

## COMMITTEE ON LANDS AND BUILDINGS

**December 3, 2002**

**Upon Recess of BMA**

Chairman Thibault called the meeting to order.

The Clerk called the roll.

Present: Aldermen Thibault, Gatsas, Pinard and DeVries

Absent: Alderman Garrity

Messrs.: Dick Dunfey, Maureen Beauregard, Bob Castleton, Bob MacKenzie

Chairman Thibault addressed item 3 of the agenda:

3. Communication from Families in Transition requesting to purchase and develop the Brown School in partnership with the Manchester Housing and Redevelopment Authority, for affordable housing, and advising that pursuant to a grant application, a Purchase and Sale Agreement with the City would need to be executed and delivered to the HUD field office by December 12, 2002.

Alderman DeVries moved for discussion. Alderman Pinard duly seconded the motion. There being none opposed, the motion carried.

Chairman Thibault stated seeing that both groups are here tonight I wondered if I could ask them to come forward and if the committee has any questions to ask of them they would do so...Manchester Housing Authority and the Families in Transition would you come up front please. Are there any questions?

Alderman DeVries replied I'd like to hear their presentation.

Mr. Dunfey stated I'm Dick Dunfey, Executive Director of the Manchester Housing and Redevelopment Authority. I think the urgency is on the part of Families in Transition (FIT), we're here to support our partnership effort in concert with FIT, so I think I'll defer to Maureen to lay the gist of it on the table.

Ms. Beauregard stated I'm Maureen Beauregard, I'm President of Families in Transition.

Mr. Castleton stated I'm Bill Castleton of Great Bridge Properties, development consultants to Families in Transition.

Alderman Shea asked I'm not on the committee but I wonder when a particular project is finalized is there any tax money that is forthcoming from either Families in Transition or the Manchester Housing Authority?

Ms. Beauregard replied Families in Transition is proposing that on our part of the project which hopefully in the end there will be approximately 18 to 20 units of housing, we'll be paying 100% property tax.

Alderman Shea asked what about the Manchester Housing Authority?

Mr. Dunfey replied we are limited to paying on all of our properties under our Cooperation Agreement with the City and also under federal law to a payment in lieu of taxes and would represent in the vicinity of 14-15% of the full tax amount.

Alderman Gatsas stated I guess not relevant to this issue but just to a comment that Mr. Dunfey just made when was the Cooperation Agreement entered into with the City?

Mr. Dunfey replied originally, I believe, it was 1950, it's been amended from time-to-time since then just to incorporate new developments as have occurred.

Alderman Gatsas stated I think you were certainly present in the audience with some of the dialogue that the Mayor just had about the tough times the City is in. Would it be your understanding that you may be amenable to changing that agreement to increase in lieu of taxes...

Mr. Dunfey interjected even if I were wildly in favor of it I couldn't do it because we're constrained by federal law to a formula payment to the City under that Cooperation Agreement that is limited to what's called 10% of the Shelter Rent. Shelter Rent is the equivalent of incoming rents to the Authority minus utilities times 10% and we're limited to that amount in our payment to the City under federal law and if we were to go outside that federal requirement it would be in breach of our annual contributions contract with HUD and they would then be able to seize our property. We don't have that latitude.

Alderman Gatsas asked what about properties that you no longer have debt service on to HUD?

Mr. Dunfey replied all of our properties under our Annual Contribution Contract with HUD are subject to provision.

Alderman Gatsas stated whether they have a debt service or not.

Mr. Dunfey replied yes.

Alderman Gatsas stated a question for the Planning Director, are there any HOME funds that are available to Families in Transition?

Mr. MacKenzie replied there were some, we presented some information to the last CIP Committee on this year's allocation of HOME funds is roughly \$700,000, we did talk to the committee about earmarking some of those HOME funds toward the Brown School project and we indicated at committee that it was still premature because a proposal hadn't fully developed yet, but the committee was aware, I believe, that there might have to be an allocation of HOME funds towards this project to make it work.

Alderman Gatsas asked are you talking current year or are you talking next year?

Mr. MacKenzie replied it is possible that there would have to be an allocation out of both years. There's current year federal HOME funds available, there is also, we anticipate and would expect an equal allocation next year from HUD.

Alderman Gatsas asked how much is available for them now?

Mr. MacKenzie replied available for them out of HOME funds...there is in total from this current year and balances that haven't been used there's about \$1 million available.

Alderman Gatsas asked have you folks thought of using those funds at all?

Ms. Beauregard replied yes we have.

Alderman Gatsas asked are you going to be coming forward to the CIP Committee for allocation of some of those funds?

Ms. Beauregard replied yes we will.

Alderman Gatsas asked what size are the units that you're proposing, how many units?

Ms. Beauregard replied we're very early in the process of trying to figure out what the building as well as the property can handle in terms of the number of units. It's our hope that each of us will end up anywhere between 18 and 20 units per project.

Alderman Gatsas stated if I said 30 to 40 that's a pretty good estimate.

Ms. Beauregard replied yes.

Alderman Gatsas asked what do you think the cost of per unit cost for rehab is going to be?

Ms. Beauregard replied I am going to divert to Bill Castleton for that.

Mr. Castleton replied I think that unfortunately at this point part of this process is getting site control so that we can get some structural engineers in the building and get some architects to look at the building, so we can really get a handle on the extent of abatement work, lead and asbestos and the structural condition of the building those are real key factors to figuring out how much it is going to cost to rehab the building, so we know that redeveloping old buildings of this type is expensive and unfortunately sometimes more expensive than building new, that's the reality of these buildings, that's why they sit vacant for a long time. So, it's pretty hard to put a number on it, at this point.

Alderman Gatsas stated within a 40% range how's that, I'm giving you a pretty big leeway.

Mr. Dunfey stated I think on a per unit basis I'd have to guess around \$75,000 to \$80,000 a unit.

Alderman Gatsas asked how big are those units, roughly, what are you proposing for units?

Mr. Castleton replied a 2-bedroom unit would be in the vicinity of the 900 foot range approximately.

Alderman Gatsas stated you're talking roughly \$75,000 and if I said you could do it for \$100,000 it would seem reasonable, so if I told you to do it for \$180,000 per unit you would say you could make those luxurious.

Mr. Castleton stated I'm assuming you're making reference to the previous item.

Alderman Gatsas stated I'm not making reference to anything, I'm just asking a general question.

Mr. Castleton stated there's a difference between all and development cost and the construction costs...costs to acquire the building, cost to design, cost to get the local approval and financing costs all have to be added in to the total unit cost when we figure out our total development costs.

Chairman Thibault stated I would like to comment to let the committee know some background on this property. First of all, you have to realize that this building has been empty for about 18 years now doing nothing, paying absolutely no taxes to the City. Nothing the City gets from this area at present. As I understand and if I'm wrong, Mr. MacKenzie, please correct me...I understand that there is somewhat of a bid of \$400,000 to purchase this property that will come directly to the City and then approximately half of this building will, from this point on, pay in lieu of taxes or taxes, I guess. So, this is what the committee should consider here...after 18 years of having that building empty and not drawing anything...this doesn't really sound like a bad deal to me, I wish it could be a little better and I emphasized that point to Mr. MacKenzie yesterday when he called me on it, but I think that this is where we're at and I think this committee has to make that decision as to where they want to go, so I entertain a motion.

Alderman Lopez stated although I am not a member of the committee I do have a question. When we say taxes we're talking complete taxes, we're not talking about municipal taxes like what you pay down on Market Street is that correct?

Ms. Beauregard replied yes, Sir.

Alderman DeVries moved to approve with the recommendation that the request to execute a Purchase and Sale Agreement be approved in the amount of \$400,000. Alderman Pinard duly seconded the motion.

Alderman Pinard asked, Mr. MacKenzie, have you tried outside contractors or developers in the past 18 years to see if somebody from the outside would be interested in renovating that building?

Mr. MacKenzie replied we have talked to a few development groups who ultimately did not want to proceed with it. Generally, though, there has been City departments at various times that have had interest in the property, but those have not come to any conclusion.

Chairman Thibault stated the other things is the City is looking for low-income housing and this is a good chance to maybe help support what the City really needs.

Alderman Pinard stated I understand that because we have the same problem in back of the Library which I made a motion to year's ago and it's still not done, so is this something that is going to stay idle after we okay this or is this something that you people are going to move on.

Mr. Dunfey replied we're ready to move, we're just waiting for an appropriation from the City to go forward with the hazardous waste assessment.

Chairman Thibault called for a vote on the motion to approve with recommendations.

Alderman Gatsas asked why is this being done as a joint venture?

Ms. Beauregard replied Families in Transition and MHRA have been working together a lot over the past 10 years. I feel that we have a good working relationship and in looking at this property it lends itself to both agencies doing a project that helps more people and so it's really coming together of two agencies working in partnership.

Alderman Gatsas asked why is it impossible for Families in Transition to do the whole project? I'm looking at it as a selfish thing because obviously your side pays the full tax base, Manchester Housing does not. So, I'm just asking why wouldn't you do the entire project?

Ms. Beauregard replied we're trying to maximize the number of units on the premises and by sharing the burden of one of us developing the building, the other building an addition to that building, it's really trying to share the burden. There are other revenues that elderly housing can access that we can't which would help develop this project and then Families in Transition has its resource, HUD resource which is a significant amount of money that we can bring, so it's really coming together two agencies that just work really well together and hoping to do a really unique project.

Mr. Castleton stated if I may, in a non-monetary sense we're also attracted to the opportunity to establish really a model intergenerational living situation at that site.

Chairman Thibault stated I would like to have the Clerk clarify a few items so that the members of the committee can be aware of some of the restrictions that go along with this.

Deputy Clerk Johnson stated it is my understanding that the committee is looking to approval a Purchase and Sales Agreement in the amount of \$400,000 and authorize execution of it. It is my understanding that it is based on a proposal that is being presented to them for development for Affordable Housing which would be a deed restriction that the City would place on that; in addition, it is my understanding that there has been concern raised about the property being development so, therefore, there would be a reverter clause in the event it is not developed for that purpose within a certain period of time which would be left up to the Solicitor unless the Planning Director could give an estimated time now. So, it would be subject to the review and approval of the City Solicitor and Planning Director and they would place a time frame.

Chairman Thibault asked is a motion required.

Deputy Clerk Johnson replied I just want it understood that that is contained within the motion on the floor which the Clerk would place in for you.

Chairman Thibault called for a vote on the motion including the Clerk's description. There being none opposed, the motion carried.

There being no further business to come before the committee, on motion of Alderman Pinard, duly seconded by Alderman DeVries, it was voted to adjourn.

A True Record. Attest.

Clerk of Committee