



CITY OF CONCORD

REPORT TO MAYOR AND CITY COUNCIL

FROM: Matthew R. Walsh, Director of Redevelopment, Downtown Services, and Special Projects

DATE: January 26, 2018

SUBJECT: Former Allied Leather Tannery: Caleb Development Corporation Project Update

Recommendation:

Accept this report.

Background:

On May 8, 2017 the City Council approved Resolution #8994, which authorized the City Manager to enter into a Purchase Option Agreement with the Caleb Development Corporation (Caleb) concerning sale and redevelopment of approximately 2.5+/- acres of the former Allied Leather Tannery site located at 11-35 Canal Street. Caleb intends to acquire the property for the sum of \$540,000 in order to develop a 54 unit affordable housing project. It is likely that the project will be completed in 2 phases. The development budget for Phase I (34 apartments) is \$8.6 million. The City Council subsequently approved Resolutions #9036 and #9055 which authorized certain amendments to the Purchase and Sale Agreement.

Caleb secured all zoning and planning approvals for the project last fall and has invested approximately \$100,000 in predevelopment activities.

Discussion:

As the City Council knows, Caleb plans to use Low Income Housing Tax Credits (LIHTCs) to help finance their project. Although a federal program, the credits are managed at the state level by the New Hampshire Housing Finance Authority (NHHFA). The pre-application process for these credits commenced last August. Final applications were submitted on November 21, 2017.

On January 25th Caleb was informed by NHHFA that their application was not funded. A total of 12 projects applied and 4 received credits. While disappointing, this was not surprising as it is relatively common for projects not to receive funding on their initial attempt. Being aware of this circumstance, the December 31, 2018 closing date established in the Purchase and Sales Agreement was specifically intended to provide Caleb the opportunity to reapply for credits. Caleb has informed the City Administration that they intend to reapply when the next round opens August 24th. Awards are tentatively scheduled to be announced on October 25th.