CITY OF CONCORD COMMUNITY DEVELOPMENT ADVISORY COMMITTEE (CDAC) March 27, 2013 MINUTES

The regular monthly meeting of the Community Development Advisory Committee was held on March 27, 2013, in the Second Floor Conference Room, City Hall, 41 Green Street, at 12:00 p.m.

Present at the meeting were Councilor Allen Bennett, who as Chair presided, Councilor Mark Coen, Michael Gfroerer, Councilor Jennifer Kretovic, Nadine Salley, Janet Sprague, and Councilor Amanda Grady Sexton. Assistant for Special Projects Matt Walsh and Administrative Assistant Donna Muir were also present.

Absent from the meeting were Chair Jeff Bart, Councilor Liz Blanchard, and Leo Fraser.

At 12:00 p.m., a quorum was present and the Chair called the meeting to order.

1. REVIEW OF MINUTES

Councilor Kretovic moved to approve the minutes of the February 27, 2013, Community Development Advisory Committee meeting as written. Councilor Grady Sexton seconded the motion. Motion carried unanimously.

2. ITEMS REQUIRING ACTION

a. Loan Application: CATCH Neighborhood Housing for Endicott Hotel, 1-5 South Main Street

Mr. Walsh provided an overview of the proposed project. He explained that CATCH is seeking a \$150,000 loan to complete renovations of the building's storefront façades and for structural improvements to the building, under the following terms:

- a) Five percent interest for the life of the loan;
- b) 15 years, amortized over 25 years;
- c) No principal or interest payments for the first 18 months; however, the applicant will make a \$50,000 balloon payment (\$11,250 in interest and \$38,750 in principal) after the 18 months; and
- d) Collateral for the loan will be Condominium Units D and E at the premises, with the City listed as second lienholder.

Mr. Walsh discussed the valuation of the collateral for the project and stated that the valuation was based on an appraisal completed for Northway Bank, the holder of the first mortgage.

According to Mr. Walsh, the project is in compliance with the Program Income Re-Use Plan (PIRP). The applicant's conformity with the PIRP guidelines includes the following:

- a) Eligibility Criteria the project is eligible under Criterion #3 allowing for loans to rehabilitate existing buildings;
- b) Jobs Creation the project is eligible as the PIRP recommends loans tied to job creation at the ratio of \$20,000 of City loan funds per job either retained or created as a result of the project. The applicant anticipates this project will create between seven and nine jobs for low to moderate income individuals; and

c) Additional Lending Criteria – this loan will leverage more non-Revolving Loan Fund dollars; stimulate job creation through the renovation of commercial space within the building; and will target underutilized and/or vacant space in the downtown.

Ms. Salley abstained from the discussion and voting on this project as a member of her immediate family is employed by CATCH Neighborhood Housing.

Mr. Walsh introduced Mike Reed and Caite Foley from CATCH Neighborhood Housing. Mr. Reed explained that this project will restore the façades of the former Pachamama and Eddie Fine storefronts so as they will be historically appropriate for the building. Mr. Reed provided a historic photograph of the property which articulated CATCH's goals for the restoration. Councilor Bennett asked whether the display space in the front of the former Eddie Fine store would be removed. Mr. Reed responded that they would be removing the display space and bringing the floor space to the front of the building. He also stated that this loan is contingent upon receiving Architectural Design Review approval for the façade changes to the storefronts.

Mr. Gfroerer asked Mr. Reed to explain the money allocated as soft and holding costs. Mr. Reed responded that most of the soft costs were for architects, engineers, and legal and permit fees. He added that \$50,000 was for relocation costs for the 36 previous tenants and an additional \$33,000 will be used to pay the City back for a grant it received in 1994. Mr. Walsh explained the repayment is for a CDBG grant that CATCH received in 1994 to renovate the building, which included a stipulation that the property house low to moderate income tenants for a period of 20 years or the grantee would be responsible for repayment of a portion of the grant based on the number of years remaining. As for the holding costs, Mr. Reed explained this would be used for the payment of debt service, taxes, insurance and other costs during construction, as well as providing a reserve to help supplement revenues during the stabilization period for the project.

Mr. Gfroerer asked how this loan fits under the guidelines for the Revolving Loan Fund program, as this is clearly a market-rate commercial project. He stated that he understands that jobs would be created, but he is not entirely comfortable with the loan and questioned whether the five percent interest rate being charged is equivalent to the current market-rate. Mr. Walsh responded that the terms may be unique to assist with stabilization, but the five percent is the current commercial interest rate, and he is comfortable with the project. Councilor Kretovic stated that having market-rate housing in the downtown goes toward the long-term economic growth of the City and that some commercial spaces in the building have been vacant for almost ten years. Councilor Coen said that Mr. Gfroerer's point is well taken regarding the mission of the Revolving Loan Fund and that this issue was also discussed at last month's meeting regarding the Racquet Club project. Councilor Coen asked whether the balloon payment could be due earlier or whether an incentive could be written into the loan agreement to accelerate the payment as an option. Mr. Reed responded that the loan has been structured so as to accommodate other balloon payments associated with other debt service on the project. He added that CATCH might be able to agree to a balloon / refinance requirement after the first 10 years for the City's loan, however he would need to model this in the project's pro forma.

Councilor Coen moved to lend the \$150,000 at the terms outlined below:

- a) Five percent interest for the life of the loan;
- b) 15 years, amortized over 25 years;
- c) No principal or interest payments for the first 18 months; however, the applicant will make a \$50,000 balloon payment (\$11,250 in interest and \$38,750 in principal) after the 18 months;
- d) Collateral for the loan will be the City listed in second position on Condominium Units D and E at the premises; and,
- e) Disbursement of funds to CATCH shall be contingent upon CATCH securing Architectural Design Review approvals from the Planning Board for the storefront renovations.

Councilor Grady Sexton seconded the motion. Motion carried with Ms. Salley abstaining from the vote. The Committee thanked Mr. Reed and Ms. Foley.

b. Discussion of the FY14 City Budget for CDBG and the Revolving Loan Fund

Mr. Walsh stated the he is requesting \$4,250 for FY14 for CDBG, which is used to pay for items such as recording fees and other administrative costs for the CDBG program for which grant funds cannot be used. Mr. Walsh explained that this amount is \$2,750 less than what was requested in FY13, and is supported entirely by the City's General Fund through the City Manager's Department budget.

Mr. Walsh reported that he is requesting \$6,050 for FY14 for the Revolving Loan Fund, to also be used for recording fees and other administrative costs for the Revolving Loan Fund. He explained that City staff is looking to purchase new software to better manage the Revolving Loan Fund program. Mr. Walsh stated that the amount being requested for FY14 is the same amount as was requested for FY13. He also added that these funds are entirely derived from the City's Revolving Loan Fund (commonly known as Fund #2701).

3. COMMUNITY DEVELOPMENT BLOCK GRANTS

a. Update on Current Applications

i. Fisherville 107 Manufactured Housing Cooperative \$450,000

Mr. Walsh stated that this project, which included replacing the water and sewer systems and repaving the roads, is complete and the City is awaiting closeout paperwork from the state.

ii. Friendly Kitchen \$500,000

Mr. Walsh explained that this project for the new soup kitchen facility is complete and the kitchen is fully operational. He stated that, as part of the closeout with the state, a survey is being done by the Friendly Kitchen and Donna Lane, the City Consultant. The survey is given to those who utilize the soup kitchen and will provide the City and state with primary data about the users of the facility.

Councilor Kretovic said to help understand the homeless population, go to the kitchen and eat. Councilor Coen suggested that going to the kitchen and volunteering. Councilor Bennett said that he learned, during Council hearings on panhandling, that a number of homeless individuals who come to Concord do so because of how good City services are for those in need.

iii. Concord Boys and Girls Club Grant Application \$500,000

Mr. Walsh stated that there are two challenges with the agreement for this project:

- a) Federal funds, through the Land and Water Conservation Fund, were used to build Kimball Park and there is a stipulation that the property be used for public benefit. He elaborated that the land swap between the City and the Boys and Girls Club for their project required State and Federal approvals which were recently secured.
- b) There are issues with the collateral for the bank loan for the project, as the Boys & Girls Club only owns the building, while the City owns the land. Mr. Walsh added that discussions are ongoing between the City, Boys and Girls Club, and their lender about how to appropriately collateralize the loan without encumbering the City's underlying real estate at Kimball Park.

Mr. Walsh also added that unless one-half of the money from the grant for the Boys & Girls Club project is spent soon, the City may not be eligible for funding of any additional grants during the next CDBG round in July. Ms. Sprague asked whether the Boys & Girls Club still plan to move forward with the project. Mr. Walsh responded that they do plan to continue with the project and have sold all the tax credits and plan to vacate the building and use the Eastman School building during construction.

iv. Merrimack Valley Day Care – Feasibility Study Grant Application \$12,000

Mr. Walsh stated that a request for proposals for an architect for the project has been issued, and this project is moving forward.

4. REVOLVING LOAN FUND

a. Fund 2701 Outstanding Loans and Account Balances Report

Mr. Walsh explained City staff is currently looking at new software programs to assist in the management of the Revolving Loan Fund program and a reconciliation report will be provided to CDAC as soon as possible.

He provided the Account Balance Report to the Committee. Mr. Gfroerer asked what the balance would be in September of 2013. Mr. Walsh responded that funds are normally appropriated in November of each year and that he estimates the available fund balance at that time would be in the range of \$230,000 and \$250,000.

5. EMERGENCY GRANTS

a. Emergency Grant – 141 North State Street (Campbell)

Mr. Walsh reported that the work replacing the furnace at 141 North State Street is complete and that he would be inspecting the work prior to paying the invoice. He said that he still needs to contract to have the oil tank removed.

6. OTHER BUSINESS

The next meeting will be held on April 24th at 12:00 to review proposals for the July round of CDBG grants. It was agreed that the meeting in April would begin at 11:30 to accommodate schedules.

7. ADJOURNMENT

There being no other business brought before CDAC, the meeting adjourned at 12:54 p.m., with a motion by Councilor Cohen and a second by Mr. Gfroerer.

Respectfully Submitted,

Donna Muir Administrative Assistant