

PUBLIC AFFAIRS COMMITTEE MINUTES

APRIL 17, 2008

The meeting was called to order by Chairperson Sellers at 6:00 p.m.

MEMBERS PRESENT: Leah Sellers, Deborah Groat, John Marshall

OTHERS PRESENT: Jim Cesa (Community Action)
Todd Valentine, Mark Leatherwood, David Skomorowski (LW Associates)
David Allen (Local Attorney representating LW Associates)

AGENDA:

- Marysville Senior Housing Partners, LLC

Ms. Groat referred to the letter from Marysville Senior Housing Partners to City Council dated February 13, 2008. She referred to figures on Page 2. LW Associates stated these are gross rents. Ms. Groat said information obtained from the City's Finance Director indicated the approximate adjusted median gross income is \$14,491 per month. Referring to the figures under "Income and Rent Targeting", she asked how they arrived at those numbers.

LW Associates explained that any time a project is done, a notification must be sent out. These numbers are taken out of a table provided by Ohio Federal Finance Agency (OFHA). The key thing to remember when doing a Senior Project is that the income limits they are allowed to use for seniors are not senior income limits. They are income limits for a family. The distinction is very real in that who will live in this project in all likelihood are seniors making \$20,000 to \$31,000 a year. Individuals on a retired income fit a lot of people in Union County. The program is for people 55 and older, making \$20,000 to \$30,000 a year. The amounts shown in the letter are the rents that must be charged in this program. It was noted these are gross rents, which include a \$148 utility allowance. In the past, OFHA has required a resolution of support from the legislative body, but the process has changed this year. OFHA feels if the area is zoned correctly and allows senior housing in the area, the public has spoken, however, it was agreed that it wouldn't hurt to have a letter of support from the City endorsing the project.

Ms. Groat expressed her concerns. Currently there are two senior facilities in Marysville, Helen Evans and Windsor Manor. After talking with managers of both

establishments, in a business of this nature, 100% occupancy and turnover is a concern. Without 100% occupancy, it's hard to make a reasonable profit. They also need a waiting list. In order to achieve that occupancy, Windsor Manor had to apply for and receive a waiver and is currently at 100% occupancy, but only because they are operating under a waiver. Helen Evans is also at 100%, but their waiting list is 2-3 people max. Ms. Groat expressed concern that when anything else comes in to Marysville it threatens the solvency of current services. She feels there is a strong possibility that with the subsidies this proposed project is receiving, this project undercuts the other two existing facilities and causes them great harm. The long term product of that would be great harm to our senior citizens.

LW Associates said their current facilities are at 100% with waiting lists. Ms. Groat said Helen Evans had to go to a waiver to obtain 100%. Originally Helen Evans was structured to be 62 or disabled and they recently went to 55 or disabled. That is why they are able to obtain their 100%.

LW Associates said they don't do HUD projects. Their market study was very robust. They've done 26/27 senior projects, none of which at this time has a vacancy. They've been doing this a long time. Homework is done up front before proceeding with a project. The market study for Marysville said they could build 86 units and rent them up in six months, but they are proposing 50 units. They are very conservative in what they do. The market study was done in January of this year. No one likes to see competition in a community. They keep the rent as low as possible. Mr. Allen said this is a somewhat different market than Windsor Manor has.

Ms. Groat said the 6% and 33% will conflict with what Windsor Manor has targeted right now. These numbers came from the Show Corporation.

Ms. Groat feels if you damage the other two facilities, the long term affect is lack of service to the seniors. It's not about competition. Are you coming to Marysville with a service that is necessary, or are you coming in as a profit company. The long term affect is when we have subsidies that can undercut another company, can we then take that market and long term affect if we've lost services for seniors.

Ms. Groat asked for Mr. Cesa's opinion on this project. Mr. Cesa supports what Mr. Leatherwood has said. The issues of competition and the 6% market areas, those are the low-end housing rental issues. Renting those would not be a problem. That is not a competitive market. However, the upper end is more of

concern, but he feels there is a substantial market for those. The need for affordable senior housing is a real requirement as we go forward into this century as the baby-boomer population ages. Studies in this County have indicated that. He noted his organization is concerned as well, but feel the issues LW Associates is presenting is a solution to a problem they see is growing. Demand today is for people who are downsizing. Seniors moving out of their house and moving into something more affordable or a smaller property is a real need. There isn't that place for them to move to. This is a solution to that bigger problem.

With the two HUD projects, if you elect 62 and older, that means everyone must be 62 and older. If you're hitting social security age, and someone is 63 and their spouse is 59, you can't move in there, which is a huge problem when looking at the size of the market. In the proposed project, only one person has to be 55. 6.25% of their units have to be at the lowest income level. The rent has to reflect somebody making 35%, which means 3 units for people identified at the lowest income level. In most cases, those are the unfortunate people that do not have a Section 8 check.

Ms. Groat said she is very impressed with the quality of the units. After this discussion, she is satisfied with the marketing aspects as well as the financial aspect, but is still concerned about current programs disappearing due to a more attractive facility coming to Marysville. Also concerned about a facility being located several miles from a school. Affordable housing, in her personal experience, has been the death of a neighborhood. She moved to the Meadowood Drive area. They put affordable housing on the back row and all of a sudden the neighborhood lost \$10,000/\$20,000 per house. Same thing happened over by the high school, which was housing, but when they ran out of money turned into affordable apartment housing and noted, per the Police Department, that area is an over percentage of their calls. To put affordable housing in the 3rd Ward, especially within two to three miles of a new school, is an invitation for police visits to her ward. LW Associates reminded her they are talking about senior housing. Ms. Groat realizes that but stated there will be relatives, friends and grandchildren. LW Associates said children will not be allowed to live there. They manage the projects.

LW Associates said they've done over 50 of these projects. First ones were for families, but they no longer do family projects, for some of the same reasons Ms. Groat mentioned. They believe in affordable housing, but decided to do primarily senior housing. Seniors maintain their property very well. With an affordable senior project, you find the people who live there are people who have worked all

their lives, not someone who has not worked. They feel most of the people who will live in this project would not qualify to live in the other two housing projects; they make too much money.

Ms. Groat and Ms. Sellers asked for a list of existing facilities so they can go visit one or two of them.

LW Associates will be managing the proposed facility. The chances of getting funding for this year may not be that good, but they will certainly keep trying.

There is an agreement with the City, that with this project, they would be building about 1,000 feet of public roadway, connecting Milford with Rebecca.

LW Associates said if they are going to invest in a facility/building, they are making a commitment to take care of it.

Ms. Sellers commented that she is on the Finance Committee for the schools, and she's hearing concerns from the community about more low-income housing. People have expressed concerns that housing for 55 and over will have families/children living in that housing.

Ms. Sellers asked what LW Associates expects to receive from a tax perspective. LW Associates said it's the funding. It's very competitive. It's the Affordable Housing Initiative in Ohio, Section 42 of the IRS Code. You apply for credits, then you take it to the market and sell these credits. When you apply for these credits, you put together a financing package in which you prove to the state what the expenses are. They award you credits, then you sell those credits and take that money and reduce your permanent loan. That's why you can charge lower rent.

This organization has been funded for over 50 projects and currently manage seven projects. All projects are similar to the one being proposed. A list of facilities will be sent to Clerk Connie Patterson.

Ms. Groat asked about security systems. LW Associates said all units are ranches with their own garage. They are considering putting security systems in units this year, but have not done so in the past. There is a resident manager on the property, as well as appropriate lighting around the property.

Ms. Groat expressed concern when initially attempting to contact the management company, no phone number was available through information. LW Associates

was surprised that no phone number was included on the letterhead and apologized for that. They explained the notification has to be made under the entity that the project will be built under, which is Marysville Senior Housing Partners LLC. There should have been a phone number included.

Mr. Marshall asked if this project had been before Planning Commission yet. Response was not yet and it won't until funding is received.

Committee requested following information from LW Associates:

- 1) List of current facilities.
- 2) Copy of rental agreement in order to review the types of covenants included in the agreement
- 3) Details on how LW Associates plan to manage the property into the future – In response to that request, LW Associates said provisions (per Section 42 of the Code) are that the project is minimally for 30 years. That is a provision for being awarded the funding. The possibility exists that another company could manage the project on into the future.

LW Associates will provide a list of facilities, and then suggested upon visiting a site, Committee members visit with the President of the Management Company, at which time the lease can be discussed.

Point of future contact is Todd Valentine.

Meeting adjourned at 6:50 p.m.