

AGENDA FOR A JOINT MEETING BETWEEN THE HOUSING SUB-COMMITTEE OF THE DRACUT SELECTMEN
AND THE HOUSING SUB-COMMITTEE OF THE DRACUT HOUSING AUTHORITY

MARCH 24, 2014

971 MAMMOTH ROAD

DRACUT, MA 01826

12:30 p.m.

- Roll Call
- Discussion on future housing on property owned by the Dracut Housing Authority located at 2197 Lakeview Avenue, Dracut, MA 01826.

DRACUT SELECTMEN AND DRACUT HOUSING AUTHORITY
SUB-COMMITTEE MEETING

Present: Selectman Joe DiRocco, F. Russell Taylor, Brian Bond

Absent: Selectman Robert Cox

In Attendance: Mary T. Karabatsos, Kelley Szymanski, Maura Camosse Tsongas, Connie Donahue

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A presentation was given by Maura Camosse Tsongas of the Women's Institute of Housing and Economic Development to the Joint Housing Sub Committee outlining funding feasibility scenarios for the Richardson Property.

The Dracut Housing Authority Board of Commissioner voted on February 24th, 2014 to adopt the 24 unit scenario and begin the process of moving the project forward (see attached outline).

Ms. Tsongas stated that the 24 unit scenario made sense for the Dracut Housing Authority. She stated that the larger projects which were presented a 45 or 60 unit tax credit program was not what the housing authority was looking for because they would lose a certain level of control. There would be an investor involved, many requirements, and outside property manager and much more risk. Ms. Tsongas stated that the housing authority decided on the smaller unit complex because at the end of the project the housing authority wanted to retain control. Selectman DiRocco asked whether or not the information she was presenting was "pretty much the standard". He inquired about the numbers that were projected in the scenarios. Ms. Tsongas stated that they looked at what CPC could possibly contribute and also the number of vouchers (12) that would be connected to the project. Based on those numbers the rent is set. They then take the rent and use that amount to figure out what a mortgage would be. The annual operating money will assist in paying the operating costs, such as, snow removal, maintenance, up keep, etc.... They took the CPC money and rent money and then figured out the gap that was needed to build. The per unit amount for construction is based on other projects that they have done in this area. They have done projects with the Chelmsford Housing Authority, the Westford Housing Authority and the Town of Harvard. They feel pretty confident with these "best guessed" numbers due to the other projects in the area. There are basic assumptions that are used. Selectman DiRocco asked whether or not Ms. Tsongas had seen the site and she replied yes. Selectman DiRocco stated that a new road has to be constructed, a wetlands crossing has to be constructed, water and sewer have to be brought in and he asked whether or not those costs are taken into consideration in the \$292,500 per unit development cost. Ms. Tsongas stated that they have been taken into consideration and their best guess is this number. She stated that they would have to go to conservation, water, fire department, and police department to see how they would want those streets to be constructed but at this point this is the number.

Commissioner Bond stated that in order to request funding the engineering work must be completed. This is the reason why we would be requesting \$3,000,000 from CPC. Commissioner Bond asked whether or not the \$2,400,000 from the state would have to be paid back. Ms. Tsongas stated that if the state were to give us Housing Innovation Funds (HIF) and if the building is creating a cash flow over

time then those monies may have to be paid back. If everything is running smoothly than the state would like some of the HIF funds repaid. Ms. Tsongas stated that if you tell the state that you would rather put the money into reserves due to capital projects that might need to get done, the State usually forgives the loan. The \$1,175,000 loan would be from a conventional loan. Ms. Karabatsos asked if the \$292,500 per unit is worst case scenario and Ms. Tsongas stated that that is the current price. The number could go up if the site required more work (i.e. ledge). Commissioner Bond stated that the price will be more refined when more engineering, etc... is done on the site. The mix of state funds are distributed from different pools of money and the state determines where they will come from. The mix includes Home Funds, Housing Stabilization Funds, Affordable Housing Trust Funds, and Housing Innovation Funds (HIF), the only pool that may have to be paid back is HIF funds. Selectman Dirocco asked what the possibility was of getting these funds. Ms. Tsongas replied that the priority in Massachusetts is family housing. They have spoken to a few people at DHCD and realize that senior housing is a priority in Dracut but it is not a state priority, so it will take a bit of time to get funding. One thing that Dracut does have going for them is that they will be housing some people that are at 30% of area median income which is extremely low income seniors. So five units will be restricted to extremely low income, these five units would utilize the project based vouchers. We would then have an additional seven project based vouchers and those vouchers would be filled from applicants on our list with incomes 60% or below area median. Ms. Tsongas stated that this project will take quite some time to be funded. The state was supportive but did indicate that because it is an all senior development the funding will be down the road.

The Executive Director introduced Connie Donahue from the Chelmsford Housing Authority. Ms. Donahue is very knowledgeable in this area based on the amount of projects that Chelmsford has completed. Ms. Donahue stated that all their developments are 30% to 50% of AMI. Ms. Donahue stated that they also utilize project based vouchers in their projects and they are anywhere from the 30% to 50% of AMI. They are currently doing a 118 unit project with a mixture of both family and elderly. Selectman Dirocco asked why the other 12 units of the 24 could not come from the DHA list. The Director responded that in order for the building to operate we need some of the units to be fair market rent. Applicants on the DHA list cannot afford to pay fair market based on their income. The average income of applicants on the DHA list is approximately \$15,000 - \$16,000 a year. Commissioner Bond asked if there is any way to build a housing development that would be filled with residents just paying 30% of their income. Ms. Tsongas stated that the only way that could be done would be to build 13 units that would be funded by \$3,000,000 from CPC and a conventional loan.

There was some discussion on other affordable projects that have been constructed in Dracut. Those projects are affordable which the state's definition of affordable is 80% of area median income. There would be no applicants on our list that would qualify for the affordable developments. Commissioner Bond asked about the process. Ms. Tsongas stated that you put out an RFP for a consultant and then the consultant assists you in hiring an architect and an engineer. The consultant is basically the project manager. The consultant would work for the DHA. Commissioner Bond asked when we would apply for the funding. Ms. Tsongas stated that all zoning would need to be done, you would have to go to conservation, a level of engineering and a level of architecture would have to be done prior to going to the state during a funding round. Ms. Tsongas is not sure when the next funding round will be but she assumes early next year. Everything takes a while. Ms. Donahue stated that realistically getting funding the first round, especially due to the fact that we are looking for all elderly, the process will be lengthy. Commissioner Bond stated that we would be supplying housing for seniors in the 60% or below of area median income. Ms. Tsongas stated that it is a very difficult process but at the end of the day people have a home. Ms. Tsongas stated that the numbers are high because it takes a long time to build out.

The soft costs drive the per square foot costs, and you have to build these so that the project does not need any capital projects for at least 15 years. Ms. Tsongas stated that the costs usually go up as opposed to down. Ms. Donahue stated that working with the Women's Institute on a few projects the numbers that the Women's Institute predict are usually pretty accurate.

Selectman DiRocco asked about the DHA's plan of phasing an additional building in after this one is completed. Ms. Tsongas stated that you would not be able to use the reserves from this building to build another. Ms. Karabatsos stated that the DHA's goal would be to build two phases based on funding availability. Selectman DiRocco stated that based on the fact that there are 300 applicants on the list he was hoping to have more than 12 units for those waiting for housing. Ms. Tsongas stated that the restriction is not the space; it is building on that space that restricts us.

Meeting adjourned 4:15 p.m.