

**Bedford Town Housing Agency
Blue Mountain Housing Development Corporation
Town Hall
Bedford Hills, NY 10507**

“The Mission of Blue Mountain Housing Development Corporation is to promote the social welfare, common good and the general welfare by enabling and facilitating the creation and preservation of affordable housing in the Town of Bedford through active advocacy, partnership and oversight.”

March 12, 2019

Hon. Christopher Burdick, Supervisor
And Members of the Town Board
Town of Bedford
Bedford Town Hall
321 Bedford Road
Bedford Hills, NY 10507

Re: Blue Mountain Housing Development Corp. 2018 Annual Report

Dear Supervisor Burdick and Members of the Town Board,

Attached is the Year 2018 Annual Report for the Blue Mountain Housing Development Corporation and the Bedford Town Housing Agency.

If there are any questions or concerns, please do not hesitate to contact me.

Thank you for your continued support and cooperation.

Sincerely,

Thomas McGrath
Chairman

Cc: Jeffrey Osterman, Director of Planning

Bedford Town Housing Agency
Blue Mountain Housing Development Corporation
Annual Report
2018

Committee Members

Assignments

Julie Stern

Wildwood Road

Amy Pectol

Tax foreclosures

Sheila McSpedon

Secretary, Site Selection

Bruce Yablon - resigned

Treasurer, Doyle construction

Cynthia Jaffe - resigned

Rental Waiting List

Rose Goldfine

Doyle House

Andrew Chintz

Old Post Road

Erin Schuer

Thomas McGrath

Chairman, Budget

The Board of Directors met formally ten times during 2018. The Board does not meet in July or August on a regular basis.

Invited guests to attend meetings were as follows:

Town Supervisor Chris Burdick joined meetings for discussions around the Fair Housing Lawsuit.

Jeff Osterman, Town Planner, joined to discuss pending litigation and zoning issues.

Marion Blount, Trustee of Antioch Church along with other members of the Antioch Board of Trustees joined meetings in 2018. Mr. Blount reported on details of the completion and rent-up of their affordable housing development on Railroad Ave. in Bedford Hills.

Eric Gordon, Attorney with Keane and Beane, joined in many meetings to provide valuable guidance for the final negotiations regarding the Fair Housing Law suit brought against the Town of Bedford and Blue Mountain Housing.

YEAR 2018 HIGHLIGHTS

Antioch Affordable Housing Development – Antioch HDFC, a not for profit housing development company, formed by the Antioch church in Bedford Hills, completed their 12-unit affordable housing development at the very end of 2017. During 2018 the project was completely rented and financing converted to long term permanent debt – essentially deeming the development complete.

Marketing to further fair and affordable housing to the least likely to apply was completed by Westchester Housing Action Council. Residents are all considered very low income.

This was truly an amazing accomplishment by the Antioch Church and all the people and organizations involved with the development. Antioch had never endeavored to tackle a development before and learned along the way. What is amazing is that there were no real problems that would jeopardize the development and it was completed and rented on time and within budget.

Blue Mountain was proud to take an active role in facilitating the development by providing predevelopment dollars, down-payment assistance to the modular company and an \$85,000 long term loan. Our mission of active advocacy, partnership and oversight was at its best during this development.

BEDFORD TOWN HOUSING AGENCY

Bedford Lakes Rentals – 28 Middle Income Senior Citizen Apartments available for tenants aged 55 year olds or more. Of the 62 total units, 28 affordable units are restricted. During the past several years the lower and middle income units' rental price has caught up to the market rate prices. The restricted rentals are affordable to seniors earning no more than 80% - 90% of Westchester County median income adjusted by family size.

Lakeside at Bedford – 14 Middle Income Town homes.

As part of a much larger development, 14 town homes were built in 1997-98 under the Town's Middle Income Housing Zoning. When available, homes are affordable to families earning no greater than 110% of Westchester County median income adjusted by family size. During 2018 one home was sold. The allowable sales price was for \$214,500 and was marketed by Westchester Housing Action Council and their furthering fair and affordable housing plan. When available these homes will be marketed by Westchester Housing Action Council.

North Bedford Road - 20 Moderate Income Rental Apartments.

This 19 unit plus 1 single family home developments was funded by Westchester County Land Acquisition Funds. The property is affordable to families earning no more than 80% of the Westchester median income adjusted by family size. The owner of this property markets directly to potential tenants.

Anderson Road – Single family home with an accessory apartment.

Developed in a partnership with AHOME this property consists of a 3-bedroom home along with a 1-bedroom accessory apartment. If available, this home is affordable to families earning no more than 80% of Westchester County median income adjusted by family size. The rental is affordable to residents earning 60% of median. No activity was reported during 2018. When available, these homes will be marketed by Westchester Housing Action Council.

Harris Road – 1 two-bedroom and 1 one-bedroom apartment.

The Westchester Land Trust acquired a property on Harris Road to relocate their offices. The property contained a garage along with two apartments. The Land Trust agreed to rent the units to families earning no more than 80% of Westchester County median income adjusted by family size. No units were available during 2018. When available, these apartments will be marketed by Westchester Housing Action Council.

Woodcrest Senior Condos – 7 one-bedroom condominiums for Senior Citizens.

Woodcrest is located in Mount Kisco. However, the access to the site runs through the Town of Bedford. At the time of approvals, an agreement was made between the Town of Bedford and the developer to reserve 7 units for Bedford residents. The units are affordable to families earning 80% of the Westchester median income adjusted by family size. The sales are overseen by Community Housing Innovations of White Plains, a not for profit organization. Blue Mountain does not intend to participate in the sales of this site moving forward.

BLUE MOUNTAIN HOUSING DEVELOPMENT CORPORATION

Doyle House – 4 units of low-income housing.

Doyle House is the only property owned by Blue Mountain Housing. Finances on the property have been excellent. Positive cash flow during 2018 was in excess of \$20,000 for the year. NYS mandated reserves being held in escrow exceed \$48,000. These reserves include operating, replacement and capital reserves. The property is managed by AHOME: services include collecting rents and providing maintenance, AHOME also provides case management for the tenants. Case management includes various social services along with special considerations including gifts of turkeys at Thanksgiving, wreaths at Christmas time, assisting tenants in seeking jobs, tenant negotiations, personal budgeting and assisting children with the purchase of various school items etc.

Apartments are affordable to families earning no more than 50% of Westchester County median income adjusted by family size. Three of four tenants are on section 8 assistance. At the end of 2010 the mortgage secured by the property was paid off in full. Over time capital improvements have been made including new windows. During 2018 \$4,500 was spent washing the building, some painting and various repairs. The property continues to cash flow positively throughout 2018. Restricted Operating Accounts are in excess of \$170,000. Units are marketed by A-HOME.

David Lapsley Road – Charles McDuffie House - Single family 3-bedroom home.

The Town of Bedford sold two parcels of excess land to an affiliate company sponsored by Blue Mountain Housing known as Bedford Housing Development Fund Corporation. One parcel included a single family home in disrepair. With the assistance of The Town of Bedford and Habitat for Humanity, the home was completely renovated. This home is affordable to a family earning no more than 110% of Westchester County median income adjusted by family size. When available this home will be marketed by Westchester Housing Action Council.

Habitat House – Single family 3-bedroom home.

The second parcel of land on David Lapsley Road referenced above was a vacant lot also sold by The Town of Bedford to Bedford Housing Development Fund Corporation. Bedford HDFC in turn sold the property to Habitat for Humanity for \$10. Habitat for Humanity is a private not for profit development company building homes primarily with donated labor and often materials. This home is affordable to a family earning no more than 110% of Westchester County median income adjusted by family size. When available this home will be marketed by Westchester Housing Action Council.

Wildwood Road – Blue Mountain Housing provided a \$50,000 deferred loan to A-Home to re-develop this 7 unit historic building in Katonah. A-Home also received \$475,000 in funding from Westchester County for rehabilitation. The units are affordable to families earning 60% to 80% of Westchester County median income. The units will remain affordable for 40 years. Apartments are marketed by A-HOME.

Various Properties – Working in conjunction with Westchester County Planning Department, Housing Action Council acquired three properties in the Town of Bedford; one on Ridge Street in Katonah, one on Church Street in Bedford Hills and a condominium on Nottingham Road in Bedford Hills. These properties are being rehabilitated and re-sold to families earning no more than 80% of Westchester County median income adjusted by family size. Homes are being marketed by Housing Action Council.

PROPERTIES AND ISSUES TRACKED DURING 2017

Properties tracked during 2018

Deer Park Road Katonah – A vacant home on Deer Park Road became available for sale by a bank through a foreclosure. It was a great opportunity to acquire and renovate to create an affordable/middle income homeownership opportunity. It was made more interesting since the Town of Bedford owns the adjacent vacant lot which is unbuildable due to septic locations. If Blue Mountain was able to acquire both properties, a re-work of the septic locations was possible and a second home could be built. A committee of the board was formed and agreed to offer up to \$275,000 for the home. Unfortunately, there was a higher bid and the acquisition did not move forward.

Upper Hood Road Subdivision – A potential 10 lot subdivision is moving forward through the Town's approval process. 10% of the lots (1 lot) would have a requirement for affordable housing. A Blue Mountain board member has worked with the planning board to locate an ideal location for the affordable home. Discussions are continuing including the possibility of a payment-in-lieu provision.

Various other properties- including properties on Route 117, Jefferson Lane, Cherry Street and Jay Street have been discussed and are continuing to be tracked for possible re-development.

Fair Housing Law Suit

During 2017 the Town of Bedford and Blue Mountain Housing were served a lawsuit by the Fair Housing Justice Center, Inc. and Westchester Residential Opportunities, Inc. The lawsuit was a civil rights action under the Fair Housing Act to force the Town and Blue Mountain to stop using residency and employment preferences in the sale and rental of middle income housing units in Bedford under the Middle Income Zoning. The plaintiffs suggested that allowing for local preferences created a disparate impact for a number of African Americans who were not awarded middle income housing units in Bedford. The Town of Bedford and Blue Mountain Board vehemently disagreed with the plaintiff's assertions of violation of the Fair Housing Act.

Throughout 2018 Eric Gordon of Keane and Beane (counsel representing the Town of Bedford, Blue Mountain and two insurance companies) guided settlement negotiations.

The results of the negotiations ended with the requirements that the Town of Bedford and Blue Mountain Housing will complete the following:

1. Within one hundred and eighty (180) days of the Effective Date, the Town will amend Chapter 125 of the Town Code, in the form substantially similar to that contained in Exhibit “A”, to:
 - a. Repeal and remove the residency and work preferences currently a part of § 125-56(E). Defendants shall not use work or residency preferences in the middle-income housing program or in any other housing program for fifteen (15) years from the Effective Date.
 - b. Establish a neutral, non-discriminatory system to sell and rent all middle-income housing units going forward (*e.g.* a lottery, based on income, or some other procedure acceptable to Plaintiffs).
 - c. Revise the definition of “Middle-Income Family” currently a part of § 125-3 to provide that a middle-income family is a household whose aggregate annual income does not exceed 80% of the Westchester County Area Median Income (“AMI”) to be eligible to rent a middle-income housing unit or 110% of the Westchester County AMI to be eligible to purchase a middle-income housing unit.
 - d. Notwithstanding the foregoing requirement in Section 5(c) above, rental of any middle-income housing units existing in the Town of Bedford as of the Effective Date of this Agreement shall be grandfathered at 100% of Town of Bedford median income based on the average of the last three years.
 - e. Add a section that provides the following incentives for the creation of middle-income housing units:
 - i. Planning Board Assistance: When a proposed residential subdivision contains 20% or more middle-income housing units, the Planning Board may:
 1. Consider such other forms of financial or other assistance which may be under the control of the Town or Blue Mountain;
 2. Actively assist in obtaining financial or other assistance from federal, state or other public agencies in support of affordable housing development;

3. Allow the reduction of dimensional requirements by not more than 25% and an allowance for shared parking so as to reduce infrastructure costs.
- ii. Expedited Project Review Process:
1. Pre-application meeting. The applicant for a development including middle-income units shall be entitled to attend at least one pre-application meeting at which representatives will be in attendance from each Town agency and staff member expected to play a role in the review and approval of the development application and construction. The purpose of the pre-application meeting will be to expedite the development application review process through:
 - a. The early identification of issues, concerns, code compliance, and coordination matters that may arise during the review and approval process.
 - b. The establishment of a comprehensive review process outline, proposed meeting schedule, and conceptual timeline.
 2. Meeting schedule and timeline. Town agencies and staff shall endeavor to honor the proposed meeting schedule and conceptual timeline established as an outcome of the pre-application meeting to the greatest extent possible during the review and approval process, subject to the demonstrated cooperation of the applicant to adhere to same. Should the approval process extend beyond one year, an applicant for a development including middle-income housing units shall be entitled to at least one additional meeting per year with the same departments, agencies, authorities, boards, commissions, councils, or committees to review any and all items discussed at previous pre-application meetings.
 3. Calendar/agenda priority. Town agencies with review or approval authority over applications for developments including middle-income housing units shall give priority to such applications by placing applications for all developments including middle-income housing units first on all meeting and work session calendars and agendas and, when feasible based on the ability to conduct required reviews and public notice, with the intent of

shortening minimum advance submission deadlines to the extent practicable.

- iii. Reductions in Development Fees: The Town will waive, for developers proposing to create middle-income or affordable housing in the Town, thirty (30%) of the following categories of fees incurred or payments received by the Town that would otherwise be charged to such developers:
 1. Building Permit application fees;
 2. Planning Department application fees;
 3. Recreation Fees based on percentage of middle-income housing units to be developed;
 4. Advertising expenses;
 5. Legal Fees; and
 6. Engineering Fees.

A. CHANGES TO THE MIDDLE-INCOME HOUSING PROGRAM

Within thirty (30) days of the Effective Date, Defendants will retain Housing Action Council to act in conjunction with the Town of Bedford Town Housing Agency, to administer the middle-income housing program during the term of this Agreement. Administration shall include development and implementation of the fair housing marketing plan for middle-income housing and reviewing applications for sales of middle-income housing to determine whether applicants meet the requirements for middle-income housing in the Town of Bedford.

In the event Housing Action Council is no longer willing or able to participate in the administration of the middle-income housing program in conjunction with the Town of Bedford Town Housing Agency, Defendants shall promptly retain a new entity with experience in the marketing, sale, and rental of affordable/middle-income housing that is acceptable to Plaintiffs to perform such duties.

Within one hundred and twenty (120) days of the Effective Date, Defendants, either directly or through Housing Action Council, will:

- f. Eliminate the existing waitlists for middle-income housing.
- g. Mail a letter to all persons on the existing waitlists advising them that the waitlist is being eliminated, describing the neutral, non-discriminatory system that will be used to sell and rent all middle-income housing units going forward, and offering the opportunity to such persons to provide their names and addresses to be notified of future opportunities to apply for middle-income housing. No preference will be given to future applications submitted by persons who are on existing waiting lists.
- h. Revise the Town's application form(s) for affordable and middle-income housing to remove any reference to residency or work preferences and to include the phrase "Equal Housing Opportunity" and the HUD fair housing logo. The Town may use

a short initial application and longer full application form. The Town may make its application forms available online to be completed on-line, as long as the Town also provides an opportunity for applicants to obtain and complete a paper copy.

- i. Modify all restrictive covenants for existing middle-income housing units and similarly restricted units at Woodcrest Condominiums to eliminate residency and work preferences.

Within one hundred and twenty (120) days of the Effective Date, Defendants will develop and implement an affirmative marketing plan for the sale and rental of existing middle-income housing. The plan shall include how the marketing and rental of apartments at Garden Homes and Bedford Lakes Apartments will be conducted in a manner consistent with the requirements and goals of this Agreement. The plan must be designed to reach income-qualified Westchester County and New York City residents in a manner that targets those least likely to apply, including but not limited to the employees of the Bedford Hills Correctional Facility. The plan must include the elements listed in Exhibit "B" attached hereto.

Following the effective date of this Agreement, the Town will require developers of future middle-income housing units to develop and implement an affirmative marketing plan, or retain the services of a qualified entity to develop and act as administrator for the affirmative marketing plan, which affirmative marketing plan shall be designed to reach income-qualified Westchester County and New York City residents in a manner that targets those least likely to apply, including but not limited to the employees of the Bedford Hills Correctional Facility. The Town will require such developers to provide the Town with a copy of the affirmative marketing plan and, upon request, records showing how the developer implemented the plan.

The affirmative marketing requirements described in Paragraphs 9 and 10 shall remain in effect for at least fifteen (15) years after the Effective Date.

Within thirty (30) days of the Effective Date, Defendants will modify the Blue Mountain Housing Lending Programs to include the incentives for the development of middle-income housing that are set forth in Exhibit "C". These modifications will remain in place for at least fifteen (15) years after the Effective Date, during which time they will be featured on Defendants' websites, in Blue Mountain's annual reports, and in any other materials produced by Defendants that describe these or similar incentives for developers.

Within thirty (30) days of the Effective Date, Defendants will make the Bedford Housing Trust Fund available for affordable and middle-income housing developments for at least fifteen (15) years after the Effective Date, during which time this option will be featured on Defendants' websites, in Blue Mountain's annual reports, and in any other materials produced by Defendants that describe this or similar incentives for developers.

Defendants support, and will continue to support, qualified applications for third-party subsidies made by developers interested in building affordable or middle-income housing in the Town.

B. OUTREACH AND TRAINING

Within thirty (30) days after amendment of the Town Code, as described in Paragraph 5 above, Defendants will publicize the revisions to the Town Code and incentives for middle-income development required by Sections B and C of this Agreement, including to prospective middle-income housing developers, homebuyers, and renters, including employees at Bedford Hills Correctional Facility. This will include, but not be limited to, sending a letter to prospective non-profit and for-profit housing developers operating in Westchester County.

The letter will also be sent to non-profit organizations who assist or work with prospective middle-income homebuyers and renters residing in Westchester County and New York City, including those who provide first-time homebuyer seminars and programs, including but not limited to the organizations listed in Exhibit "D".

Within one hundred and eighty (180) days of the Effective Date, the members of the Blue Mountain Board, members of the Town Board, Town Supervisor, Director of Planning, Town Clerk, Deputy Town Clerk, and all Housing Action Council employees and any other of Defendants' officials and agents who are involved in the implementation of the terms of this Agreement will attend one of two fair housing training sessions provided by WRO. The costs of these training sessions are included in the monetary relief provided for in Section E of this Agreement.

Within one hundred and eighty (180) days of the Effective Date, Defendants will also coordinate and schedule a fair housing training session provided by WRO for the employees of the owner of the Bedford Lakes Apartments. The training will be provided for those employees involved in advertising, showing, and renting the middle-income housing units and those who review and/or approve rental applications, at Bedford Lakes Apartments. The cost of this training session is included in the monetary relief provided for in Paragraph 18 of this Agreement.

Defendants agree that they will retain WRO to provide fair housing training(s) for the developer(s) and/or owner(s) of any new middle-income housing for whom the Town grants site plan approval during the term of the Agreement. Defendants shall pay WRO for any such additional training session(s) at a rate of \$1,500.00 per session.

Training was completed on October 5th and 18th 2018. All other agreements and marketing plan requirement completing dates were extended into 2019.

Foreclosures

Blue Mountain has been tracking several properties that are in foreclosure within the Town of Bedford. It has proven to be very difficult to make contact with the correct people/departments at the various banks involved. Blue Mountain may be able to create homeownership opportunities if this strategy becomes successful. Some properties tracked were on Nottingham Road, Cherry Street, Jay Street and others.

Westchester County Fair and Affordable Housing Settlement

In 2009 Westchester County signed a housing settlement with the US Department of Housing and Urban Development which requires the County to develop 750 units of fair and affordable housing throughout 31 communities – including Bedford.

Blue Mountain has worked with the Town Planning Department and the Town Planning Board to create Fair and Affordable Housing Zoning in Bedford which includes the Fair and Affordable Model Marketing Plan. The Zoning is based on Westchester County's Model Zoning Ordinance for Fair and Affordable Housing. Units created by Antioch development were some of the units counted by Westchester County.

Awards

Blue Mountain Housing was honored to receive an affordable housing award from A-HOME for its involvement in the Antioch development and affordable housing in Bedford. The Town of Bedford won a Westchester Municipal Planning Federation award for the Antioch development.

BLUE MOUNTAIN HOUSING LENDING PROGRAMS

Down Payment Assistance Program

Recipients: Families with incomes at or below **80% median income of Westchester County** adjusted by family size depending on the property's restrictions (which ever is lower). The family must be a first time homebuyer.

Funds: Eligible applicants may receive up to \$12,500 towards the purchase of an affordable or middle income home in the Town of Bedford. The funds may be used to cover the cost of the purchase of a home including down payment and reasonable closing costs.

Restrictions: The home must remain affordable or middle income for at least 20 years. If the buyer sells the home earlier, the funds are subject to repayment. The funds may remain in place if the owner sells to another eligible purchaser.

Pre-Development Loan Program

Recipients: Not for profit developers interested in developing affordable or middle income housing in the Town of Bedford (including Blue Mountain Housing Development Corp.).

Funds: Eligible applicants may receive up to \$25,000 loans/grants for pre-development studies. Funds may be used for engineering studies, architectural drawings, soil borings or other uses approved by Bedford Town Housing Agency. Funds are to be repaid no later than the start of construction. Applicant must show reasonable feasibility of potential development.

Restrictions: Proposed development will meet Bedford Town Housing Agency's affordable or middle income requirements.

Acquisition Program

Recipients: Experienced for-profit and non-profit developers interested in developing affordable or middle housing in the Town of Bedford are eligible.

Funds: Applicants may receive up to \$50,000 to assist in the purchase of land or a building to be developed as affordable or middle housing. Funds may be used toward the purchase price or reasonable closing costs. Applicant must document financial need for the funds and that with the funds the proposed development is feasible.

Restrictions: Rentals – Units must be affordable to tenants with incomes at or below **60% to 80% of the Westchester County median income**

adjusted by family size. The apartments must remain affordable for at least 40 years.

Homeownership – Units must be sold to families with incomes at or below **80% to 120% of median income of Westchester County** adjusted by family size depending on the property's restrictions. The family must be a first time homebuyer. In the event the property is sold prior to the restriction term the funds must be repaid.

New Construction / Rehabilitation Grants

Recipients: Experienced for-profit and non-profit developers interested in developing affordable or middle income housing in the Town of Bedford.

Funds: Applicants may receive up to \$50,000 to assist in the financing of new construction or rehabilitation of affordable or middle income housing. Funds may be used for actual construction costs together with other subsidies and private financing. Applicant must document financial need for the funds and that with the funds the proposed development is feasible.

Restrictions: Rentals – Units must be affordable to tenants with incomes at or below **60% to 80% of the Westchester County median income** adjusted by family size. The apartments must remain affordable for at least 40 years.

Homeownership – Units must be sold to families with incomes at or below **80% to 110% of median income of Westchester County** adjusted by family size depending on the property's restrictions. The family must be a first time homebuyer. In the event the property is sold prior to the restriction term the funds must be repaid.

Blue Mountain Acquisition Fund

Recipient: Blue Mountain Housing Development Corp.

Funds: Blue Mountain may consider acquiring houses or condos, moderately renovating them and selling them as affordable homes. Blue Mountain would leverage their own dollars with other subsidies and private debt in order to afford the acquisition.

Restrictions: Homes would be sold to families with incomes at or below **80% to 110% of median income of Westchester County** adjusted by family size depending on the property's restrictions. The family must be a first time homebuyer and the homes must be affordable in perpetuity.

Handicap Accessibility Assistance Program

Recipient: Residents in the Town of Bedford requiring assistance in creating handicap accessibility to their primary residence.

Funds: Applicants may receive up to \$10,000 to assist in the financing of construction of accessible feature to a home. Funds may be used for actual construction costs together with other subsidies and private financing. Applicant must document financial need for the funds.

Restrictions: Funds are available to residents earning **50% of the median income of Westchester County** adjusted by family size.

All loan programs are subject to availability of funds.

SUB-COMMITTEES

Blue Mountain sub-committees to work on certain issues and report to the Board of Directors. The sub-committees are as follows:

1. Site Selection Committee – is charged with looking for opportunities to create affordable housing through-out the Town. The committee will search for land for sale, inexpensive homes for sale and development opportunities.
2. Loan Committee – is charged with reviewing applications for loans from Blue Mountain or Bedford Housing Trust Fund. The committee will **make** recommendations for approval with terms and conditions to the Board of Directors. Final approval will be from the Board.
3. Budget Committee – is charged with establishing a budget for Blue Mountain.