

Minutes of the Old Laperle Farm Property Committee, 7/25/2017 (Approved)

Members Present: Andy Shapiro, Bob Morey, Ginny Callan, Seth Gardner, Zach Sullivan

Public and Presenters: Paul Dettman, Eileen Peltier (Downstreet), Ross Hazel, Renee Carpenter, Rita (senior center)

- A. Meeting called to order at 7:05 pm
- B. Changes to the agenda: approval of the minutes changed to the end of the meeting. Ryan Case will not be presenting
- C. No public comment at this time
- D. Approval of minutes moved to the end.
- E. Conversation with Paul Dettman and Eileen Peltier

Paul Dettman, who was recommended as a consultant to conduct and oversee work to be funded by the VHCB planning grant, and Eileen Peltier from Downstreet Housing discussed what they saw as needs for the project to go forward. This conversation settled around how the project could be funded, the strengths and weaknesses of the project from the perspective of potential funders and developers of affordable housing, and how the VHCB grant should be used.

Funding:

Eileen commented that in order to make affordable housing work, we would need to access tax credits to fund the project, which would require that Housing Vermont be brought on board. Most affordable housing is financed through tax credits which are allocated to the states, and which are then sold to private entities (in Vermont, often banks) to raise the capital to fund the project. Vermont requires that no more than 25% of its tax credit money go specifically to senior housing, though more money can go to projects which also house low-income seniors as long as the project is not specifically targeted at them. The sweet spot for a tax credit project is around 30 units, with a mix of 1 and 2 bedroom apartments. Typically 65 to 75% of the capital for an affordable housing project comes from the tax credits.

Eileen commented that there is also a \$35 million state housing bond which could provide funding. It is currently allocated as follows: 25% of the funding for people earning less than 30% of area median income, 50% for people earning 30%-80% of median income, and 25% for people earning 80%-120% of median income. Median family income for Washington County is \$73,900. Eileen commented that the middle group is a classic affordable housing target and there will be many projects in the pipeline looking to use that money, but that the other groups have fewer projects targeted at them.

Assessment of project's strengths and weaknesses

Paul commented that the lack of water and sewer are significant weaknesses, but the fact that the town already owns the land and could potentially donate it to the project to offset the infrastructure costs is a benefit. The infrastructure issues really come down to cost – in principle, funders are not

necessarily opposed to building it. Ownership of the land also gives the town flexibility on the timing of the project.

Eileen commented that she is now seeing funders tolerate costs in the range of \$275,000 to \$300,000 per unit. This includes soft costs to meet funding requirements which are much more significant than would be needed for private development. Hard costs could also be greater because the building must be affordable housing in perpetuity, so it may need to be built to a higher standard than a lot of private development.

The funding sources outlined above only cover housing – if we wanted additional resources in the project (ie a senior center), that would need to be funded elsewhere. Renee commented that she had spoken to USDA rural development, and that they can fund projects like this, but can only fund 35% of the total cost.

Use of the VHCB grant

Eileen commented that because this project would need to work with Downstreet, the work funded by the VHCB grant would basically be designed to convince her to take the project on. She identified the following needs that she thought needed to be addressed:

- A market study is needed to show that there is need for affordable housing here, both that there are enough people in the target population and that they would use the housing.
- A pro forma is needed to show the costs of developing and operating the project.
- Good estimates of the site development costs are needed.

Eileen did not believe that an architect's estimates would be necessary, and thought that we could instead use the actual costs of recent affordable housing projects as a benchmark for the construction costs.

Next Steps:

There was some discussion regarding whether Paul should be hired to do the work to be funded by VHCB. Renee commented that she had spoken with VHCB, and that they wanted the town to hire Paul for the work that they would be funding. The committee asked Paul to submit a proposal to the town to do the work needed under the VHCB grant.

The committee anticipates spending the VHCB money on the following items:

1. Paul Dettman's costs
2. A market study for the project
3. Estimates for the needed site work, including a consolidated assessment of the costs of building septic capacity.

Paul will submit a proposal to Bruce Johnson.

F. No discussion with Ryan Case

G. Discussion of Connor's research on fire safety requirements

The committee reviewed the email summarizing the results of the research into fire safety requirements. It appears that the building will require a sprinkler system, which is in line with the comparison projects being considered to estimate costs. Andy commented that this is a good example of why this will be an expensive project.

H. Discussion of estimate for renovating the existing structure.

The committee discussed the estimate provided for saving and renovating the existing structure into town offices. The total estimate came to around \$750,000. The committee members agreed that it is too soon to make a decision on what to do with this building, but that they should also get an estimate on the cost of removing and replacing the building.

I. Next Steps: Tentative next meeting date: Tuesday, August 29th

J. Minutes of the 5/18/2017 meeting amended and approved: Motion Callan, Second Morey in favor (all)

K. Meeting Adjourned: Motion: Callan, Second: Morey, in favor: All – 8:39 pm