

**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.”

May 8, 2017

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. 2017 Annual Report

Dear Supervisor Burdick and Members of the Town Board,

Attached is the Year 2017 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
2017

Committee Members

Assignments

Rhoda Gushue - Retired

Bedford Lakes Rentals

Julie Stern

Wildwood Road

Amy Pectol

Tax foreclosures

Sheila McSpedon

Secretary, Site Selection

Bruce Yablon

Treasurer, Doyle construction

Cynthia Jaffe

Rental Waiting List

Carl Jaffe - Resigned

Rose Goldfine

Doyle House

Andrew Chintz

Old Post Road

Erin Schuer

Thomas McGrath

Chairman, Budget

The Committee met formally eleven times during 2017. The Board does not meet in July or August on a regular basis, however, a special meeting was called in August to discuss pending litigation.

Invited guests to attend meetings were as follows:

Town Supervisor Chris Burdick joined meetings. Supervisor Burdick provided regular updates of progress being made on The Antioch affordable Housing Development on Railroad Ave. Bedford Hills and joined 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 2017. Mr. Blount has headed the potential Antioch Church affordable housing development on Railroad Ave. in Bedford Hills. He thanked the board for all the financial assistance provided by Blue Mountain for Antioch's affordable housing development.

Eric Gordon, Attorney with Keane and Beane, joined in many meetings to provide valuable guidance and negotiation assistance regarding the Fair Housing Law suit.

YEAR 2017 HIGHLIGHTS

Antioch Affordable Housing Development – Antioch Church from Bedford Hills approached the Town of Bedford through Supervisor Burdick to discuss the possibility of repurposing property they own on Railroad Ave. to create affordable housing. The property consisted of an old church, a single family home and a four family house.

Weekly meetings were set which included staff from Westchester County, Westchester Housing Coalition, engineering firms, architectural firm and Blue Mountain Housing to discuss progress and next steps to advance the development.

Blue Mountain agreed to provide a grant up to \$20,000 through Blue Mountain's predevelopment loan/grant program to hire an engineering firm and backhoe to dig deep holes to test for septic capacity. Blue Mountain also agreed to provide pre-development funding of up to \$20,000 (including the original \$10,000) to assist with payment for architectural and engineering plans. Bedford Housing Trust Fund (affiliated) also agreed to fund up to \$15,000 in pre-development costs. Applications and consulting was contracted to Westchester Housing Action Council (HAC).

The results of the studies suggested that a total of 12 units could be accommodated on the site including on-site septic and parking. The existing church on the property could accommodate 4 units and an additional 8 units of new construction via modular construction. The units would be rented to tenants earning 30% to 60% of area median

income based on family size as determined by HUD. The units would be marketed via Bedford's affordable housing zoning marketing plan arranged by HAC.

Applications were applied for and committed by Westchester County Land Acquisition Fund in the amount of \$460,000, Westchester County Housing Implementation Funds and Fair and Affordable Housing Funds of \$1,788,000 for infrastructure, NYS HCR CDBG Funds of \$463,000 for renovation of the church and financing from CPC in the amount of \$875,000 for the balance of the construction.

Once the development was considered to be feasible Blue Mountain agreed to an additional loan of up to \$30,000 to Antioch HDFC for a down payment to the modular company in order for them to begin with the design of building plans for the new buildings. Funds were to be repaid through construction loan funds.

The development was broken down into three separate construction contracts – mainly due to targeted funding sources.

- The renovation of the church was funded through Community Development Block Grant Funds (CDBG) via application to NYS Housing and Community Renewal (HCR) by the Town of Bedford and constructed by Marinelli Construction Corp.
- The New Construction was funded by Westchester County Fair and Affordable Housing Funds and Community Preservation Corporation (CPC) and was constructed by Westchester Modular.
- The infrastructure was funded by Westchester County Implementation Funds and constructed by a third party contractor.

During early 2017 all building approvals were received, construction contracts were signed, all financing commitments were received and building permits were provided by the Town. Closing took place on March 17th and construction began.

Prior to closing, as final budgeted costs were tallied, it was evident that there would be a shortfall in the sources of funds to complete the project – including soft costs. Blue Mountain was asked to add to existing funding for a total loan up to \$70,000 to help closing the funding gap by Antioch HDFC (the developer).

In anticipation of providing this gap loan Blue Mountain requested a transfer of funds from Bedford Housing Trust Fund of up to \$70,000 in order to fund this loan. This request was approved by Bedford Town Board unanimously.

By the time construction budgets were completed the financing gap had grown to \$85,000. The Blue Mountain Board agreed to provide a 30 year, .5% interest only deferred payment loan. The loan is due upon sale or in 30 years whichever comes first. The Board of Directors unanimously approved the terms and the loan.

Through-out the balance of 2017 construction remained within budget and on time. This was a remarkable feat given the make-up of the development team. Antioch HDFC was

headed by Marion Blount (Antioch Trustee) who learned about affordable development during this development. The affordable housing community surrounded the development entity with knowledgeable practitioners that so far has proven fruitful.

BEDFORD TOWN HOUSING AGENCY

Antioch Affordable Housing Development – As part of the development explained above, Bedford Town Housing Agency through its Bedford Housing Trust Fund was asked to consider providing funding for pre-development expenses to assist in the creation of additional affordable housing units. The Board approved up to \$15,000 in grant funding from the Trust Fund. In addition, Bedford Housing Trust Fund approved a transfer of up to \$70,000 to Blue Mountain to in turn provide up to \$70,000 for a gap loan to Antioch HDFC for the creation of 12 units of low income housing.

The Bedford Housing Trust Fund was created by the Town in order to assist and help fund affordable housing in the Town of Bedford. The investment in this development was considered by the Board to be very impactful in adding additional units to the Town. The entity receives its funds through a payment-in-lieu provision in the affordable housing zoning which directs payment to the fund for subdivisions less than 5 lots in the Town.

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 median income of a Town employee adjusted by family size. No homes were available for sale during 2017.

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.

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 2017.

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 2017.

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 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 2017 was in excess of \$25,000 for the year. NYS mandated reserves being held in escrow exceed \$46,000. 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 cleats for soccer games etc.

Apartments are affordable to families earning no more than 50% of Westchester County median income adjusted by family size. 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 2017 sprinklers were tested and fire extinguishers were recharged along with some minor painting. The property continues to cash flow positively throughout 2017. Restricted Operating Accounts are in excess of \$150,000.

During 2017, the Board of Directors voted in favor of placing a vote in favor of the Town of Bedford adding sewers to the downtown area of Katonah. While Doyle house has not experienced major problems with its septic system, the board felt sewers would benefit the area.

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 the Town of Bedford employee median income adjusted by family size.

Habitat House – Single family 3-bedroom home.

The second parcel of land 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 the Town of Bedford employee median income adjusted by family size.

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.

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 to be rehabilitated and re-sold to families earning no more than 80% of Westchester County median income adjusted by family size. Homes will be marketed by Housing Action Council. These homes are planned to be counted towards Westchester County's goal of creating 750 units of furthering fair and affordable housing as part of their housing settlement.

PROPERTIES AND ISSUES TRACKED DURING 2017

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.

A special meeting was called in August to discuss the lawsuit. Supervisor Burdick, Jeff Osterman and Eric Gordon of Keane and Beane attended. An explanation of the lawsuit and possible terms for settlement were discussed in executive session.

Blue Mountain, the Town of Bedford and our respective insurance companies agreed to hire Keane and Beane to represent us in this action.

Throughout the balance of 2017 Blue Mountain and the Town of Bedford worked closely with Keane and Beane to provide requested information from the plaintiffs.

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.

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.

Awards

Blue Mountain Housing was honored to receive an affordable housing award from Allied Community Enterprises (ACE) for its deep commitment, spirit, work and involvement in the Antioch development and affordable housing in Bedford.

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 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 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 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 affordability requirements.

Acquisition Program

Recipients: Experienced for-profit and non-profit developers interested in developing affordable 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 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% 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% 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 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 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% 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% 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% 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.

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.