

## Economic Development Minutes

Honorable Council  
City of Newark, Ohio  
January 16, 2013

The Economic Development Committee met in Council Chambers on Monday January 14, 2013 following the Service Committee meeting. These members were present:

Rhonda Loomis, Chair  
Jeff Rath  
Bill Cost Jr

Ryan Bubb for Doug Marmie  
Marc Guthrie

We wish to report:

1. Matt Solomon, Millennia Housing Management LTD, discussed their application to rehabilitate Log Pond Apartments through Ohio Housing Finance Agency's Tax Credit Program. Resolution No. 13-07 was considered for this project.

**Director Mauter-** stated that on December 6, 2012 Mayor Hall, Director Rhodes and he met with Matt Solomon. Matt is the Director of Design and Construction with Millennia Housing Management LTD, whom own Log Pond Apartments. He stated that they would like to invest about 3.1 million to rehabilitate the interior and exterior of the property. In order to do this they would need to apply and be awarded Ohio Housing Finance Agency's Tax Credits. To help to improve their application they have asked the City of Newark for a resolution that would be in support of this project. He further stated that by Matt's presentation it will be seen that the 3.1 million rehabilitation project will significantly improve the property and provide onsite amenities that would benefit the surrounding community.

**Matt Solomon-** stated that Millennia is the owners and the managers of the Log Pond Apartments, they are also the owners and managers of several other properties in Newark as well as the state of Ohio. He demonstrated what they have done previously at their other residential properties by using tax credit funding from Ohio Housing Finance Agency by way of picture boards. He stated that the transformation is taking them from what they have been for the past 30 years and setting them up for the next 40 years. The improvements include site amenities, computer learning centers, and employment opportunity centers, as well as health and wellness opportunities.

Log Pond is a 50 unit property of townhouse structures, 2 and 3 bedrooms. It has a central office building, but it was built in the 1970's and has not seen much in the way of capital improvements. Millennia acquired the property in 2009.

There is a large amount of green space south of where the structures are located. He shared a site plan of the existing buildings and proposed structures. He stated that they will do all the necessary capital improvements to increase the longevity and durability of the property. They will repave all the asphalt areas, provide new concrete for all the walks, stoops and stairs, but the open area to the south has a dilapidated basketball

court that you really can't even play on. The court will be rehabilitated and they are also proposing a walking path that circuit around the entire property. The community building will be enlarged by about 500 square feet, where the courtyard is they are proposing a new playground, a picnic shelter with permanent grills, a gazebo with a community garden, and an activity field for baseball, football or soccer, it has not yet been decided. He stated that they discussed the playground area and activity area with the residents at a meeting conducted onsite earlier that day. He stated that 30 residents participated. They received feedback regarding the plan for both of those areas. He stated that the meeting tonight, earlier that day and future community meetings will earn them points. He stated that it is a competitive scoring system in the state now that approximately 90 projects or properties go in front of the state for tax credits for affordable housing, which is what this is, only about a 1/3 get funded. He stated that they are pretty successful at getting funded. He stated that they had 1 out of 3 funded last year and two the year before. He stated that receiving the tax credit funding is the main way to set these properties up for the next 40 years.

**Mrs. Loomis-** asked how many units there were.

**Matt Solomon-** responded 50.

**Mrs. Loomis-** asked if they would remain low income.

**Matt Solomon-** confirmed that they would, he said that part of the tax credit program states that there is not to be any change in rents. He stated that the only change in the units would be to comply with the ADA requirements. He stated that there are currently two substandard units and they have to provide three.

**Mrs. Loomis-** inquired whether or not the plan regarding the activity field would cause any safety issues. Specifically she mentioned that it would attract other citizens to the property besides the residents of Log Pond.

**Matt Solomon-** responded that because the property is owned by them it is their responsibility for what goes on in that field. He stated that they would like to team up with a youth athletic program since there is so much space there but ultimately it is Log Ponds responsibility for the safety and what goes on there. He further stated that there is about \$30,000 budgeted for security cameras to monitor activity there, currently there aren't any. Site lighting is also included in the plan. He did state that they don't have control over everyone who comes to the property but again they would like to have an organized athletic group use that space on the property.

**Mrs. Loomis-** asked if there was a manager on site 24 hours a day.

**Matt Solomon-** yes, the manager is there 5 days a week and available 7 days for emergency calls. A maintenance technician is there most of the time when the manager is not, except Sundays.

**Mr. Bubb-** asked if local contractors from the Newark area would be used.

**Matt Solomon-** Millennia Companies has a general contracting company that is part of their business, however they hire local sub-contractors. They do have a couple of crews of painters and flooring teams because they go into a unit one at a time and rehabilitate the kitchen and bath before moving on to the next unit.

**Mr. Bubb-** asked Director Mauter to ensure that local sub-contractors are hired to do the work as Mr. Solomon stated. He also asked how many years the tax credit is good for.

**Matt Solomon-** stated that he did not know specifically the duration of the tax credit because it varies per the allocation.

**Mr. Rath-** First he stated that it was difficult to tell from the pictures how large the community garden was, but that it looked small. He advised him that we have had success locally with our community gardens and encouraged him to look at the 6<sup>th</sup> St community garden. Mr. Rath felt that enlarging the size of the community garden should be considered. He also asked if they had considered a fenced in dog area in the open green space.

**Matt Solomon-** answered regarding the fenced dog area, that they had not done it before but it had been suggested. With regards to the community garden, he agrees that they could enlarge it; they are usually a basic plan. He mentioned that sometimes it is a matter of how close they are to the rear patios and the action noise that they bring.

**Mr. Cost-** asked if anyone will be displaced because the interior and exterior work they are proposing sounds extensive.

**Matt Solomon-** he stated that no one would be located off the property for a long period of time and that they are going to provide a hospitality suite for those who may want to stay there while work is being done to their unit. At the end of every day they are required to provide residents with a working bathroom and a working kitchen even if cabinets aren't installed. He stated that they have about 3 pre-construction meetings with the residents asking them to help them be in and out within a day or two at most by packing up their goods.

**Mr. Cost-** asked if the hospitality suite was on premises.

**Matt Solomon-** confirmed that it was. He said that there are two vacancies and if they get the allocation it will be reserved for that purpose.

**Mr. Guthrie-** stated that there are different interpretations of accessibility. He asked if there would be roll in showers.

**Matt Solomon-** confirmed there would be. He stated that the accessible units have a first floor bedroom with a bathroom adjacent.

**Mr. Guthrie-** asked where the tax credit was going to come from.

**Matt Solomon-** he explained that the tax credit program is both a public and private partnership. Millennia is a for profit company however they don't have the capital to fund this type of project therefore they partner up with an institution like a bank or insurance company. These institutions are able to purchase the tax credits that they have been awarded, the institutions have the ability to then invest in a housing project that benefits the community, which is something that they are required to do these days, and they get a deduction in the taxes that they pay. He stated that there would not be a property tax loss to the City. Ohio Housing Finance Agency doesn't actually receive cash they receive a dollar amount of tax credits from the Federal Government that they are able to offer to whichever financial partner is used in the transactions.

**Lesia Best-** inquired about the rehabilitation on the interior that is proposed. She asked if all 50 units would be rehabilitated.

**Matt Solomon-** confirmed that they are and as he stated earlier the units that have received carpet within the last 5-7 years will not be getting new carpet. The remodel is essentially an entire face lift.

**Lesa Best-** asked if there was any requirement for a 24 hour, 7 days a week maintenance person to be on site.

**Matt Solomon-** Ohio Housing Finance Agency does not have that requirement. Someone is always on call.

**Lesa Best-** asked what the dollar amount of the tax credit is

**Matt Solomon** – stated that they don't know yet until the awards are notified. The approximate amount is 1 million. The proposed construction cost is 3.1 million; they may need to go down to 3 million due to the cost effectiveness review from Ohio Housing Finance Agency.

**David Greene-** inquired about the tax credit, whether it was over a period of years or that year. He also asked if there were residents at Trail West or Concord that would provide testimony regarding the tax credit project that occurred there.

**Matt Solomon-** stated that it was a one-time tax credit that he needed to get the details on from the underwriters and will provide to Mr. Mauter. He stated that there are definitely residents who would provide testimonials.

**Mr. Cost-** if you are successful in being awarded the tax credit when will the reconstruction begin, then if they don't receive the tax credit will any renovation be done at Log Pond.

**Matt Solomon-** the application goes in the 21<sup>st</sup> of February; Ohio Housing Finance Agency deliberates and then announces who is awarded the end of June. Then it takes approximately 9-10 months to close the deal which is finding an investor and pull the necessary permits. Then they are able to close and start the project. They would be looking at January of 2014. The advantage to having an in house contractor is that there isn't any lag time working out a deal, they can get started as soon as they close. He stated that this is about a 10 month rehabilitation project. He said that they can request a third time if they are still unsuccessful they can go for a 4% bond deal but they will have to eliminate some of the amenities such as the walking path.

Matt Solomon requested that an amendment be made to the fourth Whereas on the resolution to include this statement:

**WHEREAS,** the Log Pond Apartments renovation project is an excellent example for the use of Ohio Housing Finance Agency Tax Credits, to promote Economic Development in the city of Newark in the year 2013 and, **is a priority to development in the City of Newark.**

Motion to send Resolution 13-07 to full Council by Mr. Rath, second by Mr. Bubb

Motion to amend Resolution 13-07 by Mr. Guthrie, second by Mr. Bubb

Motion to accept Resolution 13-07 as amended was carried by a 5-0 vote.

Motion to send Resolution 13-07 as amended to full Council was carried by a 5-0 vote.

Rhonda Loomis, Chair