

CITY COUNCIL WORKSHOP

**Somersworth Housing Authority
By Executive Director Debbie Evans**

March 2, 2020 at 6:30pm

Council Rules and Regulations, Chapter 2. In the case of the absence of both the Mayor and Acting Mayor, the Clerk shall call the Council to order and call the roll of members. If a quorum is found to be present, the Council shall choose one of its members to act as chair by a plurality of votes until the Mayor or Acting Mayor appears.

City Clerk Trish Harris opened the workshop at 6:30pm, and called the roll.

Councilors Pepin, Vincent, Austin, Michaud, Gerding, Cameron and Paradis were present.

Following the roll call, ***Councilor Gerding, seconded by Councilor Paradis, nominated Councilor Cameron to act as Chair of the meeting. The Motion passed unanimously.***

Chair Cameron welcomed Debbie Evans, Executive Director of the Somersworth Housing Authority, and Steve Schuster, Consultant with Northern New England Housing Investment Fund, of South Portland, ME.

Ms. Evans reviewed the handout (on file) which outlines the Rental Assistance Demonstration (RAD) program; a HUD program. RAD is intended to assess the effectiveness of converting public housing to long-term, project-based rental assistance. The program's four primary objectives are to:

- Preserve and improve public and other assisted housing
- Standardize the administration of the plethora of federally subsidized housing programs and rules; the conversions are intended to promote operating efficiency by using a project-based assistance model that has proven successful and effective for over 30 years. In other words, RAD aligns eligible properties more closely with other affordable housing programs
- Attract private market capital for property renovations; through the use of this model, properties may be able to leverage private debt and equity to make capital repairs.
- Increase tenant mobility opportunities.

Following Ms. Evans presentation, Council had the following questions.

Councilor Paradis asked what a project is defined as.

Mr. Schuster said the three properties in Somersworth. Essentially what has been happening, nationwide, is that HUD has been deferring capital improvements every year for about 35 years. They created the RAD program that allows public housing to convert to affordable housing. RAD brings in outside money into these projects to do a rehab.

Councilor Gerding stated that if the rent changes by more than 10% and requires a tenant to pay more than \$25 a month in additional rent, the new rent will be phased in. He asked for clarification.

Ms. Evans stated that within the rent structure, the rent would be calculated according to 30% of a tenant's monthly income. If the rent changes by 10% and they have to pay an increase of \$25 or more, the rental changes will be phased in over a 2 year time.

Councilor Vincent asked about the cost of the project.

Mr. Schuster stated that the total development cost is \$24,500,000. Approximately \$11,500,000 of that is in hard construction cost. It is a tax exempt bond.

City Manager Belmore asked what the community can expect with this project; are the residents are staying on site.

Mr. Schuster explained that residents will be moved to vacant units on site. There will be a relocation specialist, and all relocation costs will be paid by SHA. A moving company will help pack and move residents to the temporary unit and then back to their unit when the renovation is complete. This will happen at each of the three locations.

City Manager Belmore asked if there will be construction manager on site.

Mr. Schuster said they will be working at one property at a time and there will be a site supervisor on site at all times. This will be approximately a 22-month process.

Councilor Vincent asked if there would be any changes to the exterior of the properties.

Mr. Schuster said they will be looking at everything including windows, roof, siding. The RAD program will make a plan of what needs to be repaired, looking at a 20-year schedule.

Councilor Gerding asked for clarification of which taxes would the bond be exempt from.

Mr. Schuster explained that the tax exempt part of the bond is that the bond holders income on the bond is not taxed. The tax exempt bond is generated through the capacity of the NH Housing Authority. They put the bond to market, whoever buys that bond, the profit that is made is tax exempt.

Councilor Paradis asked about the investors.

Mr. Schuster said there are 2 investors; one is the buyer of the bond and the syndicate. It is made up of many community banks, and proprietary funds.

With no further questions or comments from Council, the Workshop adjourned at 6:59pm

Respectfully submitted,

Trish Harris, City Clerk