlestown, RI

- 1. CALL TO ORDER.** Chairman Evelyn Smith called the meeting to order.
- 2. ROLL CALL. Present:** Chairman Evelyn Smith; Vice Chairman Sean White; Secretary, Sandra Puchalski; Faith LaBossiere, Ernest Morreira, Brian McDonald. Town Council Liaison Tom Gentz. **Also Present:** Town Council Member , George Tremblay.
- 3. MINUTES.** Draft minutes for August 12, 2014, were distributed. No vote was taken, and approval of the July 31, 2014, minutes was deferred.
- 4. COMMUNICATIONS.** Review and brief discussion of communications and documents received since July 31, 2014.
- 5. STAFF REPORTS.** None.
- 6. REPORT, TOWN COUNCIL LIAISON.** Nothing to report.
- 7. NEW BUSINESS:**
 - a) ChurchWoods Project: Town Council Advisory.** The Commission reviewed and edited a draft advisory opinion provided by Chairman Smith, which addressed the 2012 conditions for the ChurchWoods project. The working copy of this draft is attached to and made a part of these minutes.

The commission members went on to suggest conditions to be considered for recommendation to the Town Council:

Documents to be gathered and/or submitted prior to bond disbursements: Appraisal Report, Survey (Administrative Subdivision?), Environmental Review, Title Report, Tax Certificate, Purchase and Sales Agreement.

Municipal Subsidy Agreement, to include:

- income restrictions (households at or below 80% AMI) for a period of 99 years, which restarts when the property is conveyed. (Note: refer to language in the Edwards Lane Agreement.)
- provision for establishing a "preference" for Charlestown residents
- limit use to Low Income Housing, no subdivision, lease or resale to the contrary
- provision for monitoring reports to come directly to the Town, and an avenue of recourse in the event of non-compliance with recorded restrictions, or in the event of a failure to maintain physical or operating standards
- requirement that the Operator will provide reasonable support services consistent with HUD Sec. 202 Housing practices, within the limitations of the operating budget
- requirement that the Town review and approve the provisions of the Equity Partnership Agreement in the event that LIH tax credits are utilized, to ensure consistency with the

provisions of the Municipal Subsidy Agreement, and require that the Town consent to changes made after the initial Partnership Agreement is in place.

- consideration of the Town's recourse in the event of a change in the General Partner
- requirement that the Town be a named insured on any performance bonds, title insurance policies or other security documents required by or provided to the General Partner or the LIHTC partnership
- assurance that the provisions of the Municipal Subsidy Agreement will survive any future sale of the property or mortgage foreclosure

The Commission noted that between the land acquisition and the formation of the LIHTC equity partnership, the Town's long-term interest in the low-income housing use of the property would need to be protected. Will a mortgage suffice, or would placing the land into a housing trust be more failproof?

The Chairman agreed to organize the draft, as revised, and the Commission's additional suggestions into a draft advisory for the Town Council's September meeting, and to consult with the WCCDC and the Town Solicitor's office as needed.

The Commission will meet on September 2, 2014, to review the next draft so that the final advisory can be submitted to the Town Clerk on September 3, to be placed on the Town Council's September 8, 2014, agenda.

b) Term Expirations. Chairman Smith noted that she, Sandra and Ernest have terms that will expire at the end of September, 2014, and that they should expect to be hearing from the Town Clerk as to their wish to be reappointed.

c) Charlestown Comprehensive Plan. This item was continued to next meeting.

8. OLD BUSINESS. All items were continued until next regular meeting.

9. PUBLIC COMMENT. None.

10. NEXT MEETING. The next regular monthly meeting is scheduled for September 18, 2014, at 7:00 p.m..

11. ADJOURNMENT. Motion made, seconded and approved, to adjourn.

Attached: Draft advisory letter August 21, 2014 – working copy

Respectfully submitted,

Sandra Karasuk Puchalski, Recording Secretary

Approved as amended at the November 20, 2014, meeting of the Affordable Housing Commission.

AFFORDABLE HOUSING COMMISSION
TOWN OF CHARLESTOWN
4540 SOUTH COUNTY TRAIL
CHARLESTOWN, RI 02813

August 21, 2014- DRAFT

The Honorable Town Council
Town of Charlestown
4540 South County Trail
Charlestown, RI 02813

Re: Advisory Opinion, Affordable Housing Land Acquisition
Bond Funding **Disbursement**
ChurchWoods, Washington County Community
Development Corporation

Honorable Town Council:

You have requested an Advisory Opinion from the Affordable Housing Commission with regard to the **disbursement of funds** from the Town's Affordable Housing Bond, **for the acquisition of land for the above-referenced project**. Pursuant to the Affordable Housing Land Acquisition Procedures, the Town Council **previously committed acquisition** grant funding for this project **in the amount of Three Hundred Twenty-five Thousand dollars (\$325,000.00), subject to certain conditions**. (See Exhibit A: Town Council Minutes October 9, 2012, item 18a.)

The ChurchWoods Project:

The **proposed project has received Master Plan approval from the Planning Commission (See Exhibit B: Planning Commission Minutes January 23, 2013, item Old Business)** It comprises a 24-unit senior affordable rental housing project on Old Post Road, in the Traditional Village District (Plat 13, Lots 42, 43, 50-3 and a portion of 44.) It includes the construction of 24 new **1-bedroom** rental units **and an accessory community** building on a 4.32-acre site adjoining the Church of the Holy Spirit. Twelve of the rental units will be affordable to qualified senior (55 or older) households at or below 50% of area median income, and the remainder will be for senior households at or below 60%. (Note: insert current income caps for 1-person and 2-person households.) The units will be deed-restricted and monitored for compliance for a minimum of 99 years.

Funding

The **revised Development and Operations Budget Summary (proforma) recently** submitted includes a revised table of funding sources for the **ChurchWoods project showing that HUD Disaster Relief funds and Low Income Housing Tax Credits, together with the Charlestown Bond Funding, have committed virtually all of the funds needed for the development and construction of this housing**. (See Exhibit

The Affordable Housing Commission met in open session, duly advertised, on **August 12, 2014**, with representatives of the WCCDC, to discuss the proposed **funding strategies**. The Commission met on **August 21, 2014**, to review the proposed project application for compliance with the **conditions set by the Town Council in its commitment approval in October, 2012**.

The report and recommendations of the Affordable Housing Commission follow.

2012 Conditions:

- *“Grant approval is conditioned on the project receiving approvals from all appropriate municipal and state authorities, which include findings of structural components designed to meet the independent living needs of the frail or at-risk-of-frail elderly residents, and findings of compatibility with planned non-vehicular transportation improvements within the Traditional Village District.”*

The findings set forth in this condition have been addressed during the Master Plan Review by the Planning Commission. A condition requiring all municipal and state approvals prior to the disbursement of land acquisition funds is premature, in that the funding necessary for the professional services to secure those approvals will come from other sources. An interim agreement between the WCCDC and the Town will be needed to protect the Town’s financial interest in the event that the project does not receive the required approvals.

- *“Grant approval is conditioned on the project receiving funding approvals from other agencies in an amount sufficient to complete the project.”*

The Rhode Island Office of Community Planning and Development has received federal approval of its \$5.9M Disaster Relief application, which includes \$4,396,000 Churchwoods. The Town has requested a written acknowledgement of that total amount. RedStone Equity Partners has provided a letter of intent to provide capital under the LIHTC program, and at least three other potential equity partners have provided letters of interest. This condition has been met.

- *“Grant approval is conditioned on receipt of a Memorandum of Understanding indicating the applicant’s willingness to provide communal areas and support services to the extent that they are financially feasible.”*

The communal area has been discussed and will be finalized within the Planning Commission review process. Minimum standards for the areas and services to be provided should be included in a municipal subsidy agreement between the Town and the WCCDC, at the time of the land acquisition closing.

- *“Grant approval is conditioned on all of the land and buildings acquired remaining under common ownership with, and for the support of, the senior housing to be constructed.”*

This condition will be met at the time of acquisition, and language ensuring its continued compliance should be included in the aforementioned municipal subsidy agreement.

- *“Grant approval is conditioned upon the development, by the applicant in cooperation with the Town Solicitor, of mechanism(s) to ensure:*
 - *the completion of the project;*
 - *the recapture of a portion of the acquisition funds advanced, should the commercial building(lot 43) be sold, or leased for purposes unrelated to the support of the senior housing, during the term of affordability; and*
 - *that the affordability and rental restrictions remain in place for 99 years, monitored and enforceable by the Town of Charlestown through required notification and appropriate legal instruments.*

This condition should be addressed in the provisions of the municipal subsidy agreement.

- *“Grant approval shall require that funds be disbursed only:*

- *at a closing to be held in conjunction with all other funding agencies*
- *to the party and in the manner recommended by the Town Solicitor.”*

The first part of this condition is not feasible. The LIHTC funding process will require that the property be held by a partnership to be formed. Many of the Town’s issues are addressed within the Tax Credit legal requirements. It is critical that any restrictions placed by the Town, or remedial actions reserved by the Town, are equally applicable to successor owners during the term of the Town’s 99-year agreement.

- *“Grant approval is conditioned on the submission, prior to closing, of the remaining documents required in the Charlestown Affordable Housing Commission: Bond Procedures Guide (ref. page 3), viz., Title Affidavit, Survey, Payment of Taxes, and Environmental Assessment.”*

These documents, if not already on file, should be gathered and reviewed before the land acquisition closing.

The Commission members thank you for your consideration, and stand ready to give any further advice or review of this matter that the Town Council may deem necessary.

Sincerely,

Evelyn J. Smith, Chairman

cc: Town Administrator
Town Planner
WCCDC