

City of Keene
New Hampshire

AD HOC ECONOMIC DEVELOPMENT COMMITTEE
MEETING AGENDA

Tuesday May 21, 2019

1 pm

Second Floor Conference Room, City Hall

Members Present:

Timothy Murphy, SWRPC
Jack Dugan, MEDC
Joseph Walier, Walier Chevrolet
Jordan Benik, People's Linen
Keith Thibault, SCS
Elizabeth Dragon, City Manager
Dominic Perkins, Savings Bank of Walpole
George Hansel, Councilor
Melinda Treadwell, President Keene State College
Kendall Lane, Mayor
George Foskett, BHG Masiello Real Estate
Phil Suter, Chamber of Commerce

Staff Present:

Med Kopczynski, Economic Development,
Initiatives, and Special Projects Director

Members Not Present:

Mitchell Greenwald, Chair
Rebecca Hamilton, Machina Arts
Chris McIntosh, Clark-Mortenson
Gary Lamoureux, Councilor
Bill Hutwelker, Swanzey Selectman

Guests:

Josh Meehan, Keene Housing
Joshua Greenwald, President Monadnock Region
Board of Realtors
Tony Marcotte, Washington Park
John Hamilton, Vice President of New Hampshire
Community Loan Fund
Paul Cuno-Booth

1. Call to Order- Mr. Kopczynski announced that he would be filling in for Chairman Greenwald as he is away. He called meeting to order at 1 pm.

2. Introduction of Guests and New Member(s)- Mr. Kopczynski introduced guest **Paul Cuno-Booth** and guest speakers, **Joshua Meehan, Executive Director of Keene Housing, Josh**

Greenwald, Past President Monadnock Region Board of Realtors John Hamilton, Vice President of Economic Opportunity- Community Loan Fund and Tony Marcotte, MDP Development, Washington Park in Keene. Mr. Kopczynski stated that the specific topic for today's meeting is housing programs and availability, with core subject being economic development, retention and recruitment of workforce housing. He stated that the guest presenters were chosen because of their connections to the subject.

3. Approval of Minutes

4. Specific Topic(s) - Housing- programs and availability of housing, including workforce.

Josh Meehan, Executive Director of Keene Housing- Efforts and supply of housing by Keene Housing.

Mr. Meehan introduced himself As Executive Director of Keene Housing to the committee. He described Keene Housing as the public housing authority of the City of Keene and Swanzey, as well as a developer and manager of affordable housing. He said Keene Housing can be viewed as a federal contractor that makes affordable housing and opportunities for working families to increase their income and for elderly people to grow old safely, and where they can, they provide resident services to both of those groups to help them achieve those two things. He said they own and manage about 550 units of affordable housing in Keene and 2 properties in Swanzey. Administer a housing choice voucher program for the federal government; the Section 8 voucher program, of which they have 617 vouchers; another 100 vouchers that are just for non-elderly disabled individuals; and 69 for disabled individuals transitioning out of homelessness or people at high risk of becoming homeless. Their annual budget is about \$14Million per year and they employ about 35 people.

Mr. Meehan pointed to the handouts he distributed to the committee and highlighted the income limits for affordable housing, as those limits are surprisingly high. He said for additional context, the majority of Keene Housing's stock is 30% of Area Median Income (AMI), which establishes the ceiling for eligibility to participate and rent one of Keene Housing's units. He said individuals they serve are typically 30% AMI or less, however, individuals of much higher income would be eligible to live in their housing or participate in their voucher programs. He pointed to the payment standards which shows what a voucher holder have to pay for rent by bedroom size. He stated that he hopes to give the committee a high view of how they interact with the market and who is eligible for housing.

Mr. Meehan described the demographic that Keene Housing serves: they house about 1500 people in 870 households. He said the majority of individuals they serve are single, and almost half of them have a disability. Keene Housing typically serves the demographic of an elder living alone or a disabled person with a child. He said over 60% of people they serve are either disabled or elderly, and only alternatively only about 24% of the people they serve are between the ages of 18-62 and not disabled.

Mr. Meehan pointed out the Stone Arch property is their flagship elderly property and the wait time is 8 years to get an affordable apartment there. They have people literally dying to get in.

He said that at Forest View on Harmony Lane, working families have to wait at least two years to obtain affordable housing with Keene Housing. The waitlist demand by bedroom size (pie chart) shows a third of the demand is for smaller units. He stated that in talking about economic development, one of the things that often is not considered is the economic multiplier effect that results from construction, whether new or improvements on existing stock. He said that is Keene Housing's objective right now. He said there are several very large Housing Authorities that invest in third party research, which helps to inform their work, for example, a 2018 study looking at economic multiplier effect of each dollar spent. He said for every dollar they spend on modification or new construction, they generate over a dollar in economic activity. For example from a practical perspective, they hire an electrician who makes a high wage rate, and that electrician will inject money into the local economy through their daily activities. Mr. Meehan stated that in 2017, Keene Housing invested \$2.4Million in improvements, which injected \$2.5Million into the local economy and supported 25 jobs. He said the Harbor Acres property on Castle Street is the property they have invested in most.

Mr. Meehan provided a quick rundown of current projects. He said rehabilitation is happening at Riverbend in Swanzey, and that Central Square Terrace in the largest project they have undertaken, the Meadow Road project, and a \$1Million project of Forest View on Harmony Lane. He said in 2019-2020 the total development investment is projected at over \$17Million in investment in the local economy. He said in the 2020-2023 they are developing 25 new units on Castle Street at Harbor Acres, and a significant rehabilitation of Bennet Block, and then closer to 2023-2024, they will start thinking about development of two-bedroom units based on the demand data.

Mr. Walier asked Mr. Meehan if all the properties Keene Housing owns pay taxes to the City. Mr. Meehan replied that Keene Housing pays a pilot for everything that they own and are one of the largest taxpayers. Mr. Benik asked if there are other prioritizations that exist when determining a position on the waitlist. Mr. Meehan replied that they call them preferences, and in a nutshell there is a preference for individuals who live in NH and also individuals who are displaced by government action or a house burning down. Mr. Benik asked if the definitions for "elderly" or "disabled" are externally or internally defined. Mr. Meehan responded that they define "elderly" is defined as age 58 or 62 depending on the assistance program and where it comes from, and individuals are defined as "disabled" if their doctor diagnoses them as such. Mr. Murphy commented that the economic activity through the construction phase is well beyond \$2.5Million in terms of economic activity in the region as housing becomes a limiting factor and it is important to recognize that number should be significantly higher. Mr. Meehan agreed and stated that have maintenance and lawn care as big line items in their budget but those are not quantified the same.

Ms. Dragon asked if the new two bedroom units for 2023-2024 will be provided for elderly as they have the longest wait times. Mr. Meehan said the first property will be designated as "elderly" and the Castle Street property will be as well. He said Harbor Acres used to be designated "elderly/disabled" but it defaults that way due to the size of the bedrooms. He added that Bennett Block is not currently designated as "elderly/disabled," however; the central purpose of the rehabilitation project is convert it to explicitly "elderly/disabled" with grab bars and roll in tubs, and effectively increase the stock of "elderly/ disabled" accessible units. Ms.

Dragon asked Mr. Meehan how big the two-bedroom project would be and he responded that he does not know yet.

Ms. Treadwell asked Mr. Meehan what he thinks is the most critical need for economic workforce development. Mr. Meehan responded that a relatively small number of the 1500 individuals they serve are work-able adults, and the individuals they house in that demographic are extremely low income. He said for example, a family of three making \$22K per year has profound needs beyond just having a place to live. He stated that they have a Resident Self-Reliance program, which is a pretty intensive economic independence grant program for families. For example, if a family with a child diagnosed on the autism spectrum does not have an Individualized Education Plan (IEP), Keene Housing will connect them with community entities to develop and IEP so the parents are not called out of work and end up losing their jobs. He said many of those grants go towards mufflers and tires due to the lack of transportation infrastructure in the region. Mr. Meehan said the demand data shows a demand for new units, however, there will never be an affordable supply to meet that demand, but there are deeper infrastructural, mental health and education issues at the root of the problems they face.

Josh Greenwald, Past President Monadnock Region Board of Realtors- Present housing market, housing conditions.

Mr. Greenwald introduced himself as the immediate past President of the Monadnock Region Board of Realtors. He said he is happy to speak about the real estate market. He stated that the market is pretty robust right now and a good time to list houses for sale. He said the houses that sell the fastest are the ones that are priced right. Mr. Greenwald stated that the market in Keene currently is very “thirsty” and people are gasping for inventory and properties to buy. He stated that the absorption rate is the amount of months it would take to sell the existing inventory that is on the market currently, assuming that no other houses are listed in that time. For example, if there are 100 houses on the market and 35 houses are sold in one month, the absorption rate is about 3 months to sell the remaining inventory. He said the absorption rate in Keene is incredibly low because they cannot resupply what is being bought.

Mr. Greenwald said he did a comparative analysis of year to date last year and this year, which is demonstrated in the documentation he provided, and it shows January 1 2018-January 1 2019 shows that the listing of homes is pretty much the same and the inventory in Keene is rolling along. He said that this indicates that the market is well out of the recovery period of the great recession and 2014 marked the beginning of the real estate stabilization period and they are now seeing a more stable and robust housing economy. However, inventory levels are not being resupplied fast enough and people are scrambling around to buy a property. He used the example of the game of “musical chairs” that is similar to the 2006-2007 bubble which is great for home sellers but not so much for buyers. He said prices have also increased but appraisers keep those increases in check. Mr. Greenwald stated that buyers descend on every property that comes up and that is stressful for buyers. He said he does not like to pressure people to buy and encourages them to think about it, which differs drastically from 2008-2009 when no one was buying or selling.

Mr. Greenwald passed out a handout to members showing the statistics of housing activity in Keene. He said as of yesterday, there were 38 single-family home active listings in Keene active listings and at this time last year, there were 70 homes listed. He said that the market goes into hibernation in the wintertime, however, in the spring residents put their homes up for sale. He said there are currently 58 single-family homes under agreement for sale so everything is being bought and they need more inventory to replace it. In April 2018, there were 22 closed single-family residential homes in Keene, this month there are 38 which is an increase of 73% from this time last year, which may be due to low interest rates, and higher rates of optimization for buying. Mr. Greenwald stated that year-to-date (2018) there were 65 single-family residential homes listed and year-to-date (2019) and there are now 72. He said there is an increase of 71% of homes under agreement. However, from 2018-2019 there was only a 3% increase in listings so trends have been the same—there are just more buyers.

Mr. Murphy asked if 2018-2019 year-to-date closed includes all of 2108 and so far 2019 and Mr. Greenwald replied no, it represents Jan 1 2018 to May 21 2019. Mr. Lane asked Mr. Greenwald if there has been an increase in houses on the market because of Hillside Villages. He said he is starting to see a trickle in, for example, he has two people right now that are selling to get into Hillside Village. However, he cannot just list as house as they still have to do the legwork and the deficiencies need to be taken care of, yard freshening, as buyers are looking for much more of a finished product these days. Mr. Greenwald stated that Hillside Village houses that may come on the market in the next month or so would be a different price range. The homes in the 170K-260K without many functional deficiencies are the listings that are flying off the shelves. He said homes in the \$300-500K are considered high-end homes and there are not many people who can afford them. He said the middle of the road homes in Keene is in the \$180-200K range. Mr. Hansel asked if there is any way to know if the low inventory is due to people not selling their homes or that the inventory does not exist. Mr. Greenwald replied that the inventory is still stable and new listings have remained pretty much the same. Mr. Foskett asked why they are not building and Mr. Greenwald replied that people are still afraid of what happened during the recession and it is hard to find construction companies to build on spec. Mr. Lane stated that it has been a long time since there has been new construction in Keene and asked if Mr. Greenwald is seeing a result that housing in Keene is becoming outdated. Mr. Greenwald replied they are seeing a lot of recycled real estate, but they are not seeing a lot of new development, as it is difficult to make a profit on new construction and in the past properties were being sold at an extreme discount as it is so expensive to build a new house.

Mr. Walier asked Mr. Greenwald if the people who are selling are leaving the community and Mr. Greenwald replied that there is a pretty even balance between those selling and those buying, however, he has not researched those statistics. Mr. Benik asked Mr. Greenwald if he thinks that the new condos at the Colony Mill and on Roxbury Street will affect the absorption rate. Mr. Greenwald replied that it could result in millennials not entering the market as they may just end up renting, however, it may affect people entering the housing market but real estate buying is always preferable to renting if you can afford it.

John Hamilton, Vice President of Economic Opportunity- New Hampshire Community Loan Fund- Housing Finance and Workforce Housing

Mr. Hamilton introduced himself as the Vice President of the New Hampshire Community Loan Fund. He stated that they are an organization working with communities for the last 35 years and stated that the committee can see them as another partner to be utilized in the community and when the business community, residents and governmental partners come together and recognizes an unmet need in the community they aim to collaborate with those leading a particular affordable housing development. Mr. Hamilton stated that the NH Community Loan Fund is a private, flexible resource of \$135K dollars in resources, of which 60% is dedicated to affordable housing. He said they are often the early first money into a project or the last money that gets project into the finish line. They focus on a range of needs, multifamily housing units statewide to complete 1,115 units so far. Mr. Hamilton stated that they have worked essentially with flexible capital, however, a lot of what is unaffordable requires subsidies to be affordable and they do not bring grants as a resource and instead focus on lower cost capital and strategic thinking on how to package deals. He said they also recognize that there are transitional or supportive services associated with bricks and mortar housing needs and they are a player in making loans to nonprofits that might play a role in supportive role in housing.

Mr. Hamilton stated that the Community Loan Fund also focuses on normalizing home ownership for people that are low income. He said their focus is on helping people who can only afford no more than \$50-100K for a home and in the state of NH, 6% of people live in manufactured homes. He said that word conjures up many images and it comes with a stigma. In the 1940s, these were trailers but things have changed since then and in 1967, a national code was established to address low quality and they upgraded them. Mr. Hamilton stated that an outside investor owns most of the land and that is an opportunity. He said they like to promote resident self-help solutions and workforce housing is a challenge and just because there are manufactured homes in parks today does not mean they will still be there unless the residents own it. He said there was a park where the buyer sold to a big box store and the residents were not offered any compensation and many homes ended up in a dumpster. He said each resident received an 18-month notice and they do not have security and when things flip, how does the new buyer afford the equity that the existing owner has earned is to increase lot rent that makes workforce housing less affordable.

Mr. Hamilton said Tanglewood, as an example, has recently formed a cooperative and the Community Loan Fund hopes to help finance them in in the next month or two so they can complete their resident self-help goals. He said Tanglewood is part of four parks in Conway, Epsom and Allenstown and Keene and provided a summary and annual report to members. Mr. Meehan asked what the typical size and rate of loans they offer. Mr. Hamilton replied \$2M or less is their comfortable range and the rate is at 5%. Mr. Hansel asked Mr. Hamilton if there are any programs outside of transitional new development. Mr. Hamilton added their role is not to be a community developer like Keene Housing Authority or Neighborhood Works, they are a statewide group here to support those organizations and partner with different elements of the community to solve community housing needs in Keene as well as what is a unique reflection of this community. He said they aim to look for breadth of partnering at the community level and this type of conversation is a great precursor to that.

Tony Marcotte, MDP Development- Washington Park Development

Mr. Marcotte introduced himself as a professional engineer, realtor and project manager with MDP Development and has been with the development since 2011. He said they were working on other projects and minor demolition but began the construction of the new Washington Park building in August 2016. He said as a representation of the job market in Keene, they have found cleaners for \$15 an hour, however, anyone with experience went back to their employer so they are training their property manager in place and he feels that is a reflection of the tightness of the job market in Keene.

Mr. Marcotte said the new apartment building is 135 units and anticipate starting to show units in early June. Currently, the parking lot and landscaping is being completed. He stated that they are hoping to occupy the building in mid to late June. He said the timeline is flexible because at times they have many workers and other times none at all. He said there has been a lot of interest in viewing units and 60% of units will be available in June and the remaining will be available in July. He stated that hallways and exit stairways will be completed with sprinklers; however, finish painting and touch up work will be left on the units they will not be renting.

He said they currently have four full-time staff and are looking to bring on one more full-time employee. He said they have two temporary full-time cleaners that have had to come from out of Keene as every person that was interested in a cleaning position was already working. He said there would be a total of eight employees before opening and then after opening there will be five full-time staff. He stated that the building is four stories and consists of all apartments, not condominiums, they did consider it but the family business has decided to stay in Keene and be the long-term owners of the development and is not listed for sale.

He stated that each unit would have a washer and dryer, central air conditioning and heat pumps. He said that all units have granite countertops, stainless steel appliances and track lighting. He said the two-bedrooms have a second bathroom and there is on-site parking, seating areas, meeting and lounge areas. He said the existing building will be available for tenants and there will eventually be a workout area too so people can play and shop. He stated that the rent structure was set up so that each floor goes up slightly in price and they found that typically people want to be on fourth floor and the first floor and the back of the units have sliders. He said there are 71 bedroom units that range from 620-640 square feet and the rents on the first floor are \$1030-1400. There are many variables to the rents but average rent for one-bedroom is \$1080 and those same units on the fourth floor would range from \$1200-1350 (average rent \$1250). He stated that there are several units that are slightly larger and one-bedroom units that are 830-924 square feet, which rent for more because of square footage. He said the typical rents on the first floor are two-bedroom units for \$1400-1570 most units and most units are on average \$1500-1550 and those same units on the fourth floor are on average \$1600-1700. Mr. Hamilton stated that the average rent for the two-bedrooms are \$1570 as most unit architecture made one size, however, there are some nice views on the fourth floor and those units go for more.

He stated that they really wanted to make sure they could show a good product so even with all of the demand they wanted to be ready for this summer. He stated for the existing building, there are a wide variety of sizes from 1300 square feet for two-bedrooms. The building has a new roof, new widows, heat pumps and new electrical plumbing so the newer units will be more energy-

efficient. He stated that as a reflection of cost, if they maintain 90% occupancy they can pay the mortgage. He said the owner has done many developments and will experiment with different rental amounts to fill the building. He said overall, there seems to be a lot of demand from people and they will find out once they start advertising and they will hire a Marketing Coordinator soon. They will distribute a handout in June and there is not much competition for phone and cable. They are working on cell phones, as the local market is restricted. They are working out of their territory as they have larger projects in Massachusetts and it is easier to get their own people, however, Keene is on top of everything. He said the owner has a mortgage but they are self-funded.

Mr. Hansel asked what is included in the rent. Mr. Marcotte said tenants would pay for electricity, heat and air conditioning. He said people keep their units efficient and they found on other projects that the electric bill is \$100-150 for electric but he is not sure what it will be on this project. Mr. Murphy asked if there is a market study on demand and who is the demographic. Mr. Marcotte responded they are people who want a nice place to live. He stated that they did a project in Fitchburg, MA and there was no growth and it was difficult to get a loan but here theory have a nice product and there is demand to live in Keene, however, there is a lack of nice housing. He said the marketing study is really the owner who believes there is a demand here in Keene and it has worked in Nashua. He stated that it is typically tough to get a loan for areas that do not show growth, however, they had banks lining up to fund this project, as they have been successful in the past. He stated that the Clubhouse will have space for people to work, free gym membership and they feel there is a demand for the overall product.

Ms. Dragon asked if every unit has on-site parking and Mr. Marcotte replied that tenants will have one parking spot, however, the long-term strategy is to acquire more parking space if they find it is not sufficient. Mr. Benik asked if the parking spots are assigned to the apartments and Mr. Marcotte replied that there will be permit parking and whether they are assigned will be up to property management. Mr. Greenwald asked if the entrance would be from Spring Street or will there be a cut through on Washington Street. Mr. Marcotte replied there is a one-way entrance on Washington Street and Roxbury and Spring Street are two-way entrances.

Mr. Kopczynski stated that he would like to bring a speaker in for the last committee meeting they had scheduled as part of the series. He said he would like to bring in Phil Sletten, who is a Policy Analyst for the NH Fiscal Policy Institute and is currently working on the Governor's budget and the legislature. Mr. Kopczynski stated that Mr. Sletten's presentations are really well done and the information is excellent, however, it has been difficult to arrange a date for him to come in and present to the committee so he would like flexibility from members about arranging an alternative date. He said Mr. Sletten has potential availability June 4, June 3 and June 10. Mr. Kopczynski said they could keep the date the same as the last committee meeting. He said that there has also been an alternative suggestion to have Phil Suter come in and talk about tourism. Mr. Lane stated that the City space might not be big enough for the presentation so they may need to consider another space like the library space. Mr. Kopczynski said he would work with Mr. Sletten on coming to present to the committee on June 10.

Ms. Dragon stated that the group from Germany is here as well and members suggested she bring them in to the presentation during that week. Mr. Walier asked if they will have time after

the next meeting to discuss what their next steps will be after having gathered all the information they have to this point. Mr. Lane replied that he does not agree that they should have only one more meeting as the whole objective of the committee going forward is to decide what to focus on for the economic development plan. Mr. Kopczynski replied that he was referring to the last meeting of the speaker series not the committee. He stated that the report he writes would likely demonstrate that they would need to have another series. He said the report recommendations will be based on what he himself is hearing from the committee. The recommendations will need to come from the committee itself, so they will have to go through the report together as the intention is for the report to serve as a working document for the City Council and the public, almost like an Economic Master Plan. He said they did a similar report in 1993 with a number of items that listed directions to be followed up on throughout the years and were not. He suggested that this time around they ensure that the delineated steps are followed up on so that issues as they evolve are effectively addressed.

Topics Discussed and Parked

Arts and Culture

Energy, Use and Supply

County Economic Development Efforts

Current and Future Airport Economic Efforts

Current and Future MEDC Economic Development Efforts Workforce

Development Training and Education

Financial Resources- Available for existing or potential Businesses-Opportunity Zone, 79E, NMTC, CDBG

Housing- programs and availability of housing... including workforce.

Draft Report Goal -Workforce Development

Training and Education

Housing

Culture

Compensation

Next Meeting Date June 10, 2019

Minutes respectfully submitted by,

Ayshah Kassamali-Fox, Minute-Taker

Edited...June 04 2019, M Kopczynski Director Economic Development