

**Hamilton Affordable Housing Trust**  
Joint Meeting with  
**Hamilton Development Corporation**  
Teleconference

April 9, 2020

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

Town Manager: Joe Domelowicz

HDC Members Present: President Rick Mitchell, Brian Stein, and Anthony Nickas

HDC Associates: Chad Smith, Angela Arvenites, and Tony Passaretti

Town Manager: Joe Domelowicz

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

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

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CALL TO ORDER/ ROLL CALL

Chair Russ Tanzer called the teleconference/meeting to order for the Hamilton Affordable Housing Trust (HAHT) at 6:04 p.m. and took a roll call of attendance. All but William Massos were present at the start of the meeting. President Rick Mitchell called the meeting to order for the Hamilton Development Corporation (HDC) and took a roll call for the HDC. There was a quorum for each board.

Mr. Tanzer noted Assistant to the Town Manager Michellelee Carroll was on the call to monitor and prevent “Zoom bombing” experienced at the last meeting. He thanked her.

CONTINUE DISCUSSIONS ON THE HABITAT PROJECT, 435 ASBURY STREET

Mr. Tanzer introduced Bill Brauner of Habitat for Humanity, who was participating on the call, and invited Habitat’s Executive Director Don Preston to give an update. Mr. Preston said he had nothing new to report since the last Trust meeting. He had tried to contact the

seller about extending the closing date but had received an out-of-office notice. The deadline for signing the Purchase & Sale (P&S) agreement is April 30.

Mr. Massos joined the meeting and was added to the HAHT's roll call.

Mr. Preston reviewed he was asking for a Trust contribution of \$35K as a deposit toward the P&S. He'd already undertaken the environmental review and Mass Historic review. A lengthy discussion by Mr. Tanzer and the Trust followed about whether the Trust could afford the funds needed for the two projects before them (\$35K for Mr. Preston's Asbury Street project and \$500K for the 59/63 Willow Street project). Although the Trust does currently have approximately \$850K, there was a question about whether the Trust might risk the possibility of not having enough funds when Mr. Preston needs money for the full acquisition, which was supposed to happen in November. The Trust expects, though, if all goes well, to have an additional \$217K from Canter Brook coming in December per its inclusionary housing agreement. Brian Stein inquired about the max potential grant money available from the Community Preservation Committee (CPC); Mr. Tanzer replied it was between \$400K and \$500K, but there are many projects competing for it.

David Smith said it's risky to assume anything in these uncertain times, but if the Trust says no to the \$35K, they would essentially be cutting off the project. Then if something beyond control happens to "crater" the Willow Street project, the Trust would end up with nothing. Ms. Kennedy asked if that were actually the case or would Habitat go ahead with its project. Mr. Massos suggested Mr. Preston enter the P&S with an agreement with the seller that he can extend the project if Habitat doesn't have adequate funds from the Town at the time. The Trust discussed the fact that the \$35K deposit and other money already put in by Mr. Preston could be jeopardized. Mr. Preston said the plan was to renegotiate the closing and once the deposit was put down, the project would move forward. He didn't see a problem in the long run. Ms. Kennedy brought up the uncertain times, saying \$35K was a lot of money, and if Habitat could negotiate with the seller to push the closing date out, there would be less risk.

Mr. Brauner gave all the reasons he felt it critical that Habitat receive the \$35K from Hamilton. He said Habitat would do everything it could to extend the closing date and gain additional time to come up with the funds. He said he was confident that if, in the fall, Hamilton has a portion of the money but not all of it, Habitat can find money at that point to deal with the acquisition. Ms. Kennedy asked if that would affect the local preference for the Town. Mr. Brauner and Mr. Preston said no, local preference would be part of the permitting [by the Zoning Board of Appeals]; 70% would go to someone who lives, works in or goes to school in Town. When questioned, Mr. Brauner reviewed Habitat's other potential short-term financing options (bank loans) to cover the balance. He said while that would be a challenge, it was possible. Mr. Massos qualified that short-term financing would be only a "bridge." Mr. Massos said if he were Mr. Preston, he would ask the Trust to commit to \$700K plus the \$35K.

Mr. Tanzer clarified the total number of units on Asbury Street is 10 and asked if that were firm or if they could get more. Mr. Preston said that number is certain due to the number of

bedrooms allowed on the site. Mr. Preston noted the one-bedroom units included are handicapped-ready and will work well for seniors. Mr. Massos applauded the plan. Mr. Tanzer suggested Mr. Preston extend the closing until the spring of next year. He also stressed the Trust did not want to have the project go on for a long time as the other project on Asbury did. Mr. Preston explained the causes for that delay and said this job would also depend on free labor, such as plumbing and electrical work provided by Essex North Shore Agricultural and Technical School.

A long discussion was held about the time and cost savings of panelized or modular construction vs. stick building. Mr. Preston discussed his business model and how Habitat relies on volunteer labor and does use stick building. Modular construction requires a large indoor space for the building, which Habitat doesn't have. Mr. Preston said they would look at it, and Mr. Tanzer said a willingness to look at it would be fair to the community as he didn't want to see this project going on for years.

Mr. Stein commented he doesn't live far from Habitat's previous project (the two Asbury Street homes), and never saw any sign asking for volunteers. Mr. Preston said the volunteer network is extensive and they have more than they need. Once the plumbing and electrical permits are pulled, those are the only people who may work on the project. He said the labor provided by Essex North Shore Tech saves Habitat roughly \$10K to \$18K per house and helps keep the mortgages down to about \$1,000 a month including taxes. He explained their subsidies are the volunteer labor, such as for roofing.

Mr. Tanzer opened the floor to comments. Finance & Advisory Committee (FinCom) member Nick Tensen said if getting the \$35K required by the seller were conditioned on the moving out of the closing date, it would give Habitat some leverage with the seller. Mr. Brauner said it was a delicate position, though, because the seller could reject the deal. Mr. Stein asked the size of the parcel; it is just shy of 5 acres. Ms. Kennedy asked for clarification of the full ask. Mr. Preston said construction would be about \$35K per unit over time, which brings the total to \$1M. Mr. Tanzer said by contrast, the Trust paid \$160K per unit for the two homes on Asbury Street. Marnie Crouch asked if Habitat was pursuing grants. Mr. Brauner said yes, they are aggressively going after those resources. It was understood the \$35K deposit and acquisition cost of \$700K for the property was just the springboard. Mr. Massos asked the question whether Habitat could live with the Town committing \$700K (as opposed to the full \$1M). Mr. Brauner said he isn't going to negotiate against himself; they really need the \$1M, and he wouldn't want to go back to his board saying he is getting \$300K less. Mr. Preston added he wouldn't ask for that money (the \$1M) until he had site control. What's being asked for now is the \$35K plus the \$700K to gain site control.

Mr. Tanzer gave his opinion that the Trust should support Habitat's moving forward with this project. He cited the success of the previous project and its contribution to the community.

**Decision:**

William Massos made a motion that the Trust support Habitat for Humanity with the development and commit the \$35K deposit and up to \$700K toward the acquisition price as funds are available. Mr. Kennedy seconded the motion.

**Further Discussion:**

Mr. [David] Smith said he supported the motion of \$35K toward the P&S and additional \$700K to close, but wondered if the Trust had to do that all today or could wait to vote on the \$700K at a future meeting. Mr. Tanzer said the only ask for today is for \$35K.

**Decision (Continued):**

Mr. [David] Smith amended the motion to commit to Habitat for Humanity the \$35K for executing the Purchase & Sale agreement by April 30 and then to stop there. Ms. Kennedy seconded the motion as amended. A roll call vote was taken with “ayes” from Mr. Smith, Mr. Massos, Marnie Crouch, Ms. Kennedy, and Mr. Tanzer, (5-0) unanimous.

Mr. Preston and Mr. Brauner were congratulated and they left the meeting.

REVIEW OF 59/63 WILLOW STREET PROPOSAL WITH HDC

DISCUSSION OF AFFORDABLE [HOUSING] TRUST CONTRIBUTION TO WILLOW STREET PROJECT

Mr. Massos cited he had worked with one of Traggorth [Companies LLC]’s references and said the developer was well thought of. Also Mr. Massos said he was impressed with how Traggorth responded to the Trust’s questions. Mr. [David] Smith said as one who can see the project from his kitchen window, he took comfort in what was presented as protocol in working with abutters. Ms. Crouch said she got a sense that Traggorth was committed to being an integral part of the neighborhood. Mr. Tanzer said as one who’s been a real estate developer for more than 35 years, it is critical to create relationships that are straightforward and done in a kind way for projects to be successful. Also, he noted the commitment to local preference for the Town.

Mr. Mitchell said he’s talked with three of the four references and so far they’ve all been positive. None of them could come up with any issues to be concerned about. He said while being respectful of the neighbors, Traggorth was also willing to reduce their asking price [from \$550K to \$500K]. Mr. Mitchell added he had asked former Trust member Marc Johnson to do an economic analysis, which showed Traggorth would only be making about a 3.5% profit.

Capital Committee member David Thompson asked if the Trust could recap the responses received to the questions for the general audience. Mr. Tanzer read them. Highlights included:

- The original ask was about \$550K, which was reduced to \$500K.

- Traggorth would not be coming back to the Trust for any more money after that.
- When asked about adding units exclusively for seniors at a reduced AMI of 60%, Traggorth said their margins are pretty close now, so they didn't think they could do it. If they were to take four of the units out of the 18 and reduce those to 60% of AMI, they would have to ask the Trust for \$300K more in funding or have the HDC reduce the price by \$300K.
- Regarding local preference, Traggorth said it knew from experience that if the Town contributes money toward the project, it will be able to get 70% local preference.
- Traggorth provided 10 bullet points to express how they work with abutters and build a relationship with the neighbors.

Mr. Tanzer noted that with the one-bedroom units at 80% AMI, they would expect seniors in Town to want to move in there. He didn't think it likely that the HDC would want to reduce its price by \$300K, but he wondered if there were some way to get just one or two units at 60% of AMI (rather than the 80% of AMI). Mr. Mitchell said he would discuss that idea with his board. Mr. Mitchell added that after the HDC pays off its mortgage and cost for the site plan review, the downtown businesses will be coming out of the pandemic and he would like to see the HDC help them with survivability. Mr. Tanzer asked if the charge of the HDC allowed for helping individual businesses. Mr. Mitchell said the charge was broad and he would explore what the businesses needed, perhaps hiring a consultant to help them look for Federal monies to help them.

Mr. Stein commented that with this project, the Town receives 18 affordable rental units for a \$27.5K cost per unit—a good deal. Plus 9 of the 18 are affordable (at 80% AMI). Mr. Tanzer said the total of the two projects (Asbury Street and Willow Street) is \$1.5M for 28 units, which is a \$56K cost per unit. Also, those units represent 30% of all the affordable units they have in Town presently. The Trust discussed it was satisfied with the answers and backup information provided to them and was ready for a vote.

**Decision:**

Mr. [David] Smith made a motion that the Affordable Housing Trust approve \$500K toward the project.

**Further Discussion:**

Ms. Kennedy reminded them of questions still posed about having the senior units at a lower AMI. Mr. Tanzer said it sounded as if that can be discussed again, but was not going to work out. Nevertheless, Ms. Kennedy said seniors tend to live on a fixed income and the Trust should try to accommodate them, even just for two units at the lower 60% AMI. At 80% AMI, she said the rents would still be high (about \$1,800 per month vs. the going rate of about \$2,300).

Mr. Smith said the design has parameters making it optimal for seniors and within an affordable range, but Ms. Kennedy said Canter Brook and Patton Ridge were sold as being helpful to seniors, but that didn't pan out. She asserted strongly they ought to pursue offering some units at the lower AMI. Mr. Tanzer reviewed the math. At the previous

meeting, they had looked at getting four units at 60% AMI (vs. the 80% AMI) and the developer had responded by saying that would amount to about a \$300K loss. Therefore, it followed that getting two units at the 60% AMI would result in about a \$150K loss. However, Mr. Mitchell said he liked Ms. Kennedy's suggestion and would personally support it. He asked if she would support the project if the Trust gave \$75K more and the HDC lowered its ask by \$75K. She said yes. Ms. Crouch said that would have a spillover effect on the Asbury Street project. Mr. Stein said he isn't against throwing in extra money for the Willow Street project, but the cost per unit with this development is already very low. Why not ask Habitat to lower its cost since its cost per unit is so much higher?

Mr. Mitchell asked if they could get the Trust to commit the \$500K for now and then he would make a side commitment to work with the Trust and see if they could kick in to get at least two of the units at the lower AMI. He did not, however, want to hold the project hostage to it. Mr. Stein and Mr. Mitchell reviewed the accommodations made by the developer, saying Traggorth had already reduced its ask by 10%. Mr. Mitchell said he would like to move forward and have the Trust contribute \$500K as proposed with the understanding he and Ms. Kennedy could work to find the funds to make two units at 60% of AMI work. Mr. Tanzer said he thought that fair and reasonable and invited public comment.

Mr. Thompson said he was pleased with the discussion and applauded the project. Mr. Massos said he supported Mr. Smith's motion and would second it. Mr. Tensen said, from a project standpoint, he didn't know if the abutters saw the response from the developer and wondered their reaction. Mr. Mitchell said he sent the responses to new HDC Associate Member Tony Passaretti and hoped he had shared them. An abutter on the call, Elaine Swensen, replied she did see the developer's responses. Another text came in from an abutter saying she did also.

**Decision (Continued):**

Mr. [David] Smith repeated his motion that the Trust commit \$500K of Affordable Housing Trust funds toward the purchase price of the 59/63 Willow Street project as presented by the Affordable Housing Trust. Ms. Crouch seconded the motion. A roll call vote was taken with "ayes" from Mr. Smith, Mr. Massos, Ms. Crouch, Ms. Kennedy, and Mr. Tanzer, (5-0) unanimous.

Mr. Mitchell thanked the Trust for its support. Mr. Domelowicz said he would work with them to draw up the letter. He said when the Trust meets again, they will just need to accept the minutes from this meeting. Mr. Tanzer said he would draft the letter and asked Ms. Crouch's assistance. She noted they would want to keep the funds in escrow and not release them until the funding is fully in place for the entire project. Mr. Tanzer said it was a giant step for the community. Ms. Crouch noted this development could have some spillover to potentially help restaurants and other downtown businesses.

**FOLLOWUP DISCUSSIONS ON THE HDC MAC'S SHOE SITE, WILLOW STREET**

This agenda item was included within the context of the above discussions.

### ADJOURNMENT BY THE HAHT

#### **Decision:**

Mr. Tanzer made a motion to adjourn the HAHT portion of the meeting for the Trust members at 7:32 p.m.

Mr. Smith discussed that at the next meeting, the Trust would have to sign off on the agreement letter and minutes of this meeting. Mr. Domelowicz added the agreement letter should note the period of the affordability of the nine units. Mr. Tanzer confirmed it will.

#### **Decision (Continued):**

A roll call vote to adjourn was taken with “ayes” from Mr. Tanzer, Mr. Massos, Ms. Crouch, Mr. Smith, and Ms. Kennedy.

### APPROVAL OF HDC WARRANT/ MEETING MINUTES

*\*Note: This agenda item was mistakenly listed as “AFHT item” instead of “HDC item.”*

Mr. Mitchell asked Mr. Domelowicz when new HDC members (Chad Smith and Angela Arvenites) would become official voting members. Mr. Domelowicz said the minutes (pertaining to the Board of Selectmen’s vote to approve the two new members and one new associate member) will go before the Selectmen on Monday night to be adopted. Then they will need to appear before the Town Clerk to be sworn in.

Mr. Mitchell asked HDC Coordinator Mary Alice Cookson what items needed HDC vote this evening. She said the warrant was placed on the agenda so the HDC’s Willow Street mortgage could be paid tomorrow, which is the due date. She said a vote on the March 4 minutes was optional; if approved they could be added to the HDC’s web page. The same with the joint minutes from April 2. The Trust agreed to vote on the March 4 minutes. Mr. Mitchell said they will hold up on reviewing the April 2 joint minutes. [Those were also not yet voted on by the HAHT.]

#### **Decision—Warrant:**

Mr. Mitchell made a motion to approve Warrant HDC-2020 in the amount of \$11,647.02. Mr. Stein seconded the motion. He noted the Mann and Mann legal charge was for an overage amount. Mr. Mitchell explained that was due to the peer review [requested by the Planning Board]. A roll call vote was taken with “ayes” from Mr. Stein, Anthony Nickas and Mr. Mitchell, (3-0) unanimous.

#### **Decision—Minutes of March 4 Meeting**

Mr. Mitchell made a motion to approve the minutes of the March 4, 2020 meeting. Mr. Nickas seconded the motion. A roll call vote was taken with "ayes" from Mr. Stein, Mr. Nickas, and Mr. Mitchell, (3-0) unanimous.

ADJOURNMENT BY THE HDC

Mr. Mitchell made a motion to adjourn the meeting for the HDC at 7:36 p.m. Mr. Stein seconded the motion. A roll-call vote was taken with "ayes" from Mr. Mitchell, Mr. Nickas, and Mr. Stein, (3-0) unanimous.

Prepared by:

Mary Alice Cookson  
Mary Alice Cookson  
HAHT Recording Secretary/HDC Coordinator

4-24-2020  
Date