

**City Council Public Hearing
February 20, 2024
Council Chambers
6:00 PM**

COUNCILORS PRESENT

Councilor Creteau
Councilor de Geofroy
Councilor Fitzpatrick
Councilor Fontneau
Councilor Herman
Councilor Lawrence
Councilor Richardson
Councilor Sullivan
Councilor Turner
Councilor Walker
Deputy Mayor Hamann
Mayor Callaghan

OTHERS PRESENT

Katie Ambrose, City Manager
Terence O'Rourke, City Attorney
Andy Yau, 135 N. Main St Developer
Chris Rice, resident
Lou Archambault, resident
Tom Kaczynski, resident
Blair Haney, Strafford Regional Planning
Betsey Andrews Parker, CAPSC

COUNCILORS ABSENT

Councilor Karolian

Minutes

1. Call to Order

Mayor Callaghan called the Public Hearing to order at 6:00 PM. He announced that Councilor Lawrence would be attending the meeting remotely. Mayor Callaghan asked Councilor Lawrence if it was reasonably impractical for her to attend the meeting in person and asked her, per RSA 91-, to state the reason for the record. Councilor Lawrence confirmed it was reasonably impractical for her to attend the meeting in person due to illness. Mayor Callaghan asked if Councilor Lawrence was alone in the room from where she was connecting. Councilor Lawrence stated that her husband was in the house, but not in the room.

Councilor Walker led the City Council and all present in the Pledge of Allegiance.

Deputy City Clerk Cassie Givara took the roll call attendance. All Councilors were present as listed above except for Councilor Karolian, who was absent. Councilor Lawrence was connecting remotely, as stated above.

2. Resolution Granting Community Revitalization Tax Relief to the Property Located at 135 North Main Street Under the Provisions of RSA 79-E in Connection with a Proposed Rehabilitation Project

Resolution Granting Community Revitalization Tax Relief to the Property Located at 135 North Main Street Under the Provisions of RSA 79-E in Connection with a Proposed Rehabilitation Project

Be it Resolved by the Mayor and City Council of the City of Rochester, as follows:

Whereas, in an effort to stimulate local economic development and enhance City downtowns and Town centers, the New Hampshire Legislature has enacted RSA Chapter 79-E, entitled "Community Revitalization Tax Relief Incentive"; and

Whereas, the City of Rochester adopted the provisions of such Community Revitalization Tax Relief Incentive Program pursuant to RSA Chapter 79-E by Resolution of the City Council on October 7, 2008; and

Whereas, Andy Yau, owner of the so-called 135 North Main Street in downtown Rochester, is desirous of making use of the benefits of RSA Chapter 79-E and it has, therefore, proposed a substantial rehabilitation project with respect to the structure located upon the so-called 135 North Main Street; and

Whereas, RSA Chapter 79-E requires that the governing body of the City of Rochester make certain findings and determinations with regard to a proposed substantial rehabilitation project in order for the structure to qualify for the RSA Chapter 79-E Community Revitalization Tax Relief Incentive;

Now, Therefore, the Mayor and City Council of the City of Rochester, by adoption of this resolution, hereby make the following findings and determinations with respect to the proposed substantial rehabilitation proposal for the so-called 135 North Main Street property contemplated by the owner's Community Revitalization Tax Relief Application dated January 5, 2024, to wit:

(1) Any tax relief under the provisions of RSA Chapter 79-E or this resolution that is to be accorded with respect to the so-called 135 North Main Street property project shall be accorded only after the property owner grants to the City a covenant pursuant to the provisions of RSA 79-E:8 ensuring that the structure shall be maintained and used in a manner that furthers the public benefits for which the tax relief was granted and in accordance with the requirements of RSA 79-E:8; and

(2) The Mayor and City Council find public benefits under RSA 79-E:7 in the proposed revitalization project proposed with respect to the so-called 135 North Main Street property project; and

(3) The proposed substantial rehabilitation project with respect to the aforesaid 135 North Main Street provides the following public benefits to downtown Rochester:

- I. It enhances the economic vitality of the downtown;
- II. It enhances and improves a structure that is culturally and historically important on a local level, within the context of the City's Historic District and the City center in which the building is located;
- III. It promotes development of downtown Rochester, providing for efficiency, safety, and a greater sense of community, consistent with RSA 9-B;

(4) The specific public benefit is preserved through a covenant under RSA 79-E:8 if the project is implemented consistent with (a) the aforementioned application; (b) the terms of this resolution; and (c) any other applicable requirements of Chapter 79-E; and

(5) The Mayor and City Council find that the proposed use is consistent with the City's Master Plan and development regulations.

Furthermore, as a result of making such determinations and findings, and subject to the owner's compliance therewith, and with the provisions of RSA Chapter 79-E, the Mayor and City Council hereby grant the requested tax relief for a period of seven (7) years beginning with the completion of the substantial rehabilitation of the structure upon the so-called 135 North Main Street property.

Andy Yau, Rochester resident and developer of 135 North Main Street, addressed the City Council regarding his request for RSA 79-E tax relief. He explained that the property is currently vacant, after previously housing a barber shop on the first floor commercial-level and two residential units above. The property's condition has become dilapidated and needs extensive renovations. Mr. Yau explained that his proposal would involve converting the commercial portion to a 3-bedroom residential unit and updating the upper floors into three additional residential units.

Mayor Callaghan asked for confirmation on how many apartments are located in the building and how many people currently reside in the building. Mr. Yau stated that the property currently has two residential units and first floor commercial space, but will be renovated to four residential units without commercial space. There are no residents living in the property at present, and it has remained vacant for several years.

Councilor Fontneau asked if the total cost for the renovation was \$600,000, as indicated in the supplemental documentation. Mr. Yau explained that the purchase price of the property is \$150,000 and the cost for renovation and associated construction costs is approximately \$450,000. Councilor Fontneau inquired about the timeline for renovation completion. Mr. Yau stated that the proposed timeline for completion is 6 months to 1 year. Councilor Fontneau inquired if there was a special exception required to convert the first-floor commercial space into residential. Mr. Yau explained that the zoning map in Rochester allows conversion of first floor commercial into residential without special exception above the North Main Street Arch bridge, where this property is located.

Chris Rice, resident, gave suggested questions and considerations which the City Councilors should direct towards the developer of 135 North Main Street prior to approval of the 79-E application.

Lou Archambault, resident, questioned the total cost and ultimate value of the property once renovation is complete, and health and safety considerations to factor in due to the age of the building.

Tom Kaczynski, resident, spoke against RSA 79-E in general, reasons why he does not feel this tax relief should be offered, and considerations the Council should take prior to approval.

Mr. Yau spoke about the benefit to the tax base if the property is renovated and inhabitable; as it stands currently, the building has been

vacant for 7-years and is not generating property tax revenues. He explained that, due to the condition of the property and the extensive renovation needed, he as a developer would not be making much money on the project and it would be a bigger benefit in how it improves the area and surrounding community.

Councilor de Geofroy referenced a comment made during public input stating that Mr. Yau's business, Nomain Kingdom LLC, had been administratively dissolved. Mr. Yau explained that when renewing his LLC, the application had been denied due to a requested change. Following the denial, he had inadvertently forgotten to complete the renewal and indicated he had every intention of renewing the LLC as soon as possible.

3. Update on Community Development Block Grant COVID-19 (CDBG-CV) Funded Gafney Home Project

Mayor Callaghan read the following statement:

Community Development Block Grant Funds are available to municipalities through the NH Community Development Finance Authority (CDFA). Up to \$500,000 was available for housing projects under the CDBG-CV allocation due to COVID-19, and entitlement communities were eligible for consideration for projects that specifically respond to or recover from the impacts of COVID-19. All projects must directly benefit a majority of low-and moderate-income persons.

This public hearing will consider public comments on the update for the Gafney Home project.

This project received \$500,000 from the Community Development Finance Authority for a CDBG-CV Housing Grant and a gap funding amendment from the Community Development Finance Authority for \$171,116 due to changing (increasing) costs of materials and supplies. All funds are supporting the renovation of the property located at 90 Wakefield Street, Rochester, also known as the Gafney Home, to create 21 units of affordable senior housing.

This project satisfies the national objective of Low-to Moderate Income Housing (LMH), and income verification is proposed to ensure that the individuals and households served qualify as low-to moderate-income. This application is consistent with demonstrated needs in response to COVID-19 because limited housing supply and homeless shelter decompression have strained the entire housing spectrum,

including shelters, supportive housing, and market-rate housing, and placed low-to moderate-income individuals and families at greater risk of experiencing homelessness.

Mayor Callaghan announced that there are copies of the project update available for those in attendance. (addendum A)

Mayor Callaghan recognized Blair Haney, regional planner of Strafford Regional Planning Commission. Mr. Haney explained that SRPC is the grant administrator for this project and summarized the project thus far along with the related legal requirements set by CDFA, including this public hearing. The City of Rochester is considered the applicant and the grantee, with Community Action Partnership being the subrecipient.

Betsey Andrews Parker, CEO of Community Action Partnership of Strafford County (CAPSC), gave an overview of the Gafney Home project and the work which has been completed so far. When completed, this will be a 21-unit, affordable-living establishment for seniors. CAP had originally aimed for the property being ready to accommodate occupants by April 1, but due to some unforeseen setbacks with supplies and construction, the opening has been moved to June or July 2024y, depending on the timeline with the certificate of occupancy and qualification process for rental applicants. Ms. Andrews Parker conveyed that the project had been funded entirely through state and federal grants with no money coming out of local budgets.

Ms. Andrews Parker said that once complete, there would be an opportunity for City Council to tour the property. She spoke of the preservation that had been done in maintaining some of the original features of the house, such as the front sitting room, grand staircase, and original business owner office. Ms. Andrews Parker indicated there would be additional phases in the future done on the Annex and the carriage house to allow for additional rental units. She explained that the property will have a visiting staff representative to offer supportive services to residents as needed; however, the property will not be assisted living but rather community/independent living for seniors.

Mayor Callaghan praised the project and spoke about the importance of the establishment for this particular demographic, which is one of the most vulnerable populations. Ms. Andrews Parker noted the true "community" aspect of the project, with the property in close proximity to downtown restaurants and stores and situated on a bus route, which are great benefits to those aging in place.

Councilor Lawrence asked what the age qualifications would be for Gafney Home residents. Ms. Andrews Parker stated that the requirement was 62 years old or 55 years old with a disability. She clarified that there are a few units with two bedrooms for residents who have caretakers; the 62-year age requirement would be waived for these units. The rent will be between \$850 - \$1,000 with heat, hot water, and electricity included.

Mayor Callaghan invited members of the public to come forward and speak about the Gafney Home project. No members of the public addressed the Council regarding the Gafney Home project.

4. Adjournment

Mayor Callaghan **ADJOURNED** the City Council Public Hearing at 6:38 PM.

Respectfully submitted,

Cassie Givara
Deputy City Clerk

Project Update – Gafney Home

January 19th, 2024

1. Project progress/status of completion and expected timeframe to completion.

- *The project is moving from the framing phase to finish phase. Most plumbing and HVAC work is completed. Sprinkler system is 90% complete. Drywall is 100% complete in the annex and carriage house, 30% complete in the historic building. The project has experienced delays in acquiring key materials, namely the main elevator components which are not expected to be installed until June. We are also seeing delays with delivery of electrical switch gear. During the demolition phase it was discovered that a number of building components needed to be refitted, repaired or replaced including the rear and side portico roofs, the stairs leading to the second floor of the carriage house, the carriage house floor support beams and the annex footings. The general contractor and engineer are coordinating their efforts to ensure that these issues are addressed.*

2. Results to date and projected totals, such as number of beneficiaries assisted, housing units completed, portion of project in service, or persons served.

- *We are still in the construction phase of the project but anticipate lease-up to begin in late June as opposed to our original phased lease-up plan of April 1st due to delays in receiving electrical switch gear and other major electric components. When complete Gafney Home will offer 21 apartments for seniors 62 and over.*

3. Funds expended, balance of funds available, and budget expectations to completion.

- *Our records indicate that as of January 3rd 2024 we have spent \$488,507.37 of the \$641,116.00 total CDBG award amount or 77%. The project has spent 43% of it's total budget including Federal LIHTC, and NHHFA HOME funds. The total project budget is \$6,077,374.00. We project we will be slightly over budget due to continued increases in material costs as well as unexpected repairs to the building which are necessary to ensure the health and safety of the inhabitants.*