

MHA/MAHT Consultant Analysis of Development Options for MHA Sites and Pleasant Street
BOS Summary- 5/17/21

Final Report Nutshell Summary (NOTE: it is still a preliminary concept):

Newport- Possible addition of 3 or 4 story or single story new building with 18- 24 new 1 & 2 BR units. Rental

The Plains- Possible addition of 3 or 4 story new building with 26 1 & 2 BR units. Rental

Loading Place- Possible replacement of existing units with 6 duplexes totaling 12 new units. Rental

Pleasant St- Possible multiple low scale buildings totaling 30 units. Rental

Concept Total- approx. 92 additional units Current MHA Unit Total- 84

Site Background : The properties at Newport Park, the Plains and Loading Place Road are technically state public housing, and are governed by the Massachusetts Department of Housing and Community Development (DHCD), not the Federal Department of Housing and Urban Development (HUD). HUD and the Federal Government have undertaken a number of innovative approaches to renovating and incorporating conventional housing and partnerships with private entities for its public housing communities across the country.

Massachusetts has done very little. There have been a few demonstration programs, with little if any success- and those have been tried in much larger municipalities with more sophisticated housing authorities. There is no existing legal framework in place to allow the MHA to partner with a private developer or change the use or even the types of apartments, or state funding for planning. This means that any proposal based on the vision presented in the consultant report will have to break new ground and attract support from the DHCD to proceed.

Consultant Plan Considerations:

A. Site Legal Context- The Land parcels are owned by the MHA. Although the Commonwealth of Massachusetts is not listed by the assessor as an owner, the MHA is considered a state agency- and state law governing the way state-owned land is managed and disposed of, even by lease, comes into play. The matter of ownership and any deed restrictions or easements on the properties need to be carefully evaluated. This is not to imply that a program is unfeasible, it just means that there will be some state-mandated procedures to follow.

B. 1 -1 Match of New to Existing Units- In previous DHCD demonstration projects, new units of low-income housing must equal at least 100% of the existing units. In other words, the state would require that a renovation plan must double the total number of units. For the MHA, this would mean an additional 84 units for a total of 168. With 30 units at the DPW site, the consultant plan included 92 new mixed-income housing units. We will need to work closely with supporters, legislators and DHCD to see if there is flexibility here. Clearly, including units on the Pleasant Street property as part of the overall plan is crucial in the current context.

C. New Units Must Be On Land Separate from the MHA Units- By law all new units that are not public housing must be located on land that is not owned by the MHA. The consultant assumption is that new

units would be built on excess land at the three existing MHA sites, accomplished by a subdivision plan, perhaps with a long-term lease. Does this mean that the land must be declared surplus and state mandated procedures followed to transfer this land to a new entity? It is not clear at this point. It is assumed that the State would agree to consider other town-owned sites such as the Pleasant Street site provided the cost to acquire does not sink the deal. If the MHA sites were to be subdivided, the Town would need to determine what variances would be needed, what easements must be provided, and what the process would be for transferring the subdivided parcels to a new entity.

D. Decoupling of New and Current MHA Units- Transfer of Cash Flow and Proceeds?- In the worst case noted above, the construction of any new units would need to be completely de-coupled from the MHA sites. If so, a challenge is to establish a mechanism whereby funds generated by the new units be made available to support the MHA units. Note that a key part of the consultant plan is the generation of revenue from the development of new units providing an economic basis for the rehab of the MHA units. The new development entity- probably a partnership- would have to have some form of an operating agreement that would define how the funds from operations would flow, perhaps through the MAHT, to the MHA for the repair work and to help with ongoing operations.

E. Occupancy Opportunities- Could existing senior units, especially second floor walk-up units, be traded for senior units in new accessible buildings, as long as the overall number of PHA units, remained the same? Possibly. This is an attractive opportunity that has been discussed with current residents. This needs exploring, but an important aspect of the consultant plan was to infuse private or private housing funds to buttress the existing units.

Next Steps:

1. Outreach and Engagement- Both the MHA and MAHT are committed to continuing outreach and engagement efforts to include residents of the properties, neighbors, town boards and other stakeholders in the planning process.
2. Decision on Pleasant Street- One critical, time sensitive matter is to determine if the Town will support repurposing the Pleasant Street for new housing. It is our sense there is support for this, coming out of the community masterplan process and the town's recent interest and show of support for community affordable housing. As noted above, the Pleasant St. site is important as a possible financing vehicle for the MHA units. Would the Town consider providing the site at a reduced selling price to provide operating cash to support the MHA properties? At some point, the potential sale of the DPW will require several Town meeting approvals, including the selection of a new site for the yard and to approve the cost of a new facility. BOS guidance on these points will be very helpful as we consider the timing of a developer Request for Proposals.
3. Development Partner- The MHA will need to engage a potential development partner to help navigate the financial, legal and political issues that involve DHCD and other state agencies. There are a number of non-profit organizations who have expressed strong interest in working with the MHA and the Town to develop and manage these community affordable housing properties. Any Request for Proposals would have to be approved by DHCD and governed by state laws.
4. DHCD Engagement- We must continue to engage aggressively with DHCD and other agencies as well as our state legislators in an effort to untangle some of the policy issues that can derail the innovation required to implement the project. It might even serve as a model for the redevelopment of other state public housing properties.