

DOVER, NEW HAMPSHIRE

ADAPTIVE REUSE

The Seacoast region in New Hampshire is the fastest growing region in New England,³⁶ with housing demand expected to exceed 1,500 new units of housing annually over the next five years.³⁷

The growth in demand has increased rents in the region substantially over the last few years, and wages have not kept pace.³⁸ These factors are leading communities and private developers in the region to seek creative solutions to the affordable housing shortage.

- ✓ Adaptive reuse of underutilized buildings
- ✓ Housing trust funds

One of these solutions is adapting old buildings, such as schools, mills, and factories, for use as residential developments. There are hundreds of obsolete buildings throughout the region that have been abandoned or are being underutilized. Private developers have begun to see the financial opportunities in these buildings and are assembling innovative financing packages to support the buildings' redevelopment as market rate and affordable housing.

Dover, NH, in the heart of the Seacoast region, is home to one example of a successful adaptive reuse project, Bellamy Mill Apartments. This project has been critical to expanding Dover's affordable housing stock, because the City of Dover has limited resources to develop affordable housing directly.

Dover has historically been a city with diverse housing opportunities, varied in affordability and ownership, but as Dover has become an increasingly attractive community to live in, more affluent residents have been drawn to the community, impacting housing costs.³⁹ The increase in housing costs has affected low- and moderate-income households, decreasing the quality of the housing they can afford. This is particularly true for residents who are above the threshold for subsidized housing.

In recent years, private developers have begun working with city and Housing Authority officials to build affordable housing units. The most successful adaptive re-use project in Dover was the complete rehabilitation of the historic Bellamy Mill. The 1832 mill is located on two and a half acres of riverfront property. At the time of purchase in 2001, the property was already properly zoned, and had access to municipal water and wastewater services. It was a functioning mill since its inception, housing at one time a cloth mill, the Dover Film company, a shoe

manufacturer, and most recently a furniture manufacturer.



Through the work of Great Bridge Properties and the staff of the City of Dover, 30 units of affordable housing were created, six one bedroom units and 24 two bedroom units, all handicap accessible and adaptable. Additionally, many of the building's unique historical features were

preserved including the exposed granite, brick walls, and brick arches. New highly efficient historic replica windows and roof tiles were installed, as were an elevator and fire-prevention sprinklers, and the exterior was restored.

Sixteen of the units are reserved for residents earning less than 50 percent of area median income (AMI) and 15 units are reserved for residents earning less than 60 percent of AMI. There are 30-year affordability restrictions on rent levels for all units.

Financing available through the New Hampshire Housing Finance Agency (NHHFA) made the project feasible. In total, the project cost \$4,400,000 (\$147,000/unit) and came from three sources (all administered by NHHFA): Low Income Housing Tax Credits (LIHTC),⁴⁰ HOME funds, and Affordable Housing Trust Fund loans.

The LIHTC and HOME funds are federal resources administered by NHHFA.⁴¹ Both are awarded competitively and require that the project be targeted at low-and/or very low-income households.

The state's Affordable Housing Trust Fund (AHF) provided construction and permanent loans to Great Bridge Properties. In general, the AHF provides below-market rate loans or grants to support rental housing, group homes, and manufactured housing cooperatives, covering financing gaps or funding projects that cannot support debt. Both for- and non-profit sponsors are eligible for funding and 50 percent of units in project must be affordable to households at 80 percent or less of the area median income. Typically, projects financed by the AHF also have other funding sources, most commonly tax credits.⁴²

Upon completion of the building rehab, Great Bridge Properties retained partial ownership of the building and employed a property management firm to carry out day-to-day operations. The 30 units available leased up very quickly.

Supportive services for residents are provided through a partnership with Strafford County Community Action Committee (CAC). CAC is a Head Start early education, daycare, and school age childcare provider, as well as a provider of counseling, housing, education, and nutritional services for families and geriatric outreach, transportation, and meals on wheels for seniors. A CAC program counselor keeps office hours on site one day a week and CAC refers potential applicants to the Bellamy Mill Apartments for tenancy.

The two significant outcomes of this adaptive reuse project were the creation of an additional 30 affordable housing units in a community facing housing growth pressures and the fact that the developer, Great Bridge Properties, has gone on to do an additional five affordable housing adaptive reuse projects in New Hampshire and Massachusetts. The Bellamy Mill Apartments project was Great Bridge Properties' first adaptive reuse project and they found that it was more interesting than traditional development projects, that it supported smart growth, and resulted in affordable housing being built.

Though the experience was positive and the developer has replicated the development process in multiple communities, there were a few obstacles that had to be addressed during the redevelopment process. First, actual operations on site were different from legal property lines and traffic patterns. Midway through the site plan approval process, Great Bridge Properties discovered that the main access

road to the property was legally a one-way street, though it functioned as a two-way. Additionally, the City's right of way was in what Great Bridge perceived to be their property. Both of these issues had to be addressed before development could proceed.

The second obstacle was negotiating with the City. The city planner required a study of the average number of children per unit in comparable developments and modified unit sizes to decrease the likely number of children in the units in order to compensate for the site's lack of sidewalks. Ultimately, though, the negotiation process with the city planner was fruitful and helped speed up the final approval of the site plan according to Chris Davies, principal of Great Bridge Properties.

For communities or developers considering an adaptive reuse project, Davies recommends finding a site with existing water and wastewater, zoning that allows multi-family housing "as of right," a community that is supportive (including both local officials and abutters), and an interesting building that provides creative energy to help compensate for the additional challenges that come with retrofitting an existing building.

To ease the development process, Davies recommends working with planning staff up front and conducting an extensive education process with elected officials, adjacent property owners, and community members at large. Problem properties tend to be magnets for community support because the community wants to see them renovated; education is all that is needed to help create the vision and build trust between the community and the developer.

The Bellamy Mills project has been a positive and concrete improvement in the affordable housing market in Dover. However, some question whether the units are targeted at the population in greatest need, those working full-time with incomes above the eligibility limit for public housing assistance.

Jack Buckley, Dover Housing Authority's (DHA) executive director, argues that the real need in the community is workforce housing, that is for households with incomes above the public housing limit. LIHTC properties like Bellamy Mills are unlikely to house this population, which are more likely to be occupied by households using Housing Choice Vouchers. These households are directly referred

by the housing authority to Bellamy Mills and the rent is assured, leaving those in need of workforce housing with few options.

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