



March 26, 2018

Mr. Matthew R. Walsh  
Director of Redevelopment, Downtown Services,  
& Special Projects  
City of Concord  
City Hall  
41 Green Street  
Concord, New Hampshire

Re: Penacook Landing, 35 Canal Street, Concord, NH  
Proposal for Community Development Block Grant Funds

Dear Matt,

We are pleased to submit our initial proposal for \$500,000 of Community Development Block Grant Funds ("CDBG"). The CDBG Funds will be used toward the development cost of Phase I of the proposed Penacook Landing housing development.

The Funds will be used specifically for land acquisition, site improvements, and administrative fees to the City of Concord.

**The Project will achieve the following National Objectives:**

*Direct benefit to low- income persons and households:* 90% of the proposed housing units being created will be restricted to persons and households earning up to 60 percent of the area median income.

**The Project will achieve the following State Objectives:**

*Creation of housing which benefit low-income individuals and households:* 90% of the proposed housing units being created will be restricted to persons and households earning up to 60 percent of the area median income.

*Preservation and improvement of existing neighborhoods and community centers:* the project is being built on a former Brownfield site that the City owns and has remediated over the past 10+years. The project is consistent with the City's redevelopment and reuse objective for the site and will result in major improvement to the existing neighborhood.

*Projects and activities that successfully raise matching funds from other public and private sources to help support the project:* The project expects to raise \$7.2 million in matching funds through Low Income Housing Tax Credit equity and other public and private sources.

**Developer / Ownership:** The project will be developed by the Caleb Foundation, Inc. ("Caleb"). Caleb is a 25-year old non-profit housing developer that owns over 1,600 units of affordable housing throughout New England including 160 units in New Hampshire. Caleb self-manages over 1,100 units and provides service coordination support to over 2,000 units. Caleb has formed Caleb Penacook Limited Partnership ("Partnership") to own the Phase I development and has formed Caleb Landing LLC to be the managing general partner. Northern New England Housing Investment Fund has formed Community Capital 2018 Limited Partnership ("the Fund") who will become the limited partner investor and hold a 99.99% ownership interest for a period of 15 years.

**Development Description:** Phase I of the Project will involve construction of 34-units of rental housing located in a single building. The site is being acquired from the City of Concord and Phase I includes 1.72 acres. There will be a mix of 25 one-bedroom units and 9 two-bedroom units. Ninety percent of the units in Phase I will be restricted to households earning up to 60 percent of area median income. There will be a tenant service coordinator assigned to the project and other services will be provided to tenants on site.

**Building Description:** The proposed 3-1/2-story building will be wood frame and contain 32,544 square feet of living space. The building will have a single elevator. The building will provide energy efficient design including National Green Building Standards Gold Certification. Parking will be on-site and will include 68 spaces.

**Site and Location:** The project site is located in the heart of Penacook Village, which is a well-defined village within the City of Concord with a central commercial core serving the surrounding residential neighborhoods. The project location is within walking distance to churches, library, banks, medical / dental offices, restaurants, and shopping. The land is being acquired from the City of Concord. The Phase I site contains 1.72 acres. The proposed building will front on Canal Street and is immediately adjacent to land the City will retain for a future park. The proposed development requires extensive site preparation and compliance with all "Brownfield" environmental and institutional controls that adds significant costs to the project.

**Property History:** The site is part of a larger six-acre "Brownfield" owned by the City that includes the former Allied Leather Tannery site. The property has had over 170 years of intensive industrial use. In conjunction with the New Hampshire Department of Environmental Services ("NHDES") and the U.S. Environmental Protection Agency ("EPA"), the City completed a \$4.6 million environmental cleanup of the property in 2014 in order to prepare the site for redevelopment. Initial plans involved selective demolition of the former Penacook Mill in 2004 / 2005. Unfortunately a portion of the building collapsed in October 2007 and the City demolished the entire mill building in spring 2008. These ongoing efforts by the

City over the past 10-years have included hazardous materials abatement, removal of underground storage tanks as well as extensive excavation and disposal of contaminated soils. A Remediation Action report has been approved by NHDES and the City has received a "Letter of No Further Acton". Also as part of the "Brownfield" requirements, the City completed a Section 106 Historic Review of the site and entered into a Memorandum of Agreement ("MOA") with the NH Division of Historic Resources in October 2004. As part of the MOA, the City salvaged certain artifacts, granite, and large wooden timbers that are currently being stored. A 2,600 square foot former office building circa 1900 and a 4,000 square foot concrete warehouse built in 1983 that are located on the project site will be demolished.

**Financing:** Caleb has reviewed all potential sources of funding that are available for this type of development. Rent levels and other restrictions preclude any significant conventional financing source. The project will be financed in large part through the Federal Low Income Housing Tax Credit Program ("LIHTC"). LIHTC will allow the project to raise significant private equity. The proposed financing structure will enable the project to keep long-term rents affordable for the target households. LIHTC will finance about 75% of the development cost and CDBG is an essential piece of the gap financing. Other gap sources that will be used include Federal Home Loan Bank of Boston ("FHLB"), private bank financing, and the New Hampshire Housing Financing Authority ("NHHFA"). New Hampshire Housing Financing Authority is the allocating agency for the LIHTC, which is awarded on a competitive basis. Having CDBG funds in the project will benefit the competitive LIHTC application. The project will submit a final LIHTC application in August.

**Match Funding:** The total development cost for Phase I will be approximately \$7.7 million. CDBG funds of \$500,000 will be used for land acquisition, site improvements, and administrative fees to the City. Match funding in the amount of \$7.2 million will include funds raised through LIHTC equity, private bank financing, Federal Home Loan Bank of Boston, and other New Hampshire Housing Finance Authority funds.

**Long Term Benefit to low income persons or households:** The project will provide long-term benefit for 99 years in accordance with the LIHTC program rules, which will be recorded in a Land Use Restriction Agreement ("LURA").

**Readiness:** The project is ready to be implemented once funding is awarded. Preliminary application for the match funding from NH Housing will be submitted in June and a final application will be submitted in August. Final CDBG application is due in July. Northern New England Housing Investment Funds will provide financing letters in conjunction with the LIHTC application. Application for FHLB funds is due in September.

Local site plan approvals have been received from the Zoning Board of Adjustment and the Concord Planning Board. Other than the issuance of the building permits, the required approval for variance and all other local land use permits have been received. The project architect and civil engineer have prepared preliminary building and site plans.

We look forward to continuing to work with the City to create this much needed affordable housing on this infill, heavily remediated site.

Thank you for your consideration of this proposal for CDBG funding. Please don't hesitate to contact me if you have any questions or need additional information.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert Bernardin". The signature is fluid and cursive, with the first name being more prominent.

Robert Bernardin  
Director of Acquisitions  
Caleb Development Corporation

Enclosure – Building Rendering