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SRHA board approves financing

By Jimmy LaRoue

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After losing out on a 9-percent tax credit to rebuild the Parker Riddick apartments, the Suffolk Redevelopment and Housing Authority approved an alternative plan Tuesday that would finance both its rebuild and the rehabilitation of the Cypress Manor apartments.

Following discussion during a special meeting to choose the financing for both projects, the board voted 7-2 to apply for a 4-percent tax credit that would go toward tearing down and rebuilding Parker Riddick's 93 units and rehabilitating Cypress Manor's 113 units. The 206 total housing units will be converted to Section 8 project-based voucher assistance housing.

SRHA consultant Peter Behringer, a managing member of TCG Development Advisors LLC, said the two existing developments would be combined into a single 4-percent application, which as long as it met the thresholds for the financing, it would receive it.

"What that does is allow us to take very high bond financing costs and spread it out among the two properties," Behringer said, "And the advantage to bond financing in general is that it's non-competitive, unlike the 9-percent financing."

While SRHA Executive Director Tracey Snipes said the application for the 9-percent tax credit was never a guarantee due to other housing authorities applying for the same tax credit, she admitted to mistakes in the application that did not help its cause.

"There were some errors that were made in the application, but in all honesty, we could have done a perfect application and still not been funded," Snipes said. "We would have increased our odds, but there was still no guarantee that we would have gotten the 9 percent."

With that, the board was left with two options to move forward — apply for the 4-percent tax credit to finance both projects, or use it only on Cypress Manor and reapply next year for the same 9-percent tax credit they failed to get this year for Parker Riddick.

Snipes said they didn't expect to have any better odds by reapplying for the 9-percent tax credit, even with a perfect application, as they expect housing authorities in Norfolk and Newport News to apply for the same tax credit and said they would likely rank ahead of Suffolk.

Norfolk and Newport News' housing authorities both recently received $30 million in federal Choice Neighborhood Initiative Grants from the Department of Housing and Urban

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Development and would be expected to apply for the 9-percent tax credit next year, according to Behringer.

"Things could change next year," Snipes said. "Construction costs could go up, interest rates could go up, Norfolk and Newport News could win theirs right off and we've got a perfect score and we still don't get a 9-percent, and now our project has sat for yet another year."

Snipes told the commissioners that delaying the project to apply for the 9-percent tax credit would sow a seed of distrust if residents are told they have to wait for much-needed work to begin on their apartments.

Snipes said she expects the project on both Parker Riddick and Cypress Manor, with an overall cost estimate of $25 million, to start no later than the first three months of 2020.

Snipes said the next deadline will come in early July to have the 4-percent tax credit application ready.

Commissioner Jeffrey Robertson, one of the two no votes along with Commissioner Anthony Parker, was one of several commissioners who expressed concerns about the asbestos removal in the apartments, and said the rehabilitation work of Cypress Manor, in which the brick frame of the units would be left intact, would not eliminate it.

"What we will be doing according to the terms of the master developer is bringing in asbestos remediators to both properties that will conform to (state and federal) requirements," Behringer said.

Behringer said he would increase the transparency with regard to the asbestos removal, and that he would provide reports to the board in real time about that.

Chairman Ben Fitzgerald asked Behringer if there was any way forward to do a complete demolition of both Parker Riddick and Cypress Manor.

"In my professional opinion, it's not feasible," Behringer said.

Vice Chairman Quinton Franklin said that it would be irresponsible of the board to go after the 9-percent tax credit again when he said it would be highly unlikely to receive it. He favored the 4-percent tax credit, saying everyone should take into account that they'll be tearing

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down an entire community in Parker Riddick and building it anew, and all but tearing down another community in Cypress Manor and rehabilitating it.

"We have to take into consideration the current state that the people living over there are living in," Franklin said. "And we have to take into consideration that — we are all discussing asbestos and asbestos abatement — well, they're living in asbestos right now. And if we don't do anything, they'll continue to live in asbestos."