

**Affordable Housing Commission – Special Meeting****THURSDAY, SEPTEMBER 18, 2014 – 4:30 P.M.****Draft Minutes****1. Call to Order.**

The meeting was called to order by Chairperson Evelyn Smith at 4:34 P.M.

**2. Roll Call**

Present at the meeting was Chairperson Evelyn Smith, Secretary Sandra Puchalski, Ernest Morreira, Faith LaBossiere, Brian McDonald, Town Council Liaison Thomas Gentz and Town Council member George Tremblay. Also present was Geoff Marchant, Director of the Washington County Community Development Council and Attorney's Kenneth McGunagle Jr. and Richard Hentz, Attorney David Petrarca from the Town's Solicitor's Office, Michael Tondra from the State's Office of Housing and Community Development, and Anne Berman Assistant Director of Development at RI Housing. Town Solicitor Peter Ruggiero arrived at 5:30 P.M.

Not present at the meeting was Commission member Sean White.

**3. SPECIAL BUSINESS: Church Woods Funding Parameters and Program Requirements**

Affordable Housing Chairperson Evelyn Smith began by introducing the Church Woods project, and how it received funding from various sources, including the Town of Charlestown and what the role of the Town would be in development going forward.

Town Council member Thomas Gentz mentioned his support for the project and the individuals involved in the project.

Geoff Marchant reported the results of a meeting that occurred earlier that day at 10:30 AM with Anne Berman and Michael Tondra. He mentioned a gap in funding between the total development cost and the Disaster Relief funding. The initial plan was to fill the gap with (4%) tax credits. Other means of funding were discussed including the Building Homes RI Program, which has funded similar projects in the past. He discussed simultaneously pursuing tax credits while applying for home funds. He further mentioned that they were waiting on legal documents for the tax credits.

Evelyn Smith reported that originally discussed was a ninety-nine (99) year housing restriction. Anne Berman replied that developing on leased land was not as favorable for tax credits and that most of the financing comes with a thirty (30) to forty (40) year use restrictions. That the low income tax credits come with a thirty (30) year use restriction, tax exempt bonds issued by RI Housing require a forty (40) year restriction.

Mike Tondra reported that Building Homes RI program requires a minimum of thirty (30) years. He continued that CDBG, the primary funding source of the project has an eighty percent (80%) median income limit.

Anne Berman suggested that each funding source come with a note, mortgage and deed restriction and that the Town's money come with a note, mortgage and deed restriction which could be for ninety-nine (99) years.

Mr. Marchant mentioned that affordability restrictions would need to be subordinated to the primary mortgage and that it was typical for this type of transaction.

Mr. Tondra reported that CDBG money restrictions follow the same requirements typically seen in Affordable Housing programs and ultimately results in a fundable activity that is completed and occupied, or funding could be pulled. He continued that oversight for the project is a minimum of thirty (30) years, but not necessarily required. It would follow the Home Guidelines. The affordability requirement is from the State, not the Federal Government and a lien restriction may be recorded.

Town Council Liaison Thomas Gentz questioned the housing component, when disaster relief funds would be cleared and when payment would be made. Mr. Tondra replied that the funds would have to be fully spent in two (2) years or HUD could recapture it. Mr. Tondra continued with August 2017 as the deadline for Sandy Relief funds and that fifty percent (50%) of funds must be shown to be for projects on a 1:1 basis.

Mr. Tondra reported that land acquisition was the first step, next is \$250,000 upfront soft cost. Mr. Marchant continued that the next step was to check that the water is ok, then comes the permitting process for septic and storm water, interaction with the Department of Health, and then going to the Planning Commission for preliminary, possibly final review. Then building the bid documents can begin.

Mr. Tondra added that the first Disaster Relief contract will have all the requirements and could be signed directly.

The Commission discussed easements and determined easements and the administrative subdivision would need to be recorded to show the well, easements and new property lines prior to the land acquisition.

Mr. Tondra added that for the requirements of the Disaster Relief monies to be met the project would need to be finished and occupied.

Chairperson Smith identified the preparation of documents, CDBG contract, Town's note mortgage and deed restriction as the next major step for the land acquisition. After the land acquisition the request for state and municipal permits and preparation of final architectural designs for bid documents would be next.

Two applications, one for Building Homes RI (BHRI) and the other Home Funds would need to be applied for. The BHRI application is due in December and Home Funds in January.

Qualified Allocation Plan (QAP), tax credit does not allow for sixty-two (62) or older applications.

Anne Berman reported that Home Funds applications are typically for housing that is for fifty-five (55) and older.

Chairperson Smith replied that there was not much funding for housing for residents sixty-two (62) and older. She continued that the funding was based on the Town tax abatement for the elderly. She asked if the project could be limited to residents sixty-two (62) and older.

Geoff Marchant stated that representatives from RI Housing recommend the housing be for fifty-five (55) and older.

Anne Berman reported that most of the funders will require a market study and require that there is a large enough population to utilize the project and that the age restriction is not a requirement of the tax credits. She continued that funders could potentially not be interested in funding the project due to the narrower pool of potential renters if the age limit was set at sixty-two (62).

Mike Tondra added that Disaster Relief funds do not have an age limitation, but want to ensure that the plan can be sustained and is concerned with marketability and that residents have to have enough income to pay rent and utilities.

Anne Berman commented that the low income tax credit use restriction is for thirty (30) years with a (40) year use restriction on the bonds issued which are senior to all other financing. At the end of the fifteen (15) year finance period, during the refinance new use restrictions may be placed.

The Commission discussed if a preference could be given to residents, Fair Housing Laws were cited as an obstacle to restricting use to residents only. They discussed the requirement of a tenant selection plan and management plan. A tenant selection plan based on a scoring system was also discussed. The Rockville Tenant Selection Policy was cited as an example of a scored Tenant Selection Policy.

Anne Berman stated that use restrictions and mortgages don't change, just the partners change if they decided to leave. She continued to discuss when a property is refinanced how new use restrictions can be senior or subordinated to the previous use restrictions.

The low income housing tax credit program income restriction of sixty percent (60%), CDBG is eighty percent (80%) and RI Housing use restriction can be forty percent (40%) of units at forty percent (40%) was discussed.

Chairperson Smith summed up the steps that would take place before the land acquisition including use restrictions. It was determined that the Town Clerk's Office would be responsible for receiving information regarding the project.

Town Solicitor Peter Ruggiero recommended the Affordable Housing Commission review a contract at the October meeting.

No motion was made and no vote was taken.

**4. PUBLIC COMMENT:**

There was no public comment.

**5. RESCHEDULING OF REGULAR SEPTEMBER MEETING**

The Affordable Housing Commission discussed scheduling the regular meeting which they determined to take place on September 30, 2014 at the regular time.

No motion was made and no vote was taken.

**6. ADJOURNMENT:**

Faith LaBossiere motioned to adjourn the meeting at 6:20 P.M. Ernest Morreira seconded the motion. Sandra Puchalski and Evelyn Smith agreed. The motion to adjourn passed unanimously.

Respectfully Submitted By: Rebecca Crosby