

APPROVED
Durham Housing Task Force
August 14, 2023
10:00 am – Council Chambers

Housing Task Force members present

Sally Tobias, chair
Charlotte Hitchcock
Eileen Murphy
Paul Rasmussen, Planning Board representative
Michael Saputo (“Michael S”) on Zoom
Judith Spang

Others Present

Marty Chapman, Executive Director of The Housing Partnership
Mimi Kell, advisor, professional property manager
Michael Behrendt, Town Planner (“Michael B”)

Call to order 10:04am

Approve Agenda:

Judith motion to approve agenda
Charlotte seconded
Roll call: All yes

Public Comments:

Janet Perkins Howland (32 Frost Drive) Durham Resident and member of Human Rights Commission, speaking solely as a resident of Ffrost Drive.

- Appreciates work of the Task Force
- Curious about agenda items as they relate to equity issues and inclusion
- Moved to the area a few decades ago, lucky to live in the community, now examining national scene in regards to equity and inequality in the nation and even in Durham.
- Asks the Housing Task Force to consider changing the charge:
 - o Appreciates the mission of the task force
 - o Would like us to include: “current **and future** residents of Durham with varying financial needs.”
 - o Those who are not at the table are often left out
 - o Concentrate on those who are not able to be here, especially renters who are trying to get a foothold here at the beginning of the lifecycle and are unable to purchase a house first.

- Sally requests Janet send an email to the task force so this request can be brought to the Town Council

No other public comments

Other Committees:

Planning Board (Paul)

- 121 Technology Drive (ORLI) project, not related to housing
 - o Michael B: there is a possibility of housing development in the distant future
 - o Paul: I don't expect it would be single family, possibly multi-family
 - o Michael B: with Cottages nearby there may be some units that go to non-undergraduate individuals
 - Mimi: Cottages currently at 87% occupancy
 - Has heard that graduate students are still being admitted and some may live in Cottages
 - These units are still rented by bed and proof of income that is 3x the rental rate is required. This is likely not possible on grad student stipend.
 - Mimi is not aware of non-graduate or non-undergraduate student occupants at the Cottages, in other developments there are some summer sublets that go to non-UNH students
 - Sally: There does not seem to be a systematic change of Cottages away from UNH students

Michael Saputo joins on Zoom

- Michael B: question for Mimi – are most renters asked to prove income is 3x the rent?
 - o Mimi: Yes, that's standard. Often a parent/guardian signs as a guarantor
 - Pretty much 100% of current renters have a parent sign the lease with them
- Sally: one talking point for conversations with the community is that the Cottages will *not* inevitably turn over to non-UNH student rentals

Approval of minutes moved to the end of the meeting

Proceed with Marty Chapman:

The Housing Partnership – nonprofit provider of workforce housing based in Portsmouth

- The current housing market is the worse he's seen in years in terms of cost of rent/purchase and lack of availability
- Hopes that this work leads to effective policy recommendations

- About the Partnership: 3-4 staff, starting in the mid-1980's, some funding from United Way
 - o There are regional nonprofits similar to the Housing Partnership across NH
 - o The Housing Partnership provides homebuyer education – on all topics related to buying a home
 - o Have developed 500-600 units in their time
 - Currently operate about 300 units
 - Some are in Maine – this allows for access to more federal funding
- Bradley Commons:
 - o Mixed use – zoning didn't allow for first floor residential, so Barber Shop, Strafford CAP, and Head Start occupy the first floor. This works well with the rhythm of the street. Extends the central business district down Central Ave.
- Shoe Factory conversion in Dover
 - o Historic Rehab tax credit used – combined with low income housing tax credit
 - o 41 units of workforce housing
- For-sale development in Rye
 - o Have primarily done rental units. For-sale housing is riskier – it requires a mix of market rate housing to offset/subsidize workforce housing units:
 - o 40 units: 20% are workforce housing
 - o Just getting started with the for-sale housing – it's experimental at this stage
 - o Received a subsidy from NH Housing to help with workforce units
- \$136,000 = most recent area median income for Portsmouth-Rochester area, which includes Durham
- How is workforce housing financed:
 - o Highly competitive for federal low income housing tax credits
 - o Nonprofit has no use for tax credits, so they are sold to a bank and investors and the nonprofit gets cash to start project
 - Tax credits require that property will remain affordable for many years
 - o Very successful program to date, very few defaults, a lot of oversight
 - o Quality of construction is very high – does not look like low-income or “subsidized” housing
 - o Tax Credits fund about 70%, also get funding from the state and NH Housing
 - o Remain affordable for many years – some properties have a 99-year deed restriction, more recently there is a 60-year deed restriction
 - o Judith: in rental units do they stay affordable between tenants?
 - Yes, those remain affordable in perpetuity (all of the Housing Partnership's rental properties)

- Sally: what about for-sale properties?
 - There are deed restrictions on each unit that represent the difference between its value and what was paid. The seller is required to sell it to someone who meets the same income requirements that they had to meet when they originally purchased the property. There are protections in place to avoid “flipping” of properties
- Obstacles to workforce housing
 - Land cost on the Seacoast (and competition for land)
 - Housing Partnership is at the mercy of sellers
 - NIMBY attitudes/public perception issues
 - Uses photos to try to encourage buy-in
 - Studies have shown that workforce housing does not decrease area property values
 - Competition for tax credits is intense. It makes the process very risky.
 - Loss of \$ invested in planning process
 - Municipal processes can be a barrier
 - Some municipalities lack understanding of their own codes as written
- Questions:
 - Paul: what’s the size of a rental unit?
 - 1 bedroom is 550-750 SF
 - Each additional bedroom adds 100 SF
 - Housing Partnership uses an architect to minimize cost
 - Paul: one of our barriers in Durham may be the minimum SF required per occupant [habitable area]
 - Judith: housing partnership in the Upper Valley of NH seemed to have a way of pouncing on land as it became available. Do you have a recommendation for properties Durham should keep an eye out for?
 - Surplus municipal land is a very useful tool for workforce housing
 - Often Housing Partnership works with private sellers who are motivated to put workforce housing on their land – they’ve been lucky to find the properties they have
 - Judith: I was thinking of partnering with owners considering conservation – setting aside a portion solely for workforce housing development. One problem with this is that it would be more rural.
 - This would be an issue – access to resources like town, transportation are important to renters
 - At times conservation land can work, but location matters
 - Charlotte: On for-sale properties – how does taxable value of the property work for the workforce units?
 - This remains to be seen with the Rye project. They assume that if there’s a restriction on how much it can be sold for, the taxable value would be adjusted with that restriction.

- Michael B: how does a nonprofit developer differ from a for-profit developer with a workforce housing project?
 - We don't waste money
 - NH has strict housing standards
 - We don't include a lot of amenities – minimal tile, lower cost finishes while still meeting a high standard
- Michael B: Thinking about a landowner who is deciding between a nonprofit and for-profit developer. Is there any advantage to the public/society to have a nonprofit entity developing this?
 - The vast majority of workforce housing has been developed by nonprofits – the experience nonprofits have is important
 - For-profit developers are coming around to include workforce housing in order to get density bonuses, but they are less experienced
- Judith: property management is hugely important. Do you manage properties?
 - Stopped managing properties in around 2000, now uses a third party property manager
 - The tax credit requires certain things in property management, and the management company is more equipped to meet those requirements than the Housing Partnership
 - Proper property management is expensive, but it's required to be done a certain way, so it's a necessary expense
- Sally: if a municipality wanted workforce development, what would be the process?
 - If there was momentum for workforce development on a particular lot, an RFP could be used to find a developer. Not sure whether you could sell/donate land to the developer who is awarded the project? Having donated or below-market land is huge for making the low-income housing tax credit work.
- Michael: How would a successful project work start to finish?
 - First identify a site that meets the qualified allocation plan (QAP) criteria [for the tax credit]
 - Timing must be right to get application in for the competition (at least a 2-year process to get a reservation of credits)
 - Must have a seller who's flexible
 - Create site plan, construction estimates, tests to allow for water/sewer if not town provided
 - Attend town meetings
 - Sometimes a preliminary meeting with the planning board to talk theoretically about the project
 - Submit an application to NH Housing
 - Tax credits won't cover everything, so other applications for 2-3 other funding sources are submitted
 - Pretty risky process

- Paul: For historic property, if the property is already residential, but not workforce, can it be developed as historic rehab? (Converted from market rate to workforce) Assume a vacant building (where students rent year to year).
 - There's no distinct advantage to using a property that's already residential unless the conversion is more straightforward without much rehab needed.
- Michael B: One Durham strategy might be creating an overlay district that allows multifamily only if it's workforce housing – Marty and Michael talked about this
 - Rye development is an example of a development in an overlay district
- Judith: Is there any chance malls will be converted into housing?
 - Yes, there's chatter about this. Zoning needs to be changed to mixed use or completely residential. Buildings themselves aren't always great for conversions.
- Nick Taylor and NH Housing are an excellent resource for questions about HOW to develop workforce housing
- LIHTC – an excellent tool that inherently restricts undergraduate students

Sally: Use of municipal land for workforce housing could be an interesting strategy

- 66 Main Street is currently a town-owned parking lot. Initial plan was to develop it as graduate housing with mixed-use, but they were unable to reach an agreement on the plan. Town is required to keep some parking on this land in perpetuity (as a result of TIFs), but portions of the land could be used for housing.
- Michael: it's high-value land – not sure it would be the best location for workforce housing

Discussion of outreach to individuals and businesses/organizations in the Durham community – interview outlines

- Paul: What is the purpose of this outreach?
 - To start conversations and get a sense of the needs of people who live in Durham and employers who have businesses in Durham.
- Discussion of some clarifying notes that could be added, and re-wording of one question to make it open-ended.
- Agreement that “(optional)” will be added to both forms after “name”
- Agreement that interviews and an electronic form can be used.
- Agreement that this includes individuals who currently live in Durham and individuals who do not live here but have some other connection to town.
- Groups assigned to individual task force members
- One recommendation to have 2 people at some interviews so one person can take notes

- Michael B. will send Eileen revised questions and Eileen will create an electronic version of this.

Approval of Minutes

Judith: Motion to approve minutes from April 10, June 12, July 10, 2023

Charlotte: Second

Roll call: all yes, Paul abstains from April vote

Judith: Motion to adjourn

Eileen: second

Roll call: all yes

Respectfully submitted

Eileen Murphy