

Hamilton Affordable Housing Trust
Joint Meeting with
Hamilton Development Corporation
Teleconference

April 2, 2020

HAHT Members Present: Chair Russ Tanzer, David Smith, Rosemary Kennedy, and Marnie Crouch

HAHT Members Absent: William Massos

HDC Members Present: President Rick Mitchell, Brian Stein, Anthony Nickas, Chad Smith, and Tony Passaretti (Associate Member)

HDC Members Absent: Angela Arvenites

Other Town Staff Present: Mary Alice Cookson, HDC Coordinator and HAHT Recording Secretary; and Michellelee Carroll, Assistant to the Town Manager

** All of the above participated remotely. This meeting was teleconferenced via Zoom with all board members remaining at home.*

Members of the two boards introduced themselves.

Chair Russ Tanzer called the joint meeting of the Hamilton Affordable Housing Trust (HAHT) and the Hamilton Development Corporation (HDC) to order at approximately 6 p.m. A quorum was present (remotely) for each of the two boards.

REVIEW HAHT MEETING MINUTES—FEB. 13, 2020

Mr. Tanzer noted a typo on pg. 4 needing correction: the HAHT's vote count to endorse the Housing Production Plan should read (4-1) rather than (4-10).

Marnie Crouch made a motion to approve the minutes as amended. Rosemary Kennedy seconded the motion. A roll-call vote was taken with "ayes" from Mr. Tanzer, Ms. Crouch, Ms. Kennedy, and Chad Smith (4-0, unanimous among those present).

DISCUSSION OF RESPONSE TO HDC RFP [REQUEST FOR PROPOSAL] FOR 59/63 WILLOW STREET

Before discussing this agenda item, Mr. Tanzer asked Don Preston, executive director of Habitat for Humanity North Shore, for an update. Mr. Preston discussed his proposed project at 434 Asbury St. consisting of 2 three-bedroom duplexes; 2 one-bedroom duplexes; and 1 three-bedroom/one-bedroom duplex totaling 10 units. He said he was at the tail end of putting together the friendly 40B application package to submit to the DHCD [Department of Housing and Community Development]. He said he received an extension on the option to buy that expires April 30. He was asking the Trust to commit \$35K for the deposit. He said the cost per unit would be roughly \$134K-\$137K.

Mr. Tanzer explained the HAHT was in a tricky situation in that another project (Willow Street) had come before the Trust that, upon initial look, gave a seemingly better value for the Town in terms of the number of affordable units counting toward the Town's SHI (subsidized housing inventory). He said the purpose of the meeting was to gather information about the Willow St. project, and he invited Rick Mitchell, president of the HDC, to give an update.

Mr. Mitchell explained the HDC had bought the 59/63 Willow St. property about eight years ago and had been seeking to develop it to follow the HDC's mission of encouraging business growth in the downtown. This is the third RFP put out by the HDC. Before doing so, they went through permitting/site plan review and obtained Planning Board approval for an 18-unit project [4 two-bedroom and 14 one-bedroom units]. The building will be three stories with commercial on the first floor. The HDC's preference was for rental housing. Thirty parking spaces are included. There were two parties who expressed interest in the RFP: Civico [Development] and Traggorth [Companies LLC]. The HDC received one bid from Traggorth. To the HDC's pleasant surprise, Traggorth has proposed to include nine affordable housing units within the project (instead of the 2 units already outlined in the plan). With 50% of the units being classified as affordable, under 40B, all 18 units would count toward the Town's SHI. Traggorth is asking a HAHT contribution of \$550K (\$60K per unit x 9 units = \$540K so the math doesn't add up, which needs to be discussed). Mr. Mitchell described the project's benefits: it is permitted; all 18 units would count toward the Town's SHI; the cost per unit is low at about \$30K; it buys the Town at least one year of safe harbor; it adds transit-oriented housing and rental housing; and it adds approximately \$8M to the tax base.

Finance & Advisory Committee (FinCom) member Nick Tensen questioned the \$8M figure, and the board members discussed how it was likely arrived at. The \$8M was the construction costs and assessed value, according to Mr. Mitchell, but it hasn't been assessed yet. Ms. Kennedy said she read they anticipated \$56K in taxes to the Town. Mr. Mitchell thought the projection seemed low. Mr. Tanzer said in affordable housing projects with rentals, some tax revenue is given to communities, but at a discounted rate based on NOI (net operating income), but he didn't know how real estate taxes are figured in a mixed project. Former HAHT member Marc Johnson explained there is tax revenue from the commercial piece and the revenue is also based on income. He thought it would really add up to about \$3.5M-\$4M based on profitability, which, he said, goes to the strength of their subsidy.

Ms. Crouch voiced questions about due diligence and the relationship between Mitchell Properties and Traggorth. She noted in the proposal it indicates Traggorth Properties was formed in 2012, and David Traggorth had been previously involved with Mitchell Properties, but some of the successful projects cited in the proposal were ones by Mitchell Properties. She wanted to make sure the developer actually had the appropriate experience and that all the references would be contacted. Mr. [David] Smith agreed they needed to look at the track record of the current Traggorth partners vs. their previous track record prior to forming their company eight years ago.

The meeting was interrupted by a series of "Zoom bombing" episodes. Ms. Kennedy called Assistant to the Town Manager Michellelee Carroll, who joined the meeting to monitor participants entering the meeting and mitigate the problem.

Ms. Kennedy discussed local preference and asked about when that is factored in. She also expressed a desire for a preference for the Town's seniors. Mr. Mitchell and Mr. Tanzer said giving local preference was something the developer can most likely do, but didn't know about a preference for seniors; Mr. Mitchell will explore it. He added that references would be checked and said one of the Traggorth's references was Jay Ash, former Massachusetts Secretary of Housing and Economic Development, whom Mr. Mitchell knows.

Ms. Crouch brought up the current pandemic and ways the economy might affect the project. Mr. Mitchell said they should try and keep the project progressing in a normal fashion and not get locked up in fear of the unknown.

Ms. Kennedy wanted to know if the project could be a mixed AMI as seniors on fixed incomes probably wouldn't have the 80% AMI [Area Median Income] to qualify to live there. She wondered if some units could be reserved for seniors at a 50% AMI. Also she wanted to know what would make the project a true 40B as it does have hallmarks of a 40B. Mr. Tanzer cautioned that a mixed AMI could affect the viability of the project; and he said he didn't know what that net effect of 30% less in the AMI would be. He asked Mr. Johnson who opined that asking that of the developers would mean asking them to go back to the drawing board and come up with a new way to finance the package. He said while it wasn't a bad thing to ask, it would complicate the capital structure. Mr. Mitchell said they could ask about the senior component, but the project is built around an 80% AMI, so he would like to avoid putting conditions on that could potentially make the project nonviable, especially considering the tight time schedule they were under. Ms. Crouch asked if there were an elevator in the building; the response was yes. Ms. Kennedy said the project would be actually "under 80% AMI," according to 40B documents. She thought it important to not move too rapidly before they have all their questions answered.

Mr. Mitchell said he would compile a list of questions for the developer. Mr. Tensen asked if the HDC had looked at the income to the Town once the payments were made. Mr. Tanzer said they don't know what the end product would be with Asbury St. project or what the tax revenue would look like. The Willow St. project buyers had projected revenue but he wasn't sure of the accuracy. Mr. Tensen said the investment was more than \$500K and the income on an annual basis was about \$56K so it was a 10-year payoff. Mr. Preston said he

would estimate assessed value for each of the units at \$400K-\$450K, and the homeowners would be paying taxes based on that. His project is based on 40%-60% AMI. Mr. Johnson said the return on investment for the projects would be different as they were different projects. Both good projects, he added.

DISCUSSION OF HAHT CONTRIBUTION TO WILLOW STREET PROJECT

FINANCIAL UPDATES

Mr. Mitchell noted the Trust was looking at a \$1.2M ask for the Asbury Street project while the Willow Street ask was a max of \$550K. Mr. Preston corrected him, saying Habitat's ask was \$1M (\$700K goes to the acquisition).

Mr. Tanzer discussed the Trust's current finances. He said \$850K is on hand and in December they get an additional \$217,500 from Canter Brook. He spoke with Jay Butler, chair of the Community Preservation Committee (CPC), about a potential CPC grant, but they will have only about \$400-\$500K in grant money available and others will be applying for it too. Mr. Johnson noted a CPC grant would have to go to Town Meeting for approval, which will be a delay, especially in light of the current situation.

Mr. Mitchell asked for clarification on the Trust's questions/concerns and compiled a list, including local preference, senior preference, and where those items get included in the process and in its documentation. Mr. Johnson added they might want to ensure that a building permit not be issued until all the concerns all addressed. He said one of the mechanisms put in place is that the developer has the Trust's contribution as a debt instrument and said it might be something to attach covenants to. Ms. Kennedy again asked the question about what would make this project a true friendly 40B. Mr. Johnson said it was already been permitted and Mr. Mitchell added it was a private project that had 25% or more affordable units included, using an element of the law that allows them to expand the inclusion of the affordable units. Mr. Johnson said normally those conditions would go into the permitting process. Because they aren't built into the permit, they need to be in the P&S [purchase & sale] or deed or whatever. Mr. Mitchell said he would try and have the questions answered by Monday or Tuesday of next week.

Mr. Tanzer said he wondered if they might be able to reduce the \$540K-\$550K ask. Mr. [David] Smith said he thought \$500K fair. Ms. Kennedy asked about the tax revenue to the Town and Mr. Johnson offered some projections of what it might be. Mr. [David] Smith asked if they paid taxes on the assessed value rather than a lower value based on affordable status. Mr. Johnson responded yes. The affordable part is in the purchase price. Ms. Crouch said they should consider the potential increased cost to the Town associated with educating children, and there would likely be more kids living on Asbury Street than Willow Street due to the size of the units. Ms. Kennedy said depending on answers to these questions, she would be willing to consider the full ask of \$550K. Ms. Crouch said they could suggest to Traggorth that the Trust was comfortable with \$500K and use it as a start for negotiations. Mr. [David] Smith said he would like to have Mr. Tanzer represent the

Trust and Mr. Mitchell represent the HDC and come to a common understanding about what to say to the developer. Then if the Trust was comfortable with the answers to their concerns, maybe they would go with the full ask. Brian Stein reiterated that the Willow Street project was a good deal even if not all the requests were granted. Mr. Tanzer and Ms. Crouch agreed.

Mr. Tanzer told Mr. Preston the Trust was tabling his project for now, but encouraged him to ask the sellers for more time. Mr. Preston said Habitat had put smaller units in to address the concern about senior housing. He said he could perhaps extend out the closing date with the seller until they had the permit in place and do the closing when the money was projected to be available. The closing was supposed to be in November so they would be looking at extending it until perhaps the April Town Meeting, unless maybe the CPC could transfer funds at the Fall Town Meeting, he said. Mr. Tanzer said he didn't think that could happen. Mr. Preston said his request was a \$35K (nonrefundable) deposit to change the option into a P&S. He said Habitat was already into it by \$10K. Mr. [David] Smith said he thought a \$35K "insurance payment" a prudent investment. Mr. Tensen asked if that were the full ask of the Trust, and Mr. Tanzer said no, it would be "lots more." Mr. Preston discussed the sellers would most likely impose a price for pushing back the closing. Mr. Tanzer suggested that before making the decision the two boards meet again and include Mr. Preston.

NEW BUSINESS

Mr. Tanzer set the next joint meeting date for April 9, at 6 p.m. Mr. Mitchell said he would send the questions he compiles to Mr. Tanzer to make sure they are stated correctly as they both understand them, then he will send them to the developer for their answers, and then send the answers to Mr. Tanzer for distribution to the Trust. Ms. Carroll agreed to post the agenda that Mr. Tanzer will send to her.

When asked for public comment, Selectman Shawn Farrell said he was looking forward to viable housing options for the people in Town.

Capital Committee member David Thompson said this was the most exciting thing to come before the Board up to this point in time. He said he thought the questions should be run to ground before a decision was made on the contribution, and he congratulated the HDC for bringing the project forward.

Mr. Johnson said he was concerned Mr. Preston was being put in a tough spot with the land seller, even just due to scheduling issues alone. He advised asking the seller to act more like a partner as it will take time to get to Town Meeting and go through the Conservation Committee, etc. Mr. Preston noted that as a 40B, his project goes before the Zoning Board of Appeals not the Planning Board.

Willow Street project abutters Julia Maycock, 62 Willow St., and Elaine Swensen, 6 Linden St., expressed strong dismay that the developers said in their proposal that they wanted to move quickly and didn't need involvement from the HDC moving forward. Ms. Swensen

said it was discussed previously that the neighborhood would be brought in to have their concerns heard. She would like the developer to acknowledge that in the proposal. Mr. Mitchell said that is why Tony Passaretti was made an Associate Member of the HDC—to provide input on the neighbors' concerns. Mr. Mitchell said another thing that needs to be added in, and the attorney for the project has said as much, is the provision that the Mac's building be retained, or if removed, that adequate screening be put up to protect the view of Ms. Maycock and others.

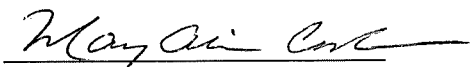
Ms. Maycock said the provision was a long and involved contract. She was upset that the HDC was getting the benefit of 40B, but the neighbors weren't. Ms. Swensen elaborated that the neighbors went along with the prior project proposal by Harborlight Community Partners that allowed for a two-story residential building. Now that the three-story project is approved and permitted, they (the HDC) was bringing back affordable housing, so she said it seemed "deceitful." Mr. Mitchell reminded them the project had been permitted and gives a major benefit to the Town at a reasonable cost. Ms. Maycock reiterated the neighbors preferred a two-story building. Mr. Mitchell said he was sorry. Brian Stein said the HDC didn't go out and ask for affordable units; their RFP was open-ended. Ms. Maycock said there was a lack of good will. Ms. Swensen said it was disheartening. Mr. Mitchell said every request they had had was addressed. Mr. Stein discussed the history of the Harborlight project and how it was paired with Longmeadow [to make the financing work].

Mr. Johnson said the developer had accepted the permitted project and the only thing that would be changing was the nature of some of the people living there. The rents would still be fairly high. He said the neighbors stayed involved through the permitting process and are committed to stay involved through construction. Ms. Kennedy said Canter Brook held one-on-one meetings with the abutters so they felt part of the process. She said assuring the abutters of the ability to talk with the developer would help them have their feelings expressed. Mr. Stein said the developer would probably be open to that and accommodate if there were something needed, such as adding a tree to block a view. Mr. Tanzer clarified that the developer agreed to the project as proposed. Mr. Mitchell said it was a mixed-use commercial/residential project. That is what was approved.

ADJOURNMENT

Mr. Mitchell made a motion to adjourn the meeting for the HDC at 7:49 p.m. Mr. Stein seconded the motion. A roll-call vote was taken with "ayes" from Mr. Mitchell, Anthony Nickas, Mr. Stein, and Chad Smith (4-0), unanimous among those present. *(3-0) since Mr. [Chad] Smith has not yet been sworn in as an official member. Mr. Tanzer made a motion to adjourn the meeting for the HAHT. Ms. Kennedy seconded the motion. A roll-call vote was taken with "ayes" from Mr. [David] Smith, Ms. Crouch, Ms. Kennedy, and Mr. Tanzer (4-0), unanimous among those present.

Prepared by:



4-24-2020

Mary Alice Cookson
HAHT Minutes Secretary/HDC Staff

Date