

**Derby Housing Authority  
Special Meeting  
Minutes March 8, 2018**

The meeting of the Derby Housing Authority was called to order at 7:38 PM by Linda Fusco, Chairperson; this was followed by the Pledge of Allegiance.

**Roll Call**

**Present:** Chairperson Linda Fusco, Vice-Chairman Adam Pacheco, Treasurer Robert Lisi and Resident Commissioner, Michael Mazzola.  
Mr. Hance was also in attendance.

**Excused:** Kathleen Ducharme, Secretary

**Old Business**

**State Supportive Housing Program**

- Ms. Fusco said that she wanted it on the record, that Ms. Ducharme thought it was too soon to apply for any funding, given the fact that we are finally seeing the light at the end of our tunnel.
- Mr. Hance said that after the meeting, in Rocky Hill, he spoke to Deb the supervisor, and she told me, forget Seymour, do Derby. I do believe that it made a difference to see everyone there. They were pleased with the job this board has done, they came in with doubts, and walked away confident with Derby. Derby is presently in the #1 category, next year will move to category #3. Next year there will be a new Governor, and he/she may look at that account and say we have \$30 million, but I can use that money elsewhere, then no one will be funded.
- CHFA will be looking at your rent structure; they have created a new form, showing High, Medium and Low rents for each of your units. There will be 15

year sustainability, and each year you will have to deduct your capital needs, as you do now, putting money aside for repairs, etc., they want to be sure that the money put aside is sufficient. Mr. Pacheco said this is income vs. expenditures. Mr. Hance added that this could mean a restructure of the present rents, going to a level 1, 2 and 3. Level 1 being the lowest, level 2 being about where you are now, and level three which is the highest. This would mean the high would subsidize the low. I see no major changes now as you have already done that, and I see rents being in the \$400-\$500 range. This will happen at turnover, and would not affect the current tenants as they will be grandfathered. The state hates anyone that would be evicted for economic reasons, and would be very much opposed to you doing anything to the current tenants; however you still have that option.

- If we go for the grant, I will have to do Cicia Manor, but frankly all three will have to be done. The difficulty is that every other town has their budget and capital needs. Ms. Fusco said that Derby has their budget and capital needs lumped under one dollar amount. Mr. Hance said they would take the base amount of \$106,000 and divide it by the number of units in each project, and distribute by percentage. How long will the sustainability go, they don't know, but on the other hand they do not want the housing to deteriorate.
- In priority #1 where Derby is, there are 12-15 applications this year. They have 29 meetings. One of the prerequisites is to attend a meeting, which we did, and yesterday was the cutoff. One city, Glastonbury dropped out yesterday, and I think Seymour will be possible dropping out tomorrow. Last year there were 10 and only 2 #1 would be funded. Ms. Fusco asked how many were in priority #1, and Mr. Hance said he had a discussion with Deborah as to telling who were the other towns were being considered and she said the legal department said she could not do that. Mr. Hance had the list of the cities that have qualified and he was going to forward the "link" with that information to the board members. When you go through the list you can see by date, who has already been funded, and as to how many have come in, you can tell.
- Mr. Hance said that Leverage is another very important part of this application. Mr. Pacheco said instead of going over all the "unknowns", let's discuss the "knowns", what are the costs associated with this grant. Mr. Hance presented the board with a sheet showing all the costs. His estimate is approximately \$187,000. On the form, he broke out the expenses. He said the

construction costs usually run 6 to 7 1/2 %, broken out as 65% for design and 35% for construction. The list included architectural services, engineering services, environmental site assessments, a marked study and an appraisal which are optional, pre-development financials and applications, legal expenses which would include permitting, general counsel, tax credit organization, and a portion of the financing applications, zoning, approvals and permit fees, survey, geotech needed for retaining wall construction an energy modeling which is needed for additional points for funding. Mr. Hance went over every item with the board as to what had to be done. After discussion, the estimated cost was brought down to approximately \$107,000. Mr. Hance said he had done an analysis of the office area and felt that only 3 units would fit in that area. He went on to say that the board would need to come up with about \$90,000 to do the application. Ms. Fusco the difference would be in the sale of the Barron building, and even though the deposit is non-refundable, and this sale would fail, would we still be able to do this, or are we putting a lot of eggs in the Barron building basket? Mr. Hance answered that if the Barron building does not sell, the board will still have around \$153,000 in reserve, and with said, there will still be a need to do Guardiano Terrace and Stygar Terrace sometime in the next 15 years. Ms. Fusco stated she felt that all the properties needed work, i.e. windows and doors. Mr. Hance added he only went in for the one area because he wanted the \$400, 000 monkey off our backs. If the board wants to do the other two properties, and this is your decision, I will contact Deb and let her know that the board wants to do the whole thing.

- The last thing we have to consider, and I don't know, however I did ask Deb is she had a figure yet, is the capital needs assistant. This is the basis for all of this and in the past there was a series of different figures in it with a 20 year capital needs and we would use this a guide going 50 to 100% over. They now have the total operating and total capital and are looking to combine these to see if this would be the maximum you can apply for. It would be that number times 1.3. We don't even know what that number would be. If it's for all 3 projects, Derby is considered a mongrel. There is a subsidy column and a capital needs column, and what the reports said was Derby should get a subsidy, and that could be as high as 10 million dollars, it would be 1/2 million a year, but this would double your income. This is a 20 year plan. If the capital need is 1.4 million, and if they combine the columns, they would come up with a number, and we don't know what that number would be. Ms. Fusco asked if we would know before we apply and the answer was yes. So getting back to our

discussion, do we do all 3 projects or just one. We don't know what the cap will be, and if the cap is low, we may only be able to limit ourselves to one or two. If we can take care of 1.6 in this round, that leaves you with 3 million. Between CBDG, to which Ms. Fusco said "if we get it", and Mr. Hance said once you get first CBDG, the rest are easier. The hardest is the capacity of the community is to do it. That is what I am worried about; we don't have anyone to do the administration. Once they know you are a good community, you get your monies in order, your books are done and they are more likely to give you the money than someone they are not sure of. They are ways of doing the tax credits, but they are not as good as SSHP. You have a series of decisions, one is do you do it all, second is which properties do you include. Once we know what the cap is, and we do two of the three. Guardiano should be the next one. The last thing I want to be sure you understand, under this program the state wants you to figure out a way that your income is greater than your expenses. Some of this is due to deferred maintenance, and the state does not want to see the housing projects deteriorating. They do not want the reserves being high, with you not doing the maintenance. The state would prefer a small reserve, keeping up the maintenance on the buildings. You should spend the money otherwise the state may come in and split the reserve money 50/50 split. Half of your 50% would have to go into reserves and the other half into special programs. No one knows how long this would last. They would very carefully look at your personnel and the salaries and the amount of staff. Mr. Pacheco asked what the breaking point is where the state tells of what projects we should be doing. You will have to do health safety, envelope projects, sewers boilers, sidewalks, etc. I wish I could give you the numbers you need now, but I can't. Mr. Mazzalo was concerned that if it costs us the \$170,000 to apply for this grant, and we don't get it, we will lose this money. His answer was yes, and he felt that losing this money might set us back. Mr. Hance said that this is a business decision. Last year 4 applied and 2 got it. He said we are in a good position, if we have corrected all the problems, hopefully we will make it. They are looking at our leverage and they are looking at the fact we applied for the CBDG. Deb said if we don't get it, she will make adjustments. CBDG is a standalone project. Ms. Fusco asked if we had a better chance if we asked for more money, and Mr. Hance said no. We don't know what the cap is. If there is more than one project it is still one application. Frankly we should have done a pre-development loan, but it is too late for this year. Ms. Fusco asked who makes the decision. The applications go to DOH, FEMA and the commission and the underwriters. Frankly the decision comes from Yvonne Klein.

- **Ms. Fusco asked the board what their pleasure was. Mr. Lisi said with the cost being approximately \$170,000, and the \$90,000 we received for the Barron building, and the fact that we are now a priority #1 and next year we could be a priority #3, we have to go for it. Mr. Pacheco and Mr. Mazzola said they two said we have to go for it. Ms, Fusco also agreed. A motion was made by Mr. Pacheco and seconded by Mr. Lisi to authorize the application for the SSHP program up to the maximum allowed, with the priority being Cicia Manor and if the cap is higher and we can do it, the next highest that fits under the cap. Motion Carried.**

### **Adjournment**

**Ms. Fusco asked for a motion to adjourn. A motion was made by Mr. Pacheco and seconded by Mr. Lisi. Motion Carried. The meeting was adjourned at 8:34 PM.**

**Respectfully submitted,**

**Louise Pitney  
Recording Secretary**

**\*\*These minutes are subject to the approval of the Derby Housing Authority at their next schedule meeting.**