



TOWN OF IPSWICH

IPSWICH, MASSACHUSETTS 01938

Affordable Housing Trust Fund Board &
Ipswich Housing Partnership Joint Meeting
Meeting Minutes
May 11, 2023 7:30 am
Meeting Room C

Ipswich Housing Partnership Attendees: Charlie Allen, John Doonan, Carl Gardner, Michael Jones, Stacey Pedrick, Ken Redford, Jim Warner

Affordable Housing Trust Fund Board Attendees: Jim Warner, Michael Jones, Sarah Player, Michael Schaaf

Other/Guests: Meegan O'Neil (Habitat), Tom Hammond

Staff: Mark Godin, Glenn Gibbs

Call to Order: Quorum established for the IHP+AHTFB at 7:30 am.

Citizen Queries: None

Vote to approve Minutes of 4-27-23 Meeting: The 4-27-23 Meeting minutes were approved by both the IHP and AHTFB with correction that Allen (not Player) brought the handout from Harborlight.

Meegan O'Neil – Habitat

21 Leslie Rd

Meegan O'Neil (Habitat) presented a draft Pro forma for the potential acquisition of 21 Leslie Rd. that included a request for financial commitment from the AHTFB toward construction costs for 2 units (duplex style, 2-3 bedrooms each unit). The units would be for families at 60% AMI. The Ipswich Housing Authority (IHA) has indicated a willingness to sell the property at below market value. Meegan stated that HOME funds, both local and competitive would also be pursued to fund the project.

O'Neil gave a preliminary presentation with slides that included a review of how Habitat approaches developing properties. This included some history of Habitat's work in Essex County where they have built 123 homes and rehabbed 45 homes. Average affordable home prices are currently around \$220K and average affordable monthly payments are \$1,400. She reviewed Habitat's approach to qualifying and selecting families, and the expectation of the family's participation in the construction process including "sweat equity". Habitat homes are marketed using DHCD standards that include a lottery process and local preference at 70%. Local preference is defined as someone who currently lives, works or attends school in the town. Local preference would be given to one of the two units built at Leslie Rd.

Schaaf asked for clarification of permanent affordability and shared appreciation of the property. O'Neil responded that Habitat retains the right of first refusal for any resale of the property which is also deed restricted. Future resale prices would be tied to HUD figures related to affordable units. Typically, the affordability restriction is 30 years but Gibbs noted that this is now generally much longer (99 yrs.).

O'Neil answered other questions regarding help to families who may need to sell an affordable unit in the future and also regarding income restrictions and continued affordability of the property.

In regard to the Pro forma financial figures, O'Neil explained the idea of "soft costs" where some services may be provided pro bono and cost offset made possible by volunteer help and sweat equity. Allen asked about engineering costs for the septic design and O'Neil stated that these services may be potentially provided pro

bono. She also reiterated that the numbers for line items on the Pro forma will likely change up or down, but that the overall cost is a good conservative estimate. O'Neil explained that local HOME funds would need to be committed to construction costs – not acquisition costs since that process would be more complex. O'Neil asked for the boards to commit funds to the project and also for an agreement from the IHA to sell the property. Habitat anticipates that they will need to do about \$200K of fundraising for the project which would include potential HOME funds. Allen states the IHA is willing to sell the parcel for \$210K to Habitat. Warner raised concern about committing \$230K or approximately 20% of existing AHTF funds for this project. O'Neil left the meeting and discussion continued about what the AHTF would be willing to contribute toward this project. There was review of what the AHTF has contributed to past projects in Ipswich. Warner also presented some of the recommendations that came out of the workgroup regarding guidelines for Trust Fund use. Those guidelines include the idea of using two thirds (67%) of funds toward larger projects (multi-family developments of 20 units or more) and 33% toward smaller projects/programs. Warner asked if a lower AHTF contribution could be considered. There was also discussion about future replenishment of the Trust Fund through payments and lieu and the possibility that the rate of replenishment may decrease going forward. Schaaf stated that with the cautions taken into consideration, he is in support of committing AHTF money to the project in the amount requested by Habitat. Schaaf made a motion that “the AHTFB commit a maximum of \$230,000 to the 21 Leslie Rd. project as described in the Habitat draft Pro forma dated 5/10/23 with a requirement of affordability for 99 years or longest period legally possible, and that local preference be given to one of the units, and that prior to dispersal of funds, the AHTFB approve the final budget and plan.” The motion was seconded by Jones. The AHTFB approved with a unanimous vote in the affirmative by Warner, Schaaf, Player and Jones. Godin will inform O'Neil of the decision today and also follow it with written notification.

FTHB Applicants – K. Folan, M. Corrigan

Godin presented the FTHB application for K. Folan. She is purchasing 12 Primrose Lane for \$305,300 which is an affordable unit awarded by lottery. The requested loan amount is for \$20K. Warner discussed the AHTFB recommended guidelines relative to future FTHB loans and the proposal to make the loans repayable at 15 yrs. The current applicants (2) and potential new applicants (2) who are purchasing properties at Primrose through lottery award would be exempted from this proposal. Warner stated that the 20K loans to all the lottery winners/buyers at Primrose would ensure consistency ahead of any changes to the loan terms. No vote was taken on the proposal to make the loans repayable. Jones raised an issue regarding his sitting on the AHTFB while also processing bank loans/mortgages at the Institution for Savings for some of these applicants, and a perceived conflict of interest. Gibbs recommended making a disclosure statement with the Town by submitting the appropriate form. Player motioned to approve \$20k loans to both the current applicant (K. Folan) and the prior applicant (M. Corrigan). This would change the amount of the loan for M. Corrigan from \$10K to \$20K which is consistent with other loans to families who are purchasing at Primrose. These loans would both be forgivable. Warner seconded the motion. The AHTFB approved the motion by 3 -1 with Schaaf voting against.

IHP/AHTFB Recommended Guidelines for Trust Fund distributions

Warner presented and reviewed the workgroup recommended guidelines for Trust Fund distributions. The workgroup included Warner, Redford, Schaaf, Doonan and Godin. The main focus of the workgroup discussion was on how to allocate AHTF resources. This included how to prioritize and incentivize large scale (20 units or more) projects at 60% AMI affordability. Two thirds (67%) of funds would be allocated for this purpose with the remaining one third (33%) designated for smaller projects and existing programs that include FTHB and Rehab loans. The workgroup also discussed loan forgiveness and concluded that all loans should be repaid at the end of some agreed upon period and the loan rate would remain 0% with no monthly payment required. Leslie Rd. was also briefly discussed and it was noted that this project has been addressed and voted upon in

this meeting. The workgroup discussed Schaaf's ideas about AFTHB flexibility and participation as a partner in projects by investing funds toward up front development costs. Allen asked about the distinction between the AFTFB acting as a principal vs. making a pre-development loan and the importance of future discussion about this. Warner suggested that money put at risk would need to be monitored. The workgroup also discussed Gardner's ideas about how to replenish the AHTF with PIL funds and the potential for short term rental (e.g. Air B&B) tax funds made available to affordable housing efforts. Gardner also stated that Ipswich is taking in roughly 80K this year from short term rental taxes and that might be earmarked for the AHTF. Schaaf suggested that having projects that demonstrate actual use of funds will help to attract other sources of funds.

Other discussion: Gardner raised concern about the amount of time in the meetings given to discussion about AHTF issues vs. strategy discussions and the need for the IHP to be able to move quickly on important opportunities as they come up. Gibbs reminded the group that the IHP can hold separate meetings as needed, but recommended continuation of joint meetings.

Jones requested further discussion of this issue of FTHB loan forgiveness at a future date. Jones also introduced an idea for consideration of loans that might have a term to 20 years and that divide the amount awarded into forgivable and non-forgivable portions.

New Business:

Next Meeting: The next meeting is scheduled for Thurs. June 8th at 7:30 AM.

Meeting Adjourned at 9:00 am.

Minutes prepared by Mark Godin

Minutes adopted: June 8, 2023