

Exhibit G. Housing Strategy

HOUSING AUTHORITY OF THE CITY OF MERIDEN

ExhGHousingStrategy.pdf

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The vision for the Housing Component of the Meriden Choice Transformation Plan is driven by three community-based goals: (1) Create a mix of housing types and attractive styles that serve the identified needs of current and future residents at all income levels; (2) Develop housing that best leverages downtown Meriden's unique assets – train station, Meriden Green, central location, Community Health Center, and employment opportunities; (3) Ensure minimal disruption to the residents of Mills Memorial and assure that every Mills household has first choice of new housing. Implementation of the proposed housing strategy is halfway complete. The \$30 million mixed-use, mixed-income 24 Colony project (with 63 total rental units including 24 Mills replacement units, 11,000 square feet of retail space, and a 273-space parking garage tenants and commuter rail passengers) is fully leased up. The \$28 million Meriden Commons 1 project (with 75 total rental units including 26 Mills replacement units and 5,500 square feet of retail space) is under construction and scheduled to be leased up in 2018. The \$28 million 11 Crown project (with 71 total rental units including 20 Mills replacement units) is fully funded with a 9% LIHTC award in 2017 and scheduled to break ground in early 2018. With these projects underway, the Meriden Choice Housing Plan only requires three more phases to complete housing transformation (one of which already is fully funded with a competitive 9% LIHTC award in 2017): Phase 1 – Meriden Commons 2; Phase 2 – Meriden on the Green; and Phase 3 – Yale Acres. The joint venture between Pennrose Properties and Meriden Housing Authority (both experienced in mixed-income development) will ensure the successful implementation of these remaining phases of housing.

G.1 Overall Housing Strategy

The proposed housing strategy fulfills all three of the above community housing goals by providing a range of replacement and non-replacement housing options for returning Mills households and new tenants in multiple locations in and around downtown Meriden. Additionally, the proposed housing strategy replaces every unit and every bedroom of Mills Memorial Apartments. Altogether,

the joint venture between Pennrose Properties and the Meriden Housing Authority will be responsible for 293 units of new housing in Meriden to be implemented over the next five years, of which 146 units will be Mills Memorial replacement units, 67 units will be non-replacement affordable housing units, and 80 units will be market rate units. This housing program will be implemented in three phases, with the first phase already fully funded and ready to close in 2017. The 146 replacement units will be Project-Based Voucher units that will primarily serve households below 30% AMI (<\$26,250); the 67 non-replacement affordable units will be predominantly LIHTC units serving households between 30-60% AMI (\$26,250-\$52,500); the market rate units will target households above 60% AMI (>\$52,500). All 140 existing units at Mills Memorial will be demolished, and proposed phases of replacement housing are a combination of new construction and rehabilitation, developed on MHA- and City-owned lands. 44 Mills replacement units in the form of Project-Based Vouchers have and will be developed by another entity other than the Housing Implementation Entity without Choice Neighborhoods funding. A letter from MHA's Executive Director is included in Attachment 33.

Location	Phase	Name	Total Units	Market Rate >60% AMI	Affordable Non- Replacement	Replacement	Replacement Unit Bedroom Breakdown				
							1 BR	2 BR	3 BR	4 BR	
Off-Site	0	24 Colony	24	NA	NA	24	12	12			
Off-Site	0	11 Crown	20	NA	NA	20	5	5	10		
On-Site	0	Meriden Commons 1	26	NA	NA	26	3	9	14		
Off-Site	1	Meriden Commons 2	76	16	34	26	4	12	6	4	
Off-Site	2	Meriden on the Green	80	64		16	7	9			
Off-Site	3	Yale Acres	67	0	33	34		11	11	12	
Total			293	80	67	146	31	58	41	16	
				27.30%	22.87%	49.83%					
Existing Bedroom Mix at Mills Memorial							26	52	44	18	

Alternative development approaches: Several development alternatives were considered, but ultimately not selected, by the community and development team. One scenario considered the rehabilitation and modernization of existing Mills Memorial buildings, but the development team could not overcome two significant barriers – the high cost of modernization (69% of TDC) and the inability to mitigate flooding caused by Harbor Brook that runs culverted directly under the Mills site. Another scenario considered the complete relocation of all 140 units of Mills Memorial; however, at a contextual density of 7 units per acre, the development team required a 20 acre site within the City of Meriden. The only 20 acre sites available for housing development had poor access to services / transit, or required significant remediation, or both. None of these conditions were acceptable to existing Mills residents.

Unit mix: The proposed unit mix for replacement units is based directly on the existing unit mix of Mills Memorial Apartments and is further supported by households on MHA’s waiting list. The existing unit mix is 26 1BRs, 52 2BRs, 44 3BRs, and 18 4BRs. The proposed unit mix is 31 1BRs, 58 2BRs, 41 3BRs, and 16 4BRs – very closely aligning to the original unit mix. A portion of the replacement 3BR and 4BR units are located just outside the Choice Neighborhood boundary in a lower density setting that is conducive to larger families. This location meets HUD’s poverty and minority concentration thresholds for off-site, outside-neighborhood housing according to Section III.C.3.2.b.4.b. Most importantly, replacement housing outside the neighborhood was driven by current Mills households with large families who expressed keen interest (at multiple charrettes and forums) in living at new and substantially rehabilitated units at Yale Acres. The development at Yale Acres will include a fully programmed community center and access to transit (CT Transit Bus Route A); additionally, children will be able to continue matriculation at their current schools or opt into one of Meriden’s Extended Day Learning Schools (See People Strategy). The proposed unit mix for the non-replacement housing units is based on multiple market studies which state that new housing units will

likely appeal to younger, working singles and couples, and empty nesters, as well as families in the region looking for high quality affordable housing near assets and services.

Rent levels: In 2010, there were 60,848 residents living in Meriden. In 2013, there were 60,691 residents. Although the population growth was essentially flat from 2010 through 2013, the market area experienced very low vacancy, indicating a tight rental market and suggesting a demand for more units. 61 students from families fleeing hurricane damaged areas including Puerto Rico, the US Virgin Islands, Florida and Texas enrolled in the Meriden Public Schools as of November 2017; up to 200 families are expected to come to Meriden permanently due to hurricane related displacement and as a result the rental housing market could get even tighter over the coming months. New housing for individuals earning less than 60%, 50% or 25% AMI is hard to find. For public housing residents, the Meriden Housing Authority has a waiting list of 265 families (3 years). According to a 2017 market study, the market area lacks the type of new, moderate to high density construction that the target market for the proposed project demands. Less than 10% of the housing units in Meriden are in buildings with more than 20 units. Over 50% of housing is in single unit attached or detached buildings. Only 65 units of housing were built between 2010 and 2013, and the majority of the existing housing stock was constructed before 1990. As a result, there is currently a shortage of new construction housing available in the city.

Bedroom	60.00%	50.00%	25.00%	FMR	Market
Studio	1,002	834	417	1,007	-
1BR	1,074	895	447	1,137	1,092
2BR	1,289	1,074	537	1,379	1,332
3BR	1,489	1,240	620	1,777	-

Estimated rents for market rate units (online in 2019) are \$1,092 gross for a one bedroom, and \$1,332 gross for a two bedroom.

Relocation and Tenant Protection Vouchers: Relocation of the tenants of the Mills Memorial Apartments is complete and was done in two phases in accordance with a relocation plan. The first phase, consisting of 24 units, pertained to the tenants of buildings 32, 34, 40, and 42 Mills Street (two low rise buildings). The tenants in the remainder of the buildings (Phase 2), consisting of 116 units (one low rise and two high rise buildings), were fully relocated in 2017. Mills Memorial is currently vacant with demolition approval from HUD along with fully secured demolition funds from the State of Connecticut under a FY 2016 brownfield cleanup grant awarded to the City of Meriden. Several resident meetings have taken place over the course of the past several years informing tenants about the project and to assist with their relocation. One-on-one assistance was also provided for the families in the first phase of the relocation. In accordance with MHA's "Right-to-Return" Policy for the Mills, all eligible households that were in residence at the Mills as of November 1, 2013 have the option of returning on a priority basis to any dwelling unit constructed as part of the Replacement Housing Plan for which they are income and otherwise eligible subject to screening for suitability. MHA provided "replacement vouchers" to families returning to replacement units. In those cases under which a household's income has increased such that they are only eligible for a non-subsidized or market rate unit, the "Right-to-Return" would still apply to the extent that the household is determined to have stable income sufficient to pay a non-subsidized rent.

Land use approvals: The development team has secured discretionary land use approvals (including zoning) for the developed and undeveloped land for ALL phases of housing proposed. (Attachment 38.)

Measurable Outcomes: MHA and Pennrose will report quarterly on a number of metrics, including: units demolished; units built on time and on budget; new accessible and visitable units; unit types (replacement, tax credit and market-rate); actual income mix achieved upon occupancy; reduction in per-unit energy consumption in new units compared to old; achievement of industry standards for

quality property management; waiting lists by unit type; and tracking the increase in fair market rent over the 5-year period and beyond.

G.2 Phasing and Mixed-Income Development by Building

Phase 1 consists of a 76-unit, mixed-use, mixed-income development (3 buildings including apartments and townhouse style units) that sits off-site on land currently owned by the City. A majority of MHA's on-site land is not suitable for redevelopment, and therefore HUD has approved the transfer of the Phase 1 development site from the City to MHA and the simultaneous transfer of the Mills site from MHA to the City to allow the City to continue implementation of the Harbor Brook flood control project at the Mills site, which sits in the 100-year floodplain. Phase 2 consists of an 80 unit, mixed-use, 4-story elevator building on the newly completed Meriden Green site (three acres of City-owned land, which sits outside of the 100-year floodplain). Phase 3 is just outside the Choice Neighborhood boundary on MHA-owned property and consists of 67 units in a combination of new and substantially rehabbed semi-attached, rowhome and walk-up buildings. All phases of development in downtown Meriden are mixed-use buildings in keeping with the City's TOD zoning overlay.

Funding sources: Financing for all 3 phases of housing will come from a variety of sources.

Phase 1: Over fifty-six percent (56%) of the funds will be raised through the syndication of Low-Income Housing Tax Credits awarded to the project by the Connecticut Housing Finance Agency. In addition, a combination of Choice Neighborhood funds, Connecticut Department of Housing Affordable Housing Program (Flex) funds, first position private permanent debt from Freddie Mac (serviced by Capital One Bank, N.A.), and deferred developer fees. **Phase 2:** This multifamily building will be funded primarily through first position private permanent debt from Capital One Bank, N.A, Choice Neighborhoods funds, and private equity, and deferred developer fees. **Phase 3:** Yale Acres is a proposed \$24 million housing rehabilitation and new construction project consisting of 67 units. A 4% LIHTC application was submitted in April 2016 and is currently under review by CHFA and CT DOH underwriting. The ask from CT DOH is a \$5.7 million loan in the form of Affordable

Housing Program FLEX funds. MHA has received several loan commitments including federal LIHTC net proceeds in the amount of \$13,468,356 (First Sterling Financial), and \$24 million permanent loan by Rockport Mortgage. MHA has committed to a Purchase Money Note in the amount of \$3.5 million and a project reserve loan for \$250,000. The project also received \$779,600 in energy rebates for its commitment to energy efficient improvements, and has been approved by Eversource's ZREC program to receive a potential of over \$1 million over a 15 year time period. \$5.5 million of Choice funding is covering the critical gap needed to make this project possible.

G.3 Mixed-Income Development by Total Units

MHA and Pennrose are developing housing available to households with a broad range of incomes for a transformed downtown Meriden. The plan calls for 146 project-based voucher replacement units and 147 units that are either LIHTC-only or market-rate units. Therefore, more than 50% of the 293 total units are not public or assisted-housing units. The 80 market-rate units, targeted at households above 60% AMI, comprise 27% of the 293 total units.

G.4 Property Management

Phase 1: Pennrose Management Company ("PMC"), a wholly owned affiliate of Pennrose, will be the Management Agent of record. PMC shall collaborate with the MHA to provide opportunities for the authority to strengthen its experience and build capacity for managing LIHTC developments.

Phase 2: Pennrose Management Company ("PMC"), a wholly owned affiliate of Pennrose, will be the Management Agent of record. PMC shall collaborate with the MHA to provide opportunities for the authority to strengthen its experience and build capacity for managing LIHTC developments.

Phase 3-Yale Acres: The proposed property manager for the redeveloped Yale Acres is Evette Nava. A seasoned property manager, Evette has worked for the Meriden Housing Authority, Lead Applicant, for over 20 years managing public and HUD-assisted properties. She currently manages the existing Yale Acres property for the Meriden Housing Authority, as well as a neighboring property known as Johnson Farms. Both properties are currently part of Connecticut's State Moderate Program.

Evette previously managed, the now vacant, Mills Memorial Apartments, the 140 unit HUD-assisted property also part of the Meriden Housing Authority's portfolio. She holds certifications as a certified Public Housing Manager, as well as a certified tax credit compliance specialist through Spectrum. Evette continues fair housing training on an annual basis. She has extensive experience in and is responsible for all operations of managing rental properties: tenant-relations, lease enforcement, leasing, marketing, maintenance operations, state and federal regulations. As Yale Acres is redeveloped, Ms. Nava will transition the property to tax credit compliance. With her familiarity with the property and the residents, she will work with the relocation team during construction to certify and move eligible tenants into their newly renovated apartments.

G.5 Design

The overall housing plan is designed to enrich the surrounding neighborhood and promote mixed-income, mixed-use communities by means of the integration of high quality residential and mixed-use buildings at several critical locations within the downtown Meriden Choice Neighborhood, as well as a high-quality, energy efficient rehabilitation and new construction of the existing Yale Acres moderate income housing site on the City's east side, just outside the neighborhood.

i. Architectural character / amenities. Each project phase incorporates architectural character, design elements and amenities that are designed to attract a diverse population across income brackets, family size and racial and ethnic backgrounds that will enrich the neighborhood, improve connectivity, foster diversity, and deconcentrate poverty. The subsidized, low and moderate income housing, and the market rate housing are intermixed within individual buildings so as to be indistinguishable from each other (attachment 36). Phase I of the project will be developed on a parcel adjacent to the Mills Memorial public housing site (177 State Street and 62 Cedar Street). Renamed Meriden Commons 2, this project will accommodate 26 Mills replacement units in addition to 34 "workforce" housing units and 16 market rate units. This building will provide 5,500 square feet of retail space on the ground floor facing State Street. 4,300 square feet of that total are currently designated for a daycare facility

to be operated by Meriden Children First. This phase consists of three buildings – one elevator and two walk-ups. The elevator building is designed in a contemporary “Downtown” style, drawing from Meriden’s industrial heritage while enduring the next 40 years. The walk-up buildings are more traditional in style so as to fit into the residential side of the block. Phase II of the project, unofficially named "Meriden on the Green", will provide 80 apartments and up to 10,000 square feet of retail space on the ground floor along Pratt Street, which will be improved as a boulevard in 2018 (Exhibit H-Neighborhood Strategy). 16 of the 80 units will provide replacement housing for Mills residents. This building is designed as a gateway building as it will be prominent to drivers entering downtown. Phase III will provide 67 new and rehabilitated units at the Meriden Housing Authority’s former State Moderate Income project at Yale Acres. Yale Acres provides an off-site housing alternative to the project phases within the Meriden Choice Neighborhood. At Yale Acres the focus will be on providing a relocation resource to larger families, with 11 three-bedroom and 12 four-bedroom units among the 34 relocation units provided on the site. In addition to the rehabilitation of existing obsolete housing stock into new energy efficient contemporary housing, the Yale Acres site will include a new 25,000 square foot community center and community greenhouse, and two new playgrounds, one each for children between the ages of 2-1/2 to 5 years of age and 5 to 12 years of age. Both playgrounds will be designed to accommodate children with physical handicaps. Yale Acres is designed as traditional low-density buildings to fit into its surrounding neighborhood.

ii. Unit and room sizes. All residential units will be designed with modern layouts, high-quality finish and appliance standards, and will include dishwashers, disposals and microwaves. The units in all phases of the project have room sizes which exceed the minimum design standards established by HUD and the Connecticut Housing Finance Agency. All new units will be significantly larger than the existing Mills Memorial apartments, at an average of 700 SF (1BR), 944 SF (2BR), 1,294 SF (3BR), and 1,388 SF (4BR). All 1BRs and most of the 2BRs will be apartments served by elevators, and the larger units, 3 BRs and 4 BRs, will primarily be townhouses and flats. 1BR and 2BR units will

have one full bath; 3BR units will have 1.5 baths; and 4BR units will have two full bathrooms (attachment 37). Finishes will be attractive and durable, including laminate and carpet flooring. Unit-based access to broadband internet connectivity will be provided in all units; wiring infrastructure will be installed. All Mills households and other qualifying residents will have the opportunity to sign up for no-cost or low-cost high speed internet service through MHA's ConnectHome initiative. 10% of all unit types will be handicapped accessible; all elevator apartment units at Yale Acres (305 out of 494 total units, or 62%) will be both visitable and adaptable if not fully accessible.

iii. Compact / pedestrian friendly / mixed-use neighborhood. The housing, as designed, fosters a compact, pedestrian-friendly, mixed-use neighborhood. The project phases located within downtown Meriden (Project Phases I and II) are all located within ¼ mile of the newly constructed Meriden Transit Center, commuter rail and transit bus service, and also within ½ mile of each other, in order to foster residential density within the Transit Oriented Development (TOD) District. Each of these downtown phases contain a healthy mixed-use program consisting of retail, services, recreation, and entertainment-related spaces in order to leverage the \$500 million commuter rail transit investment and to create a dense, pedestrian-friendly district that fosters economic opportunity for the residents of these new developments as well as the greater Meriden community.

iv. Sidewalks. In order to create safe, usable sidewalks, all project phases incorporate a pedestrian buffer strip planted with trees, along the sidewalks bordering streets. Additionally, the intersections of State/Park, Cedar/Park and Pratt/Miller will be enhanced in order to alert drivers to bike and pedestrian activity around the newly developed 14-acre downtown park of Meriden Green. The City will also upgrade sidewalks, crosswalks and signals in the TOD district using \$6.8 million in state, local and federal funding (See Exhibit F-Neighborhood Strategy).

v. Recreation / community gathering spaces. The individual project phases provide housing with well integrated recreational amenities and landscape elements that are accessible to persons with disabilities and are comparable to newly developed and renovated housing in surrounding

communities. The Yale Acres site will include a new 25,000 square foot community center and community greenhouse, and two new playgrounds, one each for children between the ages of 2-1/2 to 5 years of age and 5 to 12 years of age. Both playgrounds will be designed to accommodate children with physical handicaps. The downtown housing developments (Meriden on the Green and Meriden Commons 2) are located near the Meriden Green, an award winning \$14 million 11-acre park with 1.5 miles of walking trails, an amphitheater and stage, and home to the Meriden Farmer's Market, the downtown Summer Music Series, and other events (http://www.meriden2020.com/Things_To_Do/meriden-green/).

vi. Defensible space. The buildings and overall site design exemplify best practices in defensible space design, with apartments facing onto streets or other public rights of way, and clear relationships between front (public) and rear (private) outdoor space.

vii. Landscape. Yale Acres consists of two large areas of 40-50 year old trees with similar aged trees throughout the development. The trees will be thinned out as they present a danger to the buildings very close to them. In fact, during storms over the last decade much damage was done to buildings and infrastructure. New street trees and other indigenous plantings will be planted throughout the site while keeping the larger stands of trees after thinning. Plantings include trees such as honey locust, linden and maple trees and smaller plantings throughout the property, such as shadowblow serviceberry, flowering dogwood, callery pears, holly, mountain laurel, vibernum and boxwoods.

viii. Stormwater management practices. Each project phase is designed to pro-actively manage stormwater, following best-practices as defined by the 2004 Connecticut Stormwater Quality Manual, published by the Connecticut Department of Energy and Environmental Protection. Yale Acres includes two major bioswales designed into the project leading to the two major wetlands on the property. Additionally, there are many rain gardens and galleys which direct and filter the roof water runoff. There are many areas around the property which allow for natural vegetation to act as pervious areas to control rain water while still providing grass areas for children's play grounds.