



# BARNSTABLE COUNTY HOME CONSORTIUM

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To: Michael Brillhart  
From: Patty Daley  
Date: April 24, 2015

Rationale for Proposed Supplemental Budget to Transition the HOME Program to the Barnstable County Human Services Department.

## Background

The Barnstable County HOME Consortium was formed in 1994 to attract HUD funds specifically to the Cape Cod region. Because the individual towns of Barnstable County are not large enough to qualify for HOME funding on their own, all 15 Cape towns joined in a mutual cooperation agreement with Barnstable County to form a consortium that qualifies for HOME funds. Over the years HOME Program funding has varied based on congressional budgets. The highest annual allocation to the region was \$861,338; the lowest was \$379,285. Funding for federal fiscal year 2014 was \$404,552. If the Barnstable County HOME Consortium did not exist, the Cape's HOME funds would be allocated to the state for distribution through the state Department of Housing and Community Development with no guarantee that funds would flow to the Cape Cod region in each annual funding cycle.

## Supplemental Budget Rationale

Despite the apparent harmony of housing assistance and production activities of the Barnstable County HOME Consortium and the Housing Assistance Corporation, U.S. Department of Housing and Urban Development (HUD) regulations appear to prohibit the administration of a HOME Consortium by an entity other than a governmental agency.

### 1. HUD Regulations Limit Home Consortium Membership to Governmental Agencies

Limitations on the type of entity that may administer HOME consortium funds are primarily found in HUD regulations at the Code of Federal Regulations (CFR) Title 24, Subtitle A, Part 92-HOME Investment Partnership Program, **Subpart C – Consortia: Designation and Revocation of Designation as a Participating Jurisdiction, Section**



92.101. Under the rules, geographic areas receiving HOME Program funds are termed "Participating Jurisdictions". HUD may approve a Participating Jurisdiction as a "consortium of geographically contiguous units of general local government", and HUD must determine that the consortium has sufficient authority and administrative capability to carry out the purposes of [the regulations at subpart C] on behalf of its member jurisdictions. Rule 92.101 specifying the requirements for designation of Participating Jurisdictions references metropolitan cities, urban and non-urban counties, and units of local government.

For further clarification on this matter, we reached out to our past and present regional HUD representatives, and professional consultants Phillip Mayfield and Judy Katz at OKM Consulting who are currently under contract to assist with the drafting and filing of the 2015 – 2019 Barnstable County Consolidated Plan. HUD representatives and OKM consultants verified that they were not aware of any other consortium in the nation with a non-governmental member, and all opined that only governmental entities may be members of a consortium. In addition, OKM pointed to various HUD rules prohibiting conflicts of interest between the HOME Consortium and outside entities. They noted that Housing Assistance Corporation (HAC) often has a part ownership, a partnership, or an administrative role in many unit production projects funded with HOME dollars, creating a potential conflict of interest with HAC becoming a consortium member. While HAC has often been and will likely continue to be a sub recipient of Barnstable County HOME Consortium funds, the ultimate responsibility for ensuring compliance with all HUD rules and regulations remains with Barnstable County.

Recommendation: HUD Regulations limit Barnstable County HOME Consortium membership to governmental agencies.

## 2. 2015 – 2019 Barnstable County Consolidated Plan

The Barnstable County 2015 – 2019 Consolidated Plan identifies housing and homelessness needs, special population needs, assessment of the condition of the region's affordable housing stock, community assets, and community goals and objectives for programming future HOME funds in the region.

Deadline for Filing - Filing the Consolidated Plan by May 15th will ensure that the County will remain eligible for future HOME funding. Similarly, filing the Consolidated Plan by May 15th indicates to HUD that the County intends to continue to sufficiently staff and support the program to meet the obligations and requirements in the HUD regulations for the HOME Program.

Recommendation: Barnstable County Commissioners should vote to approve the 2015 – 2019 Consolidated Plan with sufficient time for staff to file the approved plan with HUD by the May 15, 2015 deadline.

3. Barnstable County has an on-going responsibility to monitor past and future HOME Program expenditures to ensure that HOME funded projects continue to comply with HUD regulations.

Since 1994, the HOME Consortium has voted to apply HOME funds for housing unit production (rental and ownership), rehab projects, and first time homebuyer assistance through the Down Payment/Closing Cost Assistance program. Barnstable County currently has nearly \$10 million in outstanding loans with typical terms of 40 years with optional extension periods. Each of these projects requires regular monitoring (often annual monitoring) to ensure that HUD regulations governing the use of HOME funds are met over time. Monitoring includes verification of tenant income, verification of limits on the resale price of homes purchased with HOME Program assistance, verification of on-going regulatory compliance by HOME Program sub recipients, etc. The length of these monitoring commitments varies by amount borrowed, but unit production monitoring is required for the entire period of affordability and can range from 20 to 55 years. Based on past HOME project funding, Barnstable County remains responsible for project monitoring well into the foreseeable future.

**February 25, 2015**

**To: Assembly of Delegates Standing Committee on Human Services**

**From: Beth Albert and Patty Daley**

**Re: Transition of HOME Program to Human Service Department**

### **Proposal**

To relocate administration of the U.S. Department of Housing and Urban Development's Home Investment Partnerships Act (HOME Program) from the Cape Cod Commission to Barnstable County Human Services to combine and strengthen these complementary programs and services.

### **Summary**

- The 2014 – 2018 Barnstable County Strategic Plan recommended consideration of relocating the work of the HOME Consortium from the Cape Cod Commission to the Department of Human Services. (Section 4.6 Affordable Housing/Low-Income Rental.)
- The Commission's long-time Affordable Housing Specialist, who administered the HOME Program for the past 12 years, retired in November of 2014.
- The regional HUD McKinney- Vento Continuum of Care ( CoC) program has relocated to Human Services by the end of calendar year 2014. The Department will act as the collaborative applicant for the CoC grant, which annually brings \$1.5 million dollars to the region for permanent housing for chronically homeless and people with disabilities. As part of its role as the Collaborative Applicant, the Department will conduct planning for the CoC and Regional Network On Homelessness.

- The Department of Human Services convenes the Regional Network On Homelessness and presently supports a part time contractor to coordinate its work.

### **Goals and Objectives**

- There is an opportunity for increased efficiency and coordination in managing affordable housing and human services at the County level. HOME funds may be programmed to directly support the core mission of Human Services, which includes promotion of human rights, homelessness prevention, and support for mental health, substance abuse and targeted populations programs. For example, HOME funds may be dedicated to provide Tenant Based Rental Assistance to support self-sufficiency programs, targeted population programs, anti-displacement assistance programs, and security deposit programs.
- The Commission's past dedication of 1.5 FTEs to HOME Program administration has limited the ability of the Commission's Affordable Housing Specialist to perform other duties related to affordable housing planning. Transitioning the HOME Program to Human Services will restore capacity at the Commission to conduct housing planning assistance as originally envisioned by the Cape Cod Commission Act. These planning activities include assisting towns with housing planning to promote higher density housing types that are more affordable and will help to retain young families in the region, as well as planning for the creation of mixed use, smart growth development that provides a mix of housing types within walking distance to jobs, services and shopping.

### **Meeting Current and Future Housing Needs**

Current housing needs far outpace the ability of the HOME Program to fund unit production. There is an especially acute need for affordable rental units in the region (See, June 2010 Consolidated Plan). The level of funding provided through the HOME Program is not, and never has been, sufficient to address regional needs. Transitioning the HOME Program to Human Services will add 2.0 FTE to the County staff (supported by 10% administration reimbursement from HOME ( approximately \$ 40,000 this FY and a \$20,000 CoC Planning Grant ); these new 2.0 FTE will be dedicated to administering the HOME Program in a way that is consistent with the human services

needs identified in the county, including rental and home ownership needs as well as targeted population needs and homelessness prevention. Adding these staff to administer HOME and CoC and will enable the Commission to devote its current Affordable Housing Specialist position (1 FTE) to housing planning needs discussed above. The specialist position would also be available to identify and leverage affordable housing support services outside of the HOME Program.

## **Background**

In April 1992, the County approved Ordinance 92-3 to create the Barnstable County HOME Consortium Advisory Council and Ordinance 92-4 to authorize the County Commissioners to enter into agreements for the purpose of establishing the HOME Consortium Advisory Council. Every Cape town signed on to participate in the Consortium. The Council is comprised of one member from each town and two at-large members. Its primary responsibilities include determining the allocation of HOME Program funds to approved activities and acting as liaison with their local housing partnership/committee. Over the years, the HOME Consortium has allocated funds to housing production, primarily rental housing development projects, homeowner rehabilitation projects, and homeownership opportunities through the Down Payment/Closing Cost program. Participation in the HOME Program requires a Consolidated Plan to address the needs of the region and to assist in prioritizing the use of future funds. The Commission is funding the development of the HOME Consortium's most recent Five Year Consolidated Plan which has just gotten underway with assistance from OKM Associates to conduct a needs assessment and market analysis and work with the Consortium to develop goals, priorities and strategies for the next five years.

## **Current HOME Staffing**

From its inception, the HOME Program has been staffed by the Commission's Affordable Housing Specialist along with a part-time assistant. The previous Affordable Housing Specialist had dedicated most of his time to administering the HOME Program, primarily for production of rental units. Administrative duties include project identification and support, coordination with developers, local entities and applicable subsidizing agencies, real estate closings, and monitoring units created with HOME

funds. While the workload varies, the on-going monitoring that is required to ensure continued affordability is increasing, as more affordable units are created with HOME funds and as HUD regulations require increased monitoring and reporting for subsidized units.

**Transition**

To consolidate programs under the Human Services department, a full time program specialist and full time program assistant is needed to manage the requirements of both the HOME Program and Continuum of Care programs. For FY 2015 the Continuum of Care received a \$20,000 planning grant to be used to administer required CoC planning activities. The HOME Program provides funding to offset the cost equivalent to a half time assistant, approximately \$40,000. This position currently has an incumbent. The annual operational costs would, therefore, include 2.0 full time equivalents as outlined.

Budget Category	Annual Cost
Salaries:	
Program Specialist (SPT6-1)	64,996
Project Assistant (SPT2-3)	49,242
Travel	500
Supplies	500
Retirement	24,084
Medicare	20,172
Group Insurance	15,220
Total	\$ 174,714

While the long term location of the HOME Program is being considered, the Commission has held off advertising it's statutorily required Affordable Housing Specialist position. The ideal candidate to manage the HOME Program is likely very different than what would be sought for a regional affordable housing specialist. Management of the HOME Program is a primarily administrative function, currently focused on isolated ownership and rental unit production throughout the region. Section 3(h) of the Cape Cod Commission Act states that the Commission's affordable housing specialist shall: (1)

assist each municipality in developing the low and moderate income housing component of its local comprehensive plan; (2) evaluate the adequacy and fairness of the low and moderate income housing component of each local comprehensive plan submitted to the commission for certification; (3) monitor the progress of each municipality in implementing the low and moderate income housing component of its local comprehensive plan; and (4) report to the commission on the progress of each municipality in implementing the low and moderate income housing component of its local comprehensive plan. In keeping with the mandate of the Cape Cod Commission Act, it is recommended that the specialist position will provide planning, policy recommendations, and technical assistance to support local planning efforts, as well as regulatory review related to affordable housing issues.