

Hamilton Affordable Housing Trust

November 15, 2017 – 6 p.m.

Council on Aging

HAHT Members Present: Chair Russ Tanzer, Bill Wilson, Marc Johnson, William Massos

HAHT Members Absent: Michael Lombardo

Town Staff Present: Dorr Fox, Hamilton Community Projects Coordinator

At 6 p.m. Chairman Russ Tanzer opened the Hamilton Affordable Housing Trust (HAHT) meeting with a quorum present. The meeting was attended by approximately 22 members of the public.

MINUTES—OCT. 18, 2017

William Massos wanted to strike the statement regarding waiting for Bill Wilson to arrive to have a quorum. Other Trust members agreed.

Bill Wilson made a motion to approve the minutes as amended. William Massos seconded the motion. The Trust voted unanimously (4-0) to accept the minutes as amended.

REVIEW OF FIELDS NEXT TO HAMILTON-WENHAM LIBRARY FOR USE AS AFFORDABLE HOUSING, LOCATED AT LINDEN STREET NEAR UNION STREET

Mr. Tanzer provided information about the Town-owned land to the rear of the library. He had distributed a copy of the deed. The land has a deed restriction.

Bill Shields, 721 Bay Rd., explained some history—that the land was donated to the Town by the Winthrop family and had previously been changed from school use to library use. The Trust said it would involve a deep process to again change the use, this time from library to housing. They discussed that using the property for affordable housing did not seem to be in keeping with the family’s intention of donating the land for “public use,” but they are willing to explore the possibility. They estimated the land is 4 1/2 acres, which includes the library and recreation center. The field is about one acre.

Gerard “Jerry” Fallon, 38 Goodhue St., said there was a huge gap of ethics that brought about that change in use, alluding to the stealing of money in the past.

Marc Johnson said when the Town was looking for locations for the Town pool, some thought they should consider that property, but the Library board was against it due to parking and traffic issues.

The Trust asked Dorr Fox to get the change-of-use documents, which should be in the Town Counsel's files, according to Mr. Shields, because a probate court judge had made a finding at the time. He said the change took place around 1991, and Trust members discussed that it could be found in the Registry of Deeds. Mr. Wilson wanted to know the actual acreage of the field—the property remaining after the library and rec center were built.

REVIEW AND APPROVAL OF WRITTEN AGREEMENTS BETWEEN HAMILTON AFFORDABLE HOUSING TRUST AND HARBORLIGHT COMMUNITY PARTNERS REGARDING FUNDING FOR THE 59 WILLOW STREET PROJECT AND A SITE ON LONGMEADOW WAY NEAR BAY ROAD

Mr. Tanzer recused himself from discussing the Longmeadow Way project because he is a direct abutter. However, tonight the Trust only had the Willow Street grant agreement with Harborlight in front of them. Mr. Fox explained that the other document (pertaining to Longmeadow) would be almost identical to this one, but they are being taken separately per the advice of Town Counsel Donna Brewer. He added that the description of the property may be changing to include both 59 and 63 Willow Street. The RFP was for both properties, but the Hamilton Development Corporation (HDC) prefers that Harborlight only take 59 Willow Street.

Mr. Johnson clarified with Andrew DeFranza that Harborlight would be OK with developing just the front portion of the property (without 63 Willow Street being included). He said it would be OK provided the appraisal supported the \$600K amount. Mr. Johnson asked if the appraisal would be just for the land or if it would include the structure. Mr. DeFranza said it depended on the appraiser.

Mr. Fallon asked the Trust what made them confident they're going to get a \$600K appraisal on that property? He said it seemed that the Trust way overpaid for it. He asked where the Trust was going to get an honest appraisal that's going to value that at \$600K. Mr. Massos said they would use a valid licensed Massachusetts appraiser who would consider the fact that the property is going to be developed into 20 units.

Mr. Fallon voiced concern that the taxes paid to the Town for that property would not amount to much. Mr. Fox said that was between Harborlight and the HDC, not something within the Trust's role.

Mr. DeFranza said that the good news for the HDC on the valuation question is that they can do the appraisal using "by right" zoning (even if Harborlight chooses to do it as a friendly 40B) and that value will be higher than an appraisal of just the house with the lot.

The Trust discussed various scenarios that could happen with the property. Mr. Johnson said he was concerned about the Trust's security—being able to get its money back if, for some reason, the project did not go through. He suggested some wording changes in the agreement and said some of the language concerning the first and second mortgages was

overly simplistic. The Trust decided to ask Legal Counsel Donna Brewer for her input regarding the language in that section, and other parts of the document, as well.

Mr. Fallon asked about design of the Willow Street project, whether it will be two or three stories, and whether it would have an elevator. Mr. Johnson said if the project is “by right,” it will have a commercial piece on the first floor. If it is 40B, it might fit into a two-floor structure. Mr. Fallon asked if water and perc tests were done. Mr. Fox answered that the HDC came to the conclusion from a perc test that the project could be up to 30 bedrooms. The test wasn’t an observed perc test so it wasn’t approved by the Board of Health. It will need to be done again when construction occurs.

Carol Curry, 713 Bay Road, asked who the architect would be. Mr. DeFranza responded that it would be Siemasko + Verbridge, which handles Harborlight’s projects. Mr. Fallon noted Brian Stein, Planning Board member and the HDC President, was employed by the firm. Mr. Johnson asked Ms. Curry if she were concerned about the design or a conflict of interest. She said she was inquiring about design. The Trust members said they don’t get involved in decisions regarding design. That is handled by the Planning Board, or, if the project is a 40B project, it goes through the Zoning Board. Mr. DeFranza said a large group of neighbors had requested the project be a 40B, which means it would go through the Zoning Board. Mr. Johnson said the Planning Board would have input, also.

Mr. Fallon asked if Hamilton residents would be given preference as tenants for 59 Willow and if it would be done by lottery. Mr. DeFranza responded yes to both questions. He talked about how that might work.

Mr. Fallon said he wanted to make note of something. He wanted to refer the current members to the Trust’s Feb. 18, 2015 meeting. He noted that the only person still on the Trust today who was on the Trust at that time is Mr. Johnson. Patrick Reffett, Director of Planning and Inspections, was in attendance at that 2015 meeting and is quoted saying that the Housing Authority (who, Mr. Fallon said, manages 45 units of affordable housing in Town today) said at that time that the Authority didn’t have many residents on its waiting list. A Trust member at that time, Fred Mills, had asked for an explanation of this and posed the question: “Is there no local demand?” Mr. Fallon said that the Trust never did its due diligence to find out the answer to the question: Is there a demand or not?

Mr. Massos made a distinction between affordable housing and public housing. The 45 units mentioned that are managed by the Housing Authority are subsidized housing, or public assistance. Affordable housing is a completely different strata, he said. Mr. Fallon and he discussed the two terms, but Mr. Fallon didn’t think there was that much of a difference. Mr. DeFranza is talking about offering housing to those whose income is about 60% of AMI, he said, whereas those in public housing have an income about 20% of AMI.

Mr. Johnson explained that the Town has been talking about affordable housing for a few years. Regarding the idea of having senior rental units— there have been meetings with the Trust and the Selectmen where people have stood up and asked for rental units for seniors with a local price point. Mr. Wilson noted the Town survey also supported it. The Trust

then discussed how the lottery system would work. They asked what would happen if there were vacancies in the housing project, to which Mr. DeFranza replied that if there were a vacancy, it would roll into the general public if nobody local had applied. A recent example is the Habitat for Humanity project (in which two houses were built). One resident chosen was a woman from Hamilton while the other couple was from Beverly.

Mr. Fallon said he had a long conversation with Phillip DeMartino, who gave a lecture in 2016 on 40B at the Hamilton-Wenham Library. Mr. DeMartino, who works for the Department of Housing and Community Development, said the vast majority of affordable housing that's been built since 1969 when 40B was passed is "for profit" development. The preference is for rentals since they're easier to do and yield about a 10% profit. He detailed that these types of developments (with 25% of the units for people at 80% of median income) have all kinds of amenities.

Mr. Johnson commented that 40B is the law.

Mr. Fallon described an affordable housing project in Ipswich run by the YMCA of the North Shore. He talked about the support community there (for instance, a daycare center) and why it made sense to put the project there. He said it makes no sense to put the project at Longmeadow. He said he was all in favor of affordable housing if done ethically. This is about one man's ego who sits on the Board; it's about vengeance, he said, referring to the Pirie project that did not go through when Mr. Johnson was a Selectmen. He went on to say this would definitely impact home values. He left the meeting apologizing for becoming passionate, but angrily saying Mr. Johnson should have resigned a long time ago and the Town elected him to initiate policy not create policy. Mr. Fallon left and then came back and addressed the Trust again, saying that people will be able to file for an abatement if their property values are affected when they go to sell, but he added emphatically that taxes are going to have to be raised on people who least can afford it.

After Mr. Fallon's departure, the Trust looked at more of the specifics of the agreement. Mr. Wilson suggested adding that the Trust preferred that the building not exceed two stories. Trust members agreed.

Ms. Curry asked if the people who are in the existing affordable housing downtown could move to the Willow Street project. Mr. Massos again made a clarification between public housing and affordable housing and said those in the current public housing likely could not afford to do that.

Mr. Wilson asked if they wanted to vote to approve the agreement this evening. Mr. Johnson said they would need to see a final document in a more polished form. They discussed getting redlined versions going forward.

Mr. Fox mentioned that Mr. Stein will recuse himself at the HDC from making a decision regarding the architect, design, etc., due to a conflict of interest.

Mr. Shields said there was no way he would advise the Trust to sign the agreement before them without seeing the entire agreement together, including language for both Longmeadow and Willow Street, because of the linkage of the two. Mr. Tanzer said they would wait for the revised document and consider it at the next meeting.

They then looked at how to address the fact that \$250K of the Community Preservation Committee (CPC) grant money they received is restricted in that it can't be spent on Longmeadow. The \$250 in restricted funds will need to go toward Willow Street. They agreed they would call on Ms. Brewer to find the best way to detail that in the agreement. Mr. Fox said he will draft a letter to Ms. Brewer, but will first send it by Mr. Massos for his input. After the document is drafted with Ms. Brewer's input, it will then go out to the Trust and they can send their comments back to Mr. Fox.

Mr. Robert Borsetti, 746 Bay Road, asked what the HDC paid for Mac's property in dollars and how much was subsidized by the Town. Mr. Tanzer said he should direct that question to the HDC. He asked about seeing a purchase and sale agreement for the \$600K. Mr. Massos said that the purchase price should be public record, but the purchase and sale agreement isn't finalized yet. Mr. Fox said he can get the information to him.

In response to Mr. Borsetti's questions, the Trust discussed that the existing building may or may not stay with the HDC while the new building would be owned by Harborlight. They also addressed a question about whether the Trust should be concerned with what happens at the property if there is a commercial element to it. That would be up to the Zoning Board and Planning Board, said Mr. Johnson; the Trust's focus is on the housing piece. Mr. DeFranza commented that the existing zoning requires commercial space on the first floor, but they want to go with 40B, which allows for residential on the first floor. He said the only commercial space Harborlight plans to consider is the Accord Food Pantry, using some subset of the first floor of the senior housing project for that.

Mr. Borsetti asked about how HDC received funding. The answer, according to Mr. Johnson, is that it comes from the meals taxes at restaurants in Town, which was allocated at Town Meeting. There is potential the HDC would have to reach for more funds, Mr. Borsetti said. He wanted to know if the HDC could be financially "in trouble" on this property. When Mr. DeFranza pays them the \$600K, it will cover the HDC's "nut," the Trust members explained. Mr. Fox said the profit would be owning the building at 63 Willow Street free and clear without a mortgage.

Mr. Borsetti commented that, as of now, nobody knows what Harborlight's agreement is concerning the Longmeadow property. Mr. Tanzer said that isn't being discussed tonight, but all of that information will be out there to look at; it isn't a private sale.

DISCUSSION OF 10% DOWN FUNDING PROGRAM

Mr. Tanzer introduced the next agenda item, a program that would help give first-time homeowners down-payment money. The "hook," Mr. Massos explained, is that they want to

put a deed restriction on the property so that it remains affordable housing. The Trust would give the homeowner a second mortgage to help them with their down payment, helping them perhaps to avoid P.M.I. Houses around town in the \$325-450K range would qualify as affordable. So as not to restrict the value of these properties in perpetuity, the Trust could write something into the agreement that would allow the homeowner to buy the Town out of the restriction. This program would allow the Town to use its existing housing stock to meet the 40B requirement and to do this without changing the character of the Town.

Mr. Fox is unclear at this time about whether a CPC grant may be used for this type of program or if CPC funds have to go toward buildings. Mr. Fox is looking into this. Gloucester jettisoned the deed restriction part of its program due to the hassle involved, he said. Mr. Massos is investigating similar programs and looking at their technicalities. There is a question about whether a program like this could be funded by a community grant. Also, if they give residents a buy-out option, does that undermine the deed restriction? Mr. Wilson brought up an aged time-off. Mr. Massos said they wouldn't want to do that. There's something called a federal funds rate, which the federal government sets for affordable housing, and perhaps they might be able to use that.

Susan Lawrence, 105 Rock Maple Ave., asked about income limits for the program. Mr. Massos thought that would be 80% of AMI and the income limit would be about \$105K, which would qualify people for the houses in the range considered affordable. Mr. Johnson noted that the average size of houses in Hamilton has been increasing over the years.

REQUEST FOR FUNDING FROM THE COMMUNITY PRESERVATION COMMITTEE

Mr. Tanzer said they were looking to ask the CPC for \$100K to help create the 10% Down Program and/or to have in the kitty for another affordable housing need. If they move forward with the Willow Street project and Plan B, they are going to be left with about \$15K-16K. Mr. Johnson said that by the time the "ask" is in front of the community, they may or may not have spent the \$600K. Mr. Fox said the CPC is meeting Dec. 14 to review eligibility applications. Mr. Johnson said this would be appropriate timing to ask.

NEW BUSINESS

Mr. Wilson said he wondered if they wanted to bring back the article that was rejected at Town Meeting regarding homeowners in default working with the Town to abate some of their past taxes. At Town Meeting, a clear link wasn't made between the person who was in default and a person coming in to town to buy a property, Mr. Johnson explained, adding that the article needs more flushing out but brought about a good discussion. Mr. Wilson said the Trust should have known about the article ahead of time. Mr. Borsetti commented that the article was voted down because it may have been viewed as a loophole for people to opt to go into arrears on their taxes and have it excused before selling their property for affordable housing purposes.

The Trust noted that the next meeting would be the third week of December. They discussed skipping that meeting unless edits come back on the agreement that they need to vote on. They will decide the meeting date later via email. Mr. Johnson needed to leave the meeting.

ADJOURNMENT

Mr. Massos made a motion to adjourn the meeting at 7:58. Mr. Wilson seconded the motion. The Trust voted unanimously (3-0) to adjourn.