

# Allied Leather Tannery Redevelopment Project April 25, 2017



## CALEB DEVELOPMENT CORPORATION PROPOSAL

Matt Walsh, Dir. of Redevelopment, Downtown  
Services, & Special Projects  
603-225-8570  
mwalsh@concordnh.gov

**Matt Walsh**  
*Director of Redevelopment,  
Downtown Services &  
Special Projects*  
City of Concord

**Rob Bernardin**  
*Director of Acquisitions*  
The Caleb Group


**Judy Niles-Simmons**  
*Commercial Broker*  
NAI Norwood Group

**Chris Norwood**  
*President / Broker*  
NAI Norwood Group



## Introductions

**Penacook Village Association**  
 PO Box 6174 Penacook, NH 03303



www.penacook.org or on Facebook

**Thank you Penacook  
 Village Association for  
 coordinating this forum!**

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- Condemned by City May 2002
- City acquired 8 parcels
  - 2003, 2004, 2006, & 2012
  - 6.15 acres total
- Penacook Family Physicians 2011
  - \$1,833,700 Assessed Value
- Sept. 2014 cleanup done
- City's net capital investment 2002-2014: \$4,939,035
  - \$2,020,508 City (41%)
    - Economic Development Reserve Fund: \$1,414,900
    - Total; \$1,191,541 left to be repaid
  - \$2,918,527 Other (59%)




**HISTORICAL OVERVIEW**

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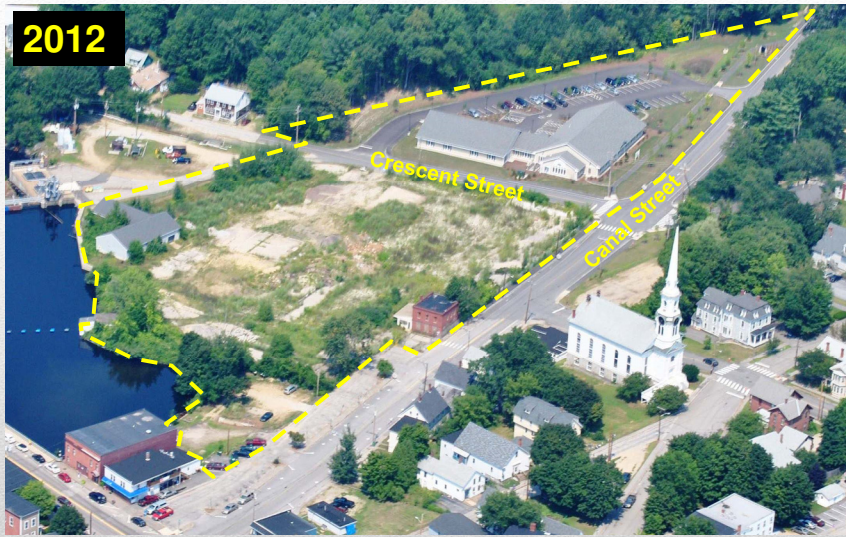
**Allied Leather Tannery 2001**

**5**



**Allied Leather Tannery 2008**

**6**



2012

**Allied Leather Tannery 2012**

7



1899

**Penacook Mill Selective  
Demolition 2004/2005**

8



**Penacook Mill Selective  
Demolition 2004/2005**

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**Penacook Mill Collapse 2007**

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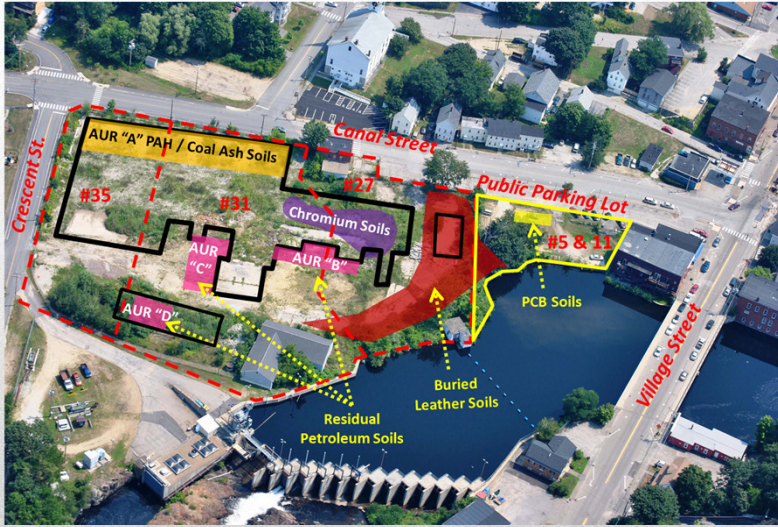
**Penacook Mill Demolition 2008**

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**Penacook Mill Supplemental Investigations 2008-2013**

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**Final Cleanup 2014**



**Final Cleanup 2014**



**Final Cleanup 2014**

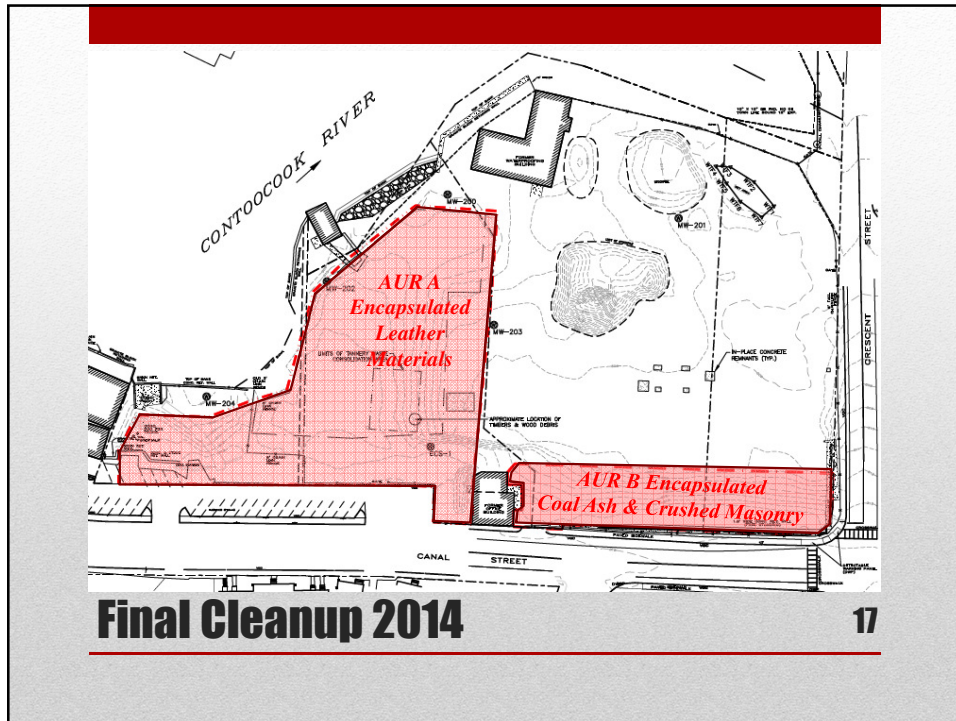
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**Final Cleanup 2014**

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**NAI Norwood Group**  
Commercial Real Estate Services, Worldwide.

- Sept 2014: Cleanup Completed
- March 2015: Broker hired
- April – July 2015:
  - Preparation of redevelopment concept & marketing package
- August 2015: Property listed.
- \$540,000 Asking price
- Marketing efforts as of December 2016
  - NECPE: 91 Views
  - Loop Net: 207 Views
  - Print ads (NHBR, NEREJ)
  - Email blasts to 260+ developers
  - Social media
  - Broker open houses
  - Conversations with 19 parties
  - **3 Showings**

**Marketing Efforts**

### Property's Strengths

1. Cleanup completed!
2. Covenant Not to Sue from State of NH
3. Convenient to I-93
4. Riverfront
5. Walkable
6. TIF District
7. Storm water drainage outfall already built
8. Recent Village streetscape & utility improvements

### Property's Weaknesses

1. Small lot (2.5+/- acres); can't achieve economies of scale
2. Low traffic count (7,019 ADT / 2011)
3. Topography & curb appeal (sits about 2/3 story below Canal Street)
4. Poorly maintained abutting properties
5. Encapsulated contamination & institutional controls
6. Low population density
7. Tax rate
8. Lack of market absorption for existing commercial vacancies

### Marketing Efforts

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### Marketing Efforts

### 2015 Concept (Prepared by City)

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**Design Intent**

**Conceptual Plan B**

**Parking:**  
265 on site + 27 on street = 292 proposed spaces

**Left Side Crescent Street:**  
Restaurant 56 spaces  
Office (Existing) 3000 sq.ft. +/- 12 spaces  
24 Unit Residential - 48 spaces  
8,000 sq.ft.(4,000 ea. floor) - 40 spaces

**Right Side Crescent Street:**  
18,000 sq.ft. Clinic - 120 spaces  
or  
50,000 sq.ft. Medical Office (Two Story) - 120 spaces

**2008 Developer RFP Concept #2**  
**(Prepared by City)**

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**Design Intent**

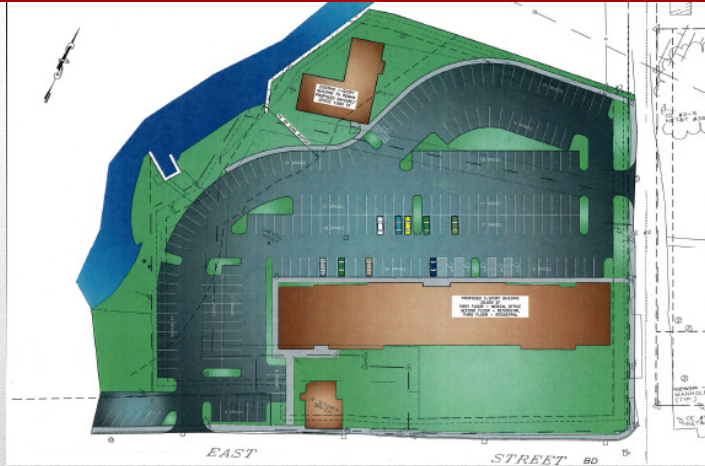
- Pedestrian Scale
- Reduced Front Setbacks/Reinforce Village Streetscape
- Architecture Fits Character of Village
- Parking Behind Building When Possible

**Conceptual Sketch A**  
**Crescent Street & East Street**  
**Penacook, NH**  
**July 2008**

**KHOWLES DESIGN**  
landscape architecture  
graphics, renderings & design solutions  
603-497-4212

**2008 Developer RFP Concept**  
**(Prepared by City)**

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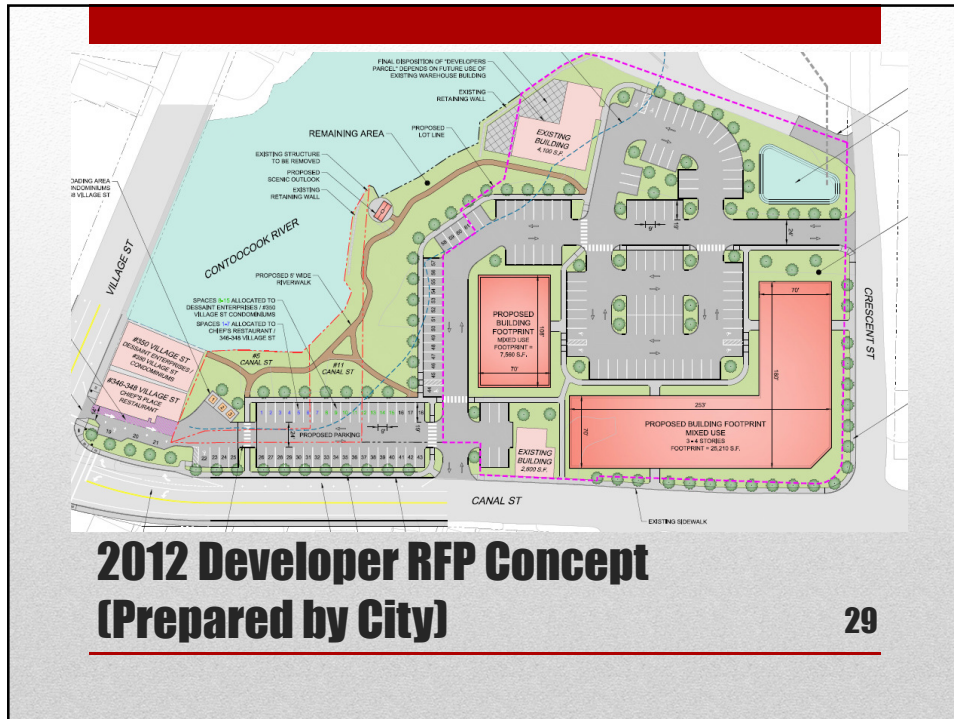
**2008 Mixed Use, Mixed Income Housing Concept (Prepared by Developer)**

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**2008 Mixed Use, Mixed Income Housing Concept (Prepared by Developer)**

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1. Strong economy!
2. Historically low interest rates
3. Low unemployment
4. Strong stock market
5. Strong residential real estate market
6. However...
  - a) Significant commercial vacancy in Penacook continues
  - b) Low market interest in Tannery site



## Market Context

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# CALEB GROUP PURCHASE OFFER

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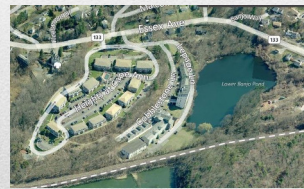


- Submitted purchase offer on Nov. 29, 2016
- Founded 1992
- Non-profit affordable housing developer & property manager
- 29 Properties in 4 States
  - CT, ME, MA, & NH
- Owns 1,690+ units
- 4 Properties in NH
- 71+/- Employees



## About Caleb

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## LePage Apartments; Gloucester MA 34 Units (2011); \$11.88M

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**LePage Apartments; Gloucester MA**  
**34 Units (2011); \$11.88M**

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**Olde Woolen Mill, North Berwick ME**  
**40 Units (2009); \$8.9M**

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## **Olde Woolen Mill, North Berwick ME**

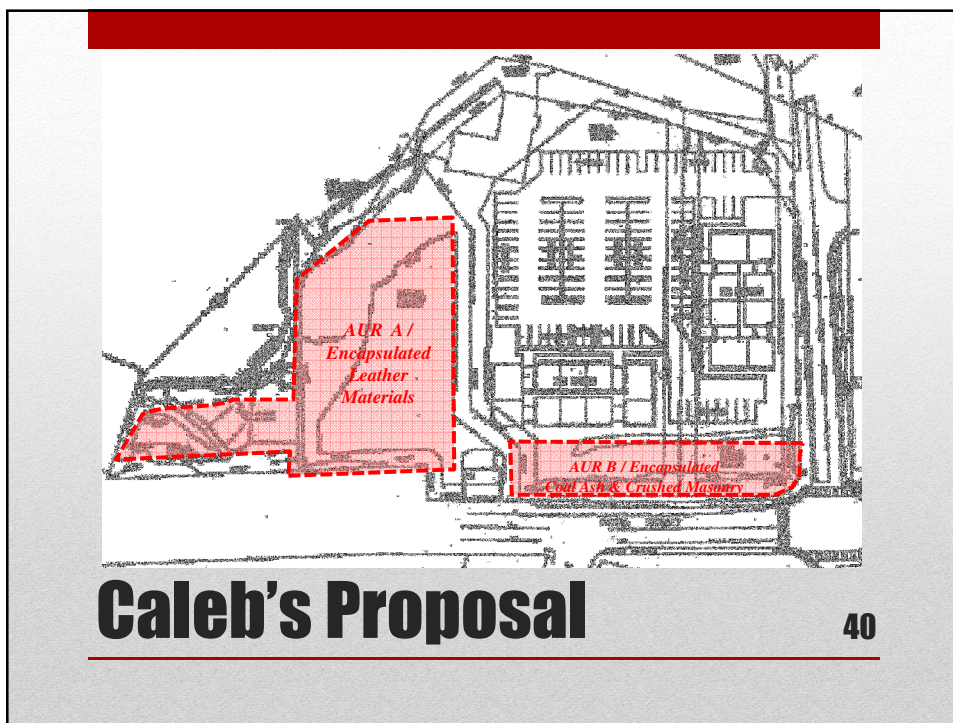
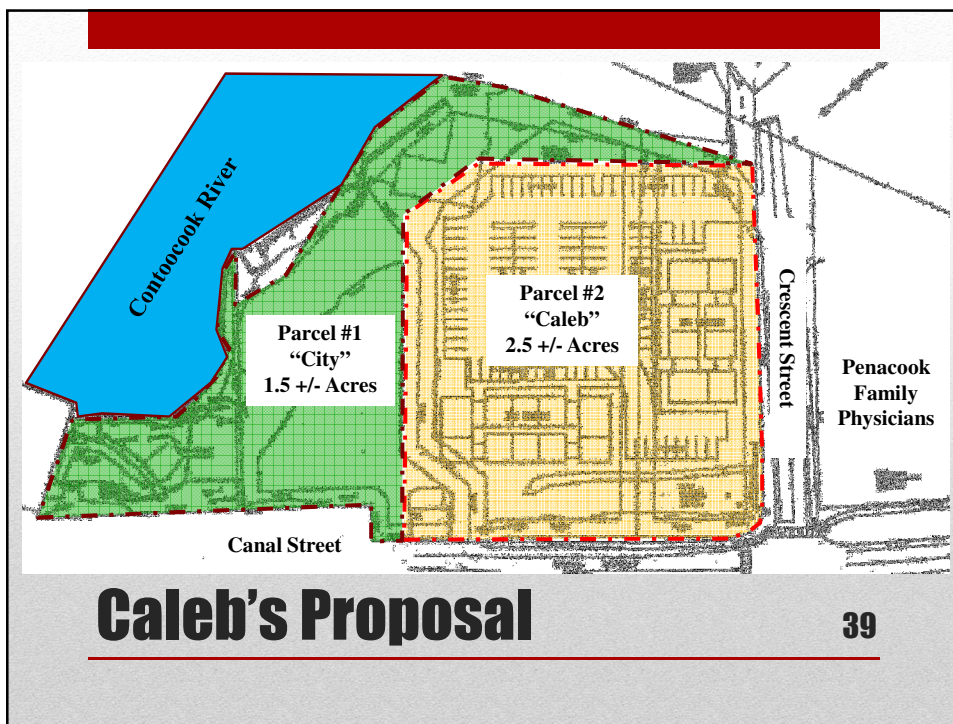
### **40 Units (2009); \$8.9M**

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- Full Price Offer! (\$540,000)
- Caleb buys 2.5+/- acres; City keeps 1.5+/- acres
  - Park & Public Parking?
- Brick office building preserved (if viable)
- Not contingent on new TIF investments by City
- 54 Units; 2 Phases
  - (40) 1-Bedroom
  - (14) 2-Bedroom
- Phase I = 30 Units
- Multigenerational with Senior Preference
  - Negligible impact on MV School District because of “senior preference” & limited quantity of two-bedroom units
- Tenant Mix
  - 6 +/- Units Market Rate
    - No income restrictions
  - 48+/- Units Low / Moderate Income
    - 60% or less of Area Median Family Income

## **Caleb's Proposal**

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### **2016 Income Limits**

- Targeted to households earning 60% or less of Area Median Income
- 1 Person Family:
  - \$29,150 - \$34,980
- 2 Person Family:
  - \$33,300 - \$39,960

### **2016 Rents (Monthly)**

- 1 Bedroom: \$780-\$936
  - HUD Market: \$825
  - Actual Market: \$685 - \$915
- 2 Bedroom: \$936-\$1,123
  - HUD Market: \$1,035
  - Actual Market: \$920 - \$1,035

## **Caleb's Proposal**

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- **May 8, 2017 @ 7PM: City Council Public Hearing**
- August 2017: Tax credit application due
- September 2017 – Summer 2018: Design and permitting
- August 2018: Tax credit application; re-apply
- October 2018: Tax credits awarded
- **December 2018: Closing**
- Spring 2019: Start construction Phase 1 (30 Units)
- 2020: Phase 1 completed
- 2021 / 2022: Phase 2 completed (24 Units)

## **Caleb Project Tentative Schedule**

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- 90 Day Period Due Diligence Period, including
  - Title, environmental, building assessments, etc.
- Caleb securing all required development permits & approvals
- Subdivision of Premises with acceptable configuration
- Caleb securing financing for project, including federal tax credits
- Caleb securing US Dept. of Housing & Urban Development approvals
- Amendment of Covenant Not to Sue by City & State of NH (if required)
- Amendment of Environmental Institutional Controls by City & State of NH (if required) (Ground Water Management Permit, etc.)

**Caleb's Proposal - Contingencies** **45**

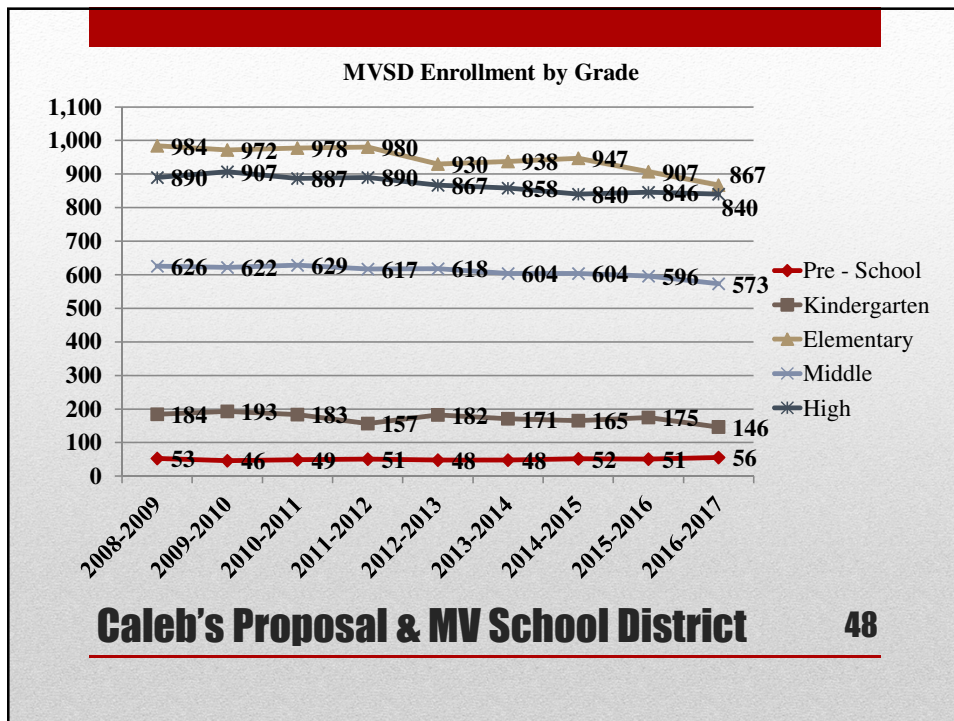
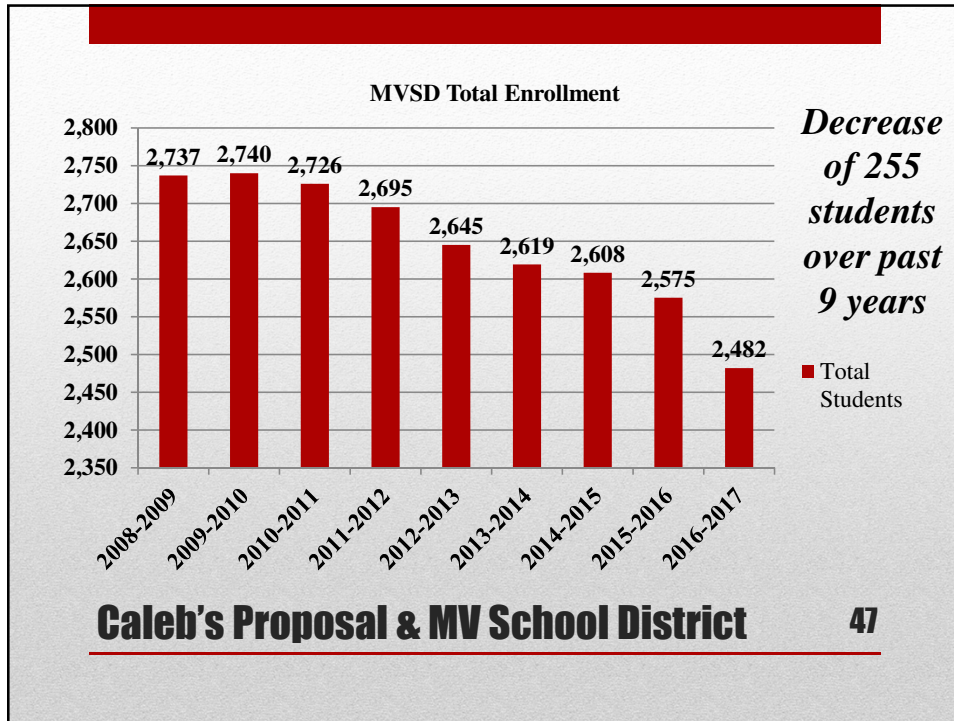
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Data	Amount	Notes
MVSD Total Student Enrollment	2,483	2017 MVSD Annual Report
MVSD Concord Students	795	2017 MVSD Annual Report
Caleb Total Number of Proposed Units	54	40 One Bedroom; 14 Two Bedrooms
City Impact Fee Multiplier (Multifamily)	0.17	Per City Impact Fee Study (1990s)
Potential Number of Students Generated by Caleb's Proposed Project	9.18	0.17 X 54 Units
Caleb Students % of Total MVSD Enrollment	0.37%	9.18 / 2,483
Caleb Students as % of Concord Enrollment	1.15%	9.18 / 795

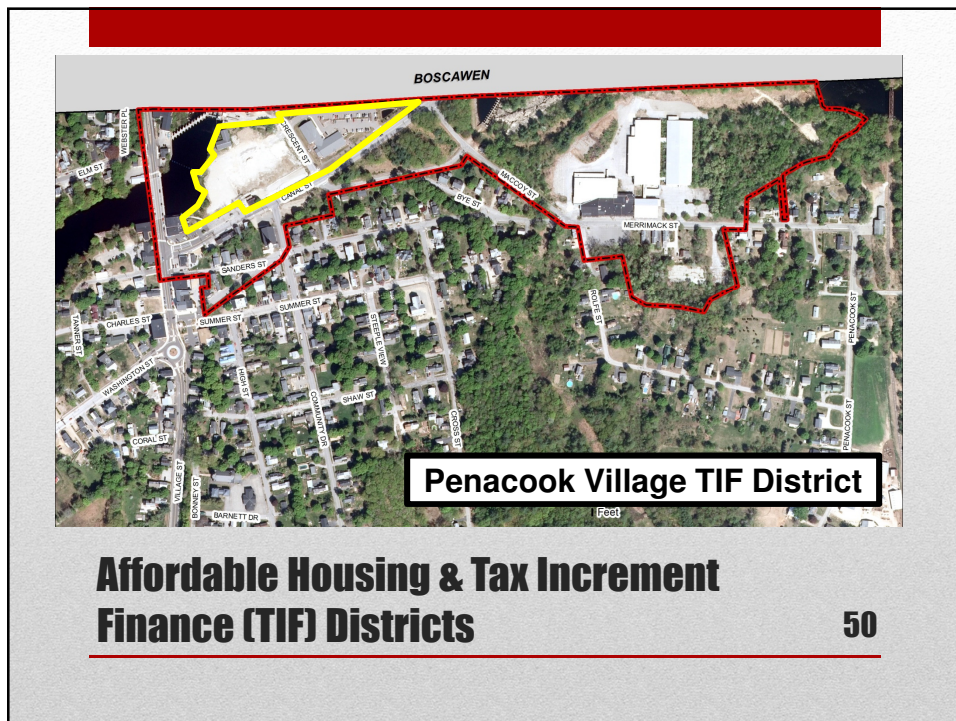
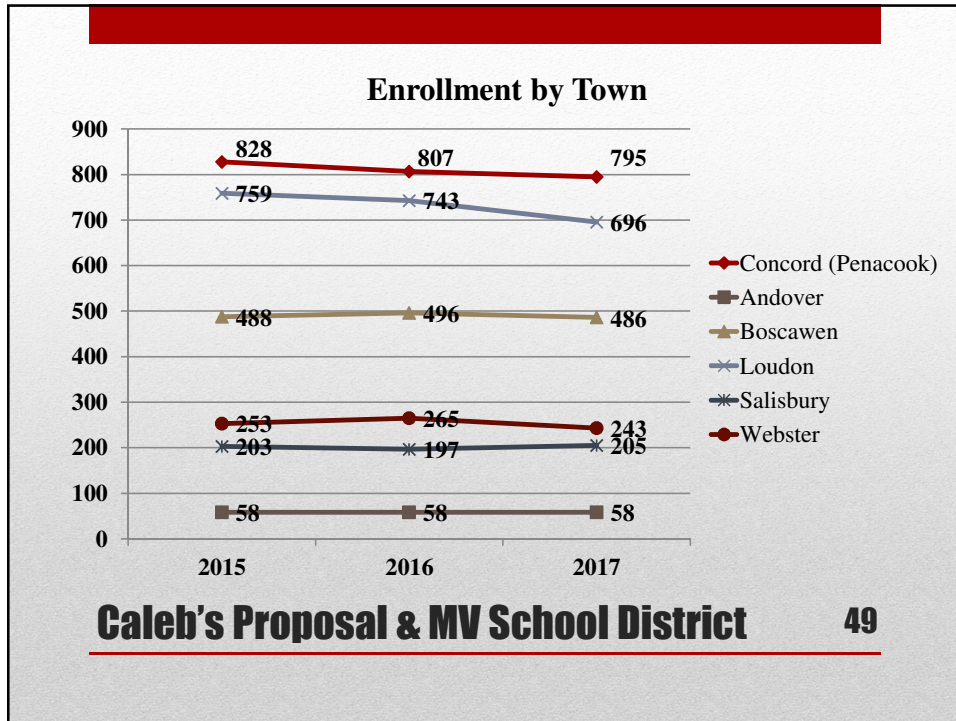
- Statistically, up to 9 school age children could be generated by Project
  - 9 Children = 0.37% increase total MVSD enrollment or 1.15% increase in Concord students enrolled at MVSD
- **HOWEVER: Due to senior preference, limited quantity of 2 bedroom units, and older multiplier ratio, could result in less than 9 students.**

**Caleb's Proposal & MV School District** **46**

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**Page Belting / Horseshoe Pond Place**

- North End Opp. Corridor TIF District (67 acres)
- Completed in 2000
- 77 Units (Elderly)
- \$2.514M Assessed Value (2016)
- City direct support = \$475,000 CDBG (No cost to City)



**Mennino Place**

- Sears Block TIF District (22 acres)
- Completed in 2011
- 45 Units (Multigenerational with Artist Preference)
- \$2.527M Assessed Value (2016)
- City direct support = \$500,000 CDBG (No cost to City)



**Affordable Housing & Tax Increment Finance (TIF) Districts**

**Caleb's proposed project**

- Penacook Village TIF District (47 acres)
- To be developed 2019-2022
- 54 Units (Multigenerational with Senior Preference)
- \$3.0M +/- Assessed Value
- City direct support = potential \$500,000 CDBG *(If authorized by City Council in future, no cost to City)*



**Affordable Housing & Tax Increment Finance (TIF) Districts**

1. Appropriate use of property.
2. Financially feasible & economically viable in local market.
3. City receives full asking price (\$540,000; net \$496,800+/- after broker's fee & closing costs).
4. City revenues from development permits, impact fees, utility connection fees = \$215,000+/-.
5. City has no obligation to build any TIF improvements.
6. Good complimentary use for potential future park (when/if built).

## **Benefits of Caleb's Project**

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7. 54 new households will support existing businesses & help make Penacook more attractive for future economic development.
8. Negligible impact on Merrimack Valley School District enrollment.
9. Greatly improves aesthetics of the Canal Street gateway.
10. Creates \$3M +/- of new Assessed Value at full build out (\$115,000+/- in new tax revenues).
11. Including Penacook Family Physicians, entire Tannery Redevelopment Project will create \$5M in new Assessed Value (4.5 Acres Developed, \$1.11M / Acre Developed); \$185,000 in new tax revenues.

## **Benefits of Caleb's Project**

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**Option 1: Accept Caleb’s offer. (City staff recommended option)**

**Option 2: Reject Caleb’s offer & continue to market the property.**

- Site has been aggressively marketed for 2+/- years in strong economy but only 3 showings.
- Based on past experience, it is unlikely the City will get a “better offer” than Caleb’s.
- How long does the City wait for a “better offer” which may never materialize?

**Option 3: Reject Caleb’s offer; take property off the market; turn into a field.**

- Demolish existing buildings, grade-out soil stockpile, loam & seed. \$300,000 +/- plus annual mowing cost (\$15,000+/-) (excludes Parking Lot expansion / reconstruction).
- Concerns about passive public access to the site (attractive nuisance, dumping, public safety associated with adjacent hydro dam).
- Grassy field will look out of place in heart of Village; will not be an activity generator.
- No new tax base / property tax revenues; City will not recoup its \$2+/- million investment.
- Will not support existing business base or future economic development goals which depend on population growth to be achieved.

**The City’s Options & Discussion** 55

**Discussion** 56