

# **TOWN OF RYE – BOARD OF SELECTMEN**

## **Work Session**

**Monday, April 18, 2018**

**6:30 p.m. – Rye Town Hall**

***Selectmen Present: Chairman Priscilla Jenness, Vice-Chairman Phil Winslow and Keriann Roman***

***Parsonage Committee Members Present: Patricia Weathersby, Mel Low, Ray Jarvis and Bill Epperson***

***Others Present: Marty Chapman, The Housing Partnership and Town Administrator Michael Magnant***

### **I. CALL TO ORDER AND PLEDGE OF ALLEGIANCE**

Chairman Jenness called the work session to order at 6:30 p.m. and led the Pledge of Allegiance.

### **II. WORK SESSION with the Parsonage Committee Members and Marty Chapman of the Housing Partnership**

Chairman Jenness noted that a copy of the Parsonage Committee Report has been submitted to everyone who is present at the meeting. The report includes recommendations from the committee. There was also an email received from Marty Chapman, The Housing Partnership, which was also submitted.

**Marty Chapman, The Housing Partnership**, stated that the lease on the Parsonage with The Housing Partnership is going to expire in 2019. The basis for that lease was rehabilitation of the Parsonage that was done through a Community Development Block Grant that was received from the State of N.H, which entitled the Parsonage to be developed for use as affordable housing. The lease was written coincide with the grant, which made the development possible. All of the obligations for the grant expire in 2019. He continued that for the first ten years into the lease the project was fine; however, the building is now starting to show signs of nearing the end of its useful life. Also, the Housing Partnership has started to lose money on the project on a year by year basis. All of this led them to wanting to evaluate with the Town what the next best steps would be for the Parsonage. He stated that he was quickly made aware that the Town is not interested in disposing of the property; for example, The Housing Partnership could take ownership as a non-profit and refinance it through their own means. The Town is also interested in it remaining affordable housing but does not want the deed restrictions that come with financing for affordable housing. The mandate for The Housing Partnership was to see if they

could find financing for affordable housing outside the method they normally use, perhaps with traditional bank financing or through privately raised funds. He continued that the Select Board met with him about a year ago to codify what his thinking was on the project. He submitted a letter to the Board laying out the issues; no public financing, shortest term as possible for affordable housing, and no transfer of ownership. In the meantime, he was asked to find out what it would cost to give some valuation to the property. Over the last few months, he has walked his contractor through the property to give him some idea of a realistic number. Based on the numbers that he has been hearing and some additional items that have been found in the building, he does not think the project is feasible for a market project. It is all about the revenue versus debt service. The pricing to stabilize the building and to do the structural work that needs to be done is almost the original number that was discussed in the proposal. He thinks they are concluding that The Housing Partnership does not feel confident going down the road any farther. The risk is too high, given the pricing, limits on the rents and the rehab with possible unforeseen issues. He stated that as an agency their mission is to preserve affordable housing not take it off the market, which is why this was proposed in the first place. On the other hand, they have to be fiscally prudent. The Housing Partnership is not in a position to go forward; however, they do not want to leave the Town or the tenants in a lurch with this property. He suggested that they extend the lease for up to two years and they would work to relocate the tenants.

Bill Epperson asked if there was a ballpark estimate from the contractor.

Mr. Chapman noted that the investors had talked about \$280,000 to \$300,000. Just to stabilize the building, the costs were well over \$200,000. Based on the age of the building and the fact that the last rehab was a moderate rehab, at this point in order for the building to meet The Housing Partnership's standards it would need quite a bit of work.

Selectman Winslow asked if there is any opportunity to continue to provide affordable housing in the facility as it stands now.

Mr. Chapman explained that the building is not getting any better. At this point, the building should be rehabbed.

Bill Epperson stated that one of the recommendations in the report was that the Town did not want to be a landlord, nor did they want to sell something in the heart of the town. That is why the committee suggested a charrette for the center of town; however, this was voted down by the Town.

Patricia Weathersby explained that one of the committee's recommendations was to enlist the help of Plan N.H. to come up with a plan for the town's parcels in the center of town. That idea was not supported by the Selectmen, which is why some residents are trying to move forward with the idea independently.

Selectman Roman stated that the Selectmen can support the idea of Plan N.H. but cannot put any town funds or resources towards it because it was voted down. This is a crucial time because the Town needs help with deciding what to do with the Parsonage. She noted that Steven Borne's

group is very actively looking for the funds to support the charrette entirely without the Town's help. The Selectmen could still be a part of it without putting any funds towards it. She believes Steve Borne will be presenting their plan to the Selectmen at a meeting in May.

Bill Epperson stated that Plan N.H. will help the Town with a concept for the center of town, however, it will not include \$300,000 to \$400,000 to fix the Parsonage.

Selectman Roman stated that if they knew what the building could be used for then they would know what kind of money would have to go into the property.

Patricia Weathersby commented that they hate to lose the affordable housing in the center of town. The Town is not going to become landlords so the property is not going to be used for affordable housing in the immediate future. Part of the report was suggesting that other town owned parcels be looked at for affordable housing. She asked Mr. Chapman if he has done anything on this.

Mr. Chapman replied that they have not. He thought that if the Town would give him a list of properties that he should explore he would be happy to do this.

Chairman Jenness stated that she is not sure they have enough information to look at parcels yet. She asked how much building area would be required to create a feasible number of apartments.

Mr. Chapman stated that twelve to fifteen units would probably work. It would also depend on the Town's plan for transferring the property. This is another piece that would play into the whole calculus.

Selectman Winslow stated there is a balance of three things. One is the Master Plan and how the residents want the Town to look in the future. The second is the facility at the current location. The third is affordable housing maybe outside the center of town. If there is a charrette that may give some focus on at least two of these issues. Affordable housing on land outside the center of town is something that could be addressed separately. He thinks they have a moral responsibility to look for something for affordable housing for seniors in town.

Patricia Weathersby stated that part of the committee's report identified certain parcels that were worth further investigation.

Mr. Chapman stated that if there is a mandate to explore it further they would be happy to do that. He noted that the main question is if the zoning will support this kind of a project or if there will be support from the select board in front of the ZBA.

Bill Epperson stated the Town has addressed Workforce Housing and there is an overlay district. The Town has talked about bringing in families with affordable housing to help populate the schools. The charrette feeds into this whole picture.

Selectman Winslow stated the even with the Parsonage in its present state of disrepair it still has a lot of value in the center of town. He noted that if the Town proceeds with a charrette, all ideas of The Housing Partnership should be offered for consideration. He would like to see options at the end of the charrette of some things the Town could do.

Bill Epperson pointed out that if Plan N.H. says that the building should really be used as affordable housing, this would be more leverage for selling the ninety-nine year lease.

Speaking to Mr. Chapman, Selectman Roman asked if he needs to know now about the future of the Parsonage.

Mr. Chapman stated that they cannot give a notice to anyone until the end of the lease. He reiterated that at this time, with the way the market is and the way construction costs are for what they seen in that building, it is not feasible. He commented The Housing Partnership's goal is to perpetuate affordable housing. If Plan N.H. moved forward and part of the discussion was affordable housing and the center of town was an option, they could stay informed and react on the fly if something was to happen in that regard.

Bill Epperson asked if there would be an opportunity to borrow the money to fix up the property if there was an opportunity to extend the lease to some viable number

Mr. Chapman confirmed.

Bill Epperson commented that he does not think they are going to be able to convince anyone in Town to spend \$500,000 of taxpayer's money to fix that building.

Mel Low agreed. He stated that with The Housing Partnership they could fix the building. The Town commits funds every year to support non-profits and it could work for this also.

Selectman Winslow stated that deed restrictions is something that he is against until they take a look at all the opportunities for that facility. He is really against a ninety-nine year lease. He does not think they want to lock the Town up with that facility for ninety-nine years, until they look at what someone else can do with it.

Bill Epperson agreed. He pointed out that if Plan N.H. says that affordable housing is something that is really needed in Town, there is an opportunity to do it and Mr. Chapman has the opportunity to fix it. Right now, there is \$500,000 worth of liability. The Town is a little handcuffed.

There was discussion on income limits and guidelines for affordable housing.

Speaking to Mr. Chapman, Selectman Roman asked if the Parsonage project could work with a ninety-nine year lease if there were less units.

Mr. Chapman explained that with 8 units it is already questionable. The ninety-nine year lease is what would be imposed if they were to do a competitively public financed property. He reiterated that 8 units is very close. It is a good question. Even with the ninety-nine year lease there is a question of whether the project would be feasible with the 8 units that is why they were proposing additional units.

Selectman Roman asked if the additional units would require a new addition.

Mr. Chapman confirmed. He pointed out that they did a site plan. The committee did not want to impose something on a plan that had not been discussed.

Selectman Winslow stated the Historic District Commission pushed back on this because it bulked the center of town.

There was further discussion on ideas that may be viable for the property.

Mr. Chapman stated that affordable housing is their mission. The Housing Partnership has had a good relationship with Rye over the years. They would like to work with the Town but at some point they need to have a plan. He would like to go before the Select Board with a proposed lease extension within the next three or four months.

No further comments or questions were heard from the Selectmen or the members of the Parsonage Committee.

### **III. OTHER BUSINESS**

- Town Administrator Michael Magnant noted that the Town has sent out RFP's for the Historic Structures Report to twenty different firms. They have received three responses; two firm in N.H. and one in Maine. He asked if the Selectmen wanted to be involved in selecting the architect or if they would like the staff to make a recommendation.

The Board agreed the staff could make a recommendation to them and they will interview that firm. They will invite a representative from the Heritage Commission to sit in on the interview.

### **ADJOURNMENT**

**Motion by Phil Winslow to adjourn at 7:37 p.m. Seconded by Keriann Roman. All in favor.**

Respectfully Submitted,  
Dyana F. Ledger