

HAMILTON FINANCE AND ADVISORY COMMITTEE

Minutes of Meeting

August 8, 2018

Members Present: Darcy Dale, John Pruellage, Phil Stearns (Chair), and David Wanger.

Others Present:

This Hamilton Finance and Advisory Committee meeting was called to order at 7:03 pm at the Public Safety Building.

Public Comments

Rosemary Kennedy (61 Rust St.) was present to discuss the costs and types of affordable housing being proposed for Hamilton. Ms. Kennedy stated that in 1969, State law was enacted to help the poor in urban areas. After 50 years, the State raised the income level of eligibility, which would be \$60,400 (80% annual mean income (AMI) in Hamilton. The State understood the cost to communities and introduced a need for a mitigation plan to help defray costs. Hamilton chose Harborlight Community Partners to develop housing for a population that did not include the 80% AMI and did not include senior housing on its own. Ms. Kennedy said the cost mitigation factor was important for the FinCom because a vast number of Hamilton residents were cost burdened by housing. A Metropolitan Area Planning Council study for housing production was done in 2014, which indicated that 39.4% of homeowners were cost burdened (over 30% of their income being spent on housing) and 20% were severely burdened (50% of income being spent on housing). According to Ms. Kennedy, it was the highest on the north shore. Ms. Kennedy said it was an unfair burden on these people or Hamilton in general to add the cost of affordable housing onto their taxes without mitigation. According to Ms. Kennedy, the State realized the costs associated with 40B development and in most cases, developers would offer or would be required to provide funds to lessen the impacts. Easton received \$2.65M from a private developer.

According to Rosemary Kennedy, usually developments would be town specific based on housing needed. Very low income developers would obtain a funding package from State and Federal sources. Other ancillary services (social services, substance abuse, transportation, and/or translators) would need to be provided to the population. Ms. Kennedy recalled that she had spent the last few years working with the specific clientele who needed resources. Harborlight Community Partners were focusing on very low income housing and relying on State and Federal funding sources as their mission was to

provide housing for very low to homeless people. Ms. Kennedy asserted that the problem was that it would place a huge burden on taxpayers, especially those who already suffer with housing burdens.

Rosemary Kennedy said the cost would be \$1.2M before the shovel was in the ground with no mitigation plans in place. Harborlight did not offer a mitigation plan, nor were they asked for one. Harborlight would receive low income tax credits and pay very low property taxes. Ms. Kennedy said Harborlight's version of affordable housing would cause an increased tax burden without providing affordable housing that would benefit the community. Ms. Kennedy suggested that other developers who would work with the Town be considered. The Affordable Housing Trust (AHT) reportedly felt that if Harborlight were to go away, Hamilton would not have a say in low income housing development. Ms. Kennedy asserted that it was not true. The Town could partner with someone who would do workforce housing, pay market rate taxes and provide mitigation costs. Ms. Kennedy said workforce housing was the type of housing needed and desired by the Town of Hamilton.

While Harborlight was the only bidder at Willow St., Rosemary Kennedy explained that the site was too small for 20 units and the area had water problems. The local initiative program (LIP) would allow a partnership to give the Town a large amount of say with a development that would benefit the town. Phil Stearns thought many developers might want to develop in town and mitigate the taxes but wanted to know the resources.

Discussion ensued regarding the \$250,000 grant from the Community Preservation Committee (CPC) that had to be expended prior to the end of June. Kate Walker (Ortins Road) indicated that no one knew the status of the funds but that they had been committed. Peter Britton (Highland St.) explained that the award would need to be voted upon by the CPC if there was a request from the Affordable Housing Trust (AHT). It was questioned if it reverted to the general fund it was not used. Dorr Fox reportedly did not know.

Kate Walker distributed the second draft of the proposal between the AHT and Harborlight, dated July 26, 2018 to the Committee. Ms. Walker indicated that the process was moving forward quickly as the AHT was working on a terms sheet with Harborlight. The AHT application for eligibility went to the CPC and was approved at the last meeting. Ms. Walker was concerned that the AHT was misrepresenting the project and not proposing a smart development in Hamilton. Ms. Walker was concerned about the costs for the long and short term.

Costs to the Town would be \$500,000 as indicated on the application, but the CPC determined the cost would be \$1.525M if the Town were to buy down the development to 48 family units. According to Kate Walker, Marc Johnson said the number was incorrect, but the AHT had confirmed the cost. The terms sheets had included options A,B,C, and D with costs for various options, but Ms. Walker asserted that each option assumed the sale of the existing homes on the site for \$1.2M. Ms. Walker did not feel anyone would buy the homes sandwiched between the apartment buildings. If the Town agreed to the current agreement, the AHT could move forward with the \$300,000. It was questioned if the funds could be used for legal expenses, which the CPC reportedly did not believe was a legitimate use of the funds. Ms. Walker said that at the meeting of July 31, 2018, Marc Johnson reportedly said Town Counsel had changed the language and the grant agreement was within their mission. Ms. Johnson reportedly said the developer said not being able to use the funds for legal fees would be a deal breaker.

The AHT was planning on using the potential Town Meeting acceptance of a \$200,000 fund request as evidence of town support of a friendly 40B. Kate Walker said the town had not been given an opportunity to vote for or against the project but had only been given a chance to vote for or against the \$200,000 toward the \$1.525M cost. Ms. Walker said she had calculated the costs based on \$17,000 per the FY 19 school budget. David Wanger suggested that she use the 2/3's formula for Hamilton's costs. Ms. Walker said the initial cost of \$300,000 or \$1.525M would be reflected in a \$565 tax increase per household for 48 units of housing. The on-going costs for education for 89 units could be \$1,200 to \$1,300 per household per year. The costs combined with the lack of mitigating plans and bringing in new residents through a State-wide lottery system without paying contributions to the town was discussed. The costs would be picked up by Hamilton taxpayers.

David Wanger questioned how much money could be expended without Town Meeting action. Kate Walker responded it was the \$300,000 previously approved. Phil Stearns recalled the \$250,000 allocated for Willow St. Ms. Kennedy responded that the \$250,000 was based on 20 units, which the site could not support. \$300,000 would accomplish 100 units while zero funding from the Town would realize 200 units as Harborlight would partner with another developer. Rosemary Kennedy said the 200 units were unrealistic as the model would not support the number. David Wanger suggested that Town Counsel be contacted to determine if using the \$300,000 for legal expenses was an appropriate use of the funding. Ms. Walker said the CPC thought it was an inappropriate expenditure. Mr. Wanger thought it might be under the guidelines for housing. Peter Britton responded that the CPC had control of the money and could not be expending money for expenses that were part of the action between the AHT and another entity.

In response to David Wanger's question as to who had control over the \$300,000, Peter Britton (former chair of the AHT) said the AHT had impressive powers but were constrained by the lack of support of the Selectmen and others. Mr. Britton thought the AHT had the ability to fund litigation but would have to be in favor of a particular proposal that the town was on board with. Mr. Britton said having a friendly 40B in Hamilton was remote. Mr. Britton said the legal expenses would be balanced against the number of units added to cover the costs. Wenham was in their fourth or fifth year of litigation against Harborlight. Kate Walker said the significant costs were due to the ownership of the land, which the AHT was not addressing. The \$200,000 was only a shadow of the true cost. Ms. Walker thought the proponents were using the vote for the low funding to show a support for a friendly 40B. Rosemary Kennedy said the AHT and Selectmen have not addressed it realistically, which was unfair to the town. Kate Walker added that Bill Wilson had adamantly opposed any funds going to Harborlight to be used for litigation against town residents. Ms. Walker thought it was interesting that it had now become a forefront of the term sheet. Rosemary Kennedy thought people, who were making decisions were poorly informed or led by others. Ms. Kennedy thought there was no concern regarding the true cost of the town and taxpayers who were already stressed at this point.

Review and approval of outstanding minutes (6-13-18, 6-27-18, and 7-11-18)

Motion to approve all three meeting minutes made by David Wanger.

Seconded by Darcy Dale.

Unanimous in favor.

Discussion regarding financial policies

Phil Stearns noted the policies had been approved by the Selectmen. Mr. Stearns would review the policies to ensure the FinCom changes were included.

Discussion regarding 550 Highland St. court case.

Phil Stearns had previously suggested that a meeting occur between Town Counsel, the Treasurer/Collector, and representatives from 550 Highland St. to review the situation, however it had already been sent to land court, so discussion in a public meeting could not occur. At first, Mr. Stearns thought the topic could be discussed in Executive Session but had recently been informed that the Kaminsky family had paid their most recent tax bill and appealed in an effort to go through the legal process. The Town had a separate outside legal opinion and might reconsider their original opinion. If nothing happened, the topic would be placed on a future agenda.

Peter Britton noted that the Town needed to provide all correspondence to the attorney within 10 days from the date the taxes were paid and the appeal was filed with the tax collector's office.

Discussion regarding the HWRSD budget process and "Asks" for the School Committee and Administration.

The School Committee met on August 1, 2018 when they did their financial close for the previous year. The School came within 99.973% of their budget for spending. There was a \$8,166 favorable variance on a \$30M budget. According to Phil Steans, Jeff Sands went through variances and explained them. There was a large overage in tuition for out of district placement, school choice, and charter schools. Other variances were small. There was no OPEB. One unfavorable variance was for custodial over time, which resulted in a court case. The next meeting would be on September 12, 2018. The audit was started in May and the presentation would be at the meeting in the second half of October. The E&D certification would follow. The School had used money from the prior fiscal year to fund certain programs, according to David Wanger. It was noted that the audit results should be public.

Committee member reports on liaison assignments and other projects.

Darcy Dale investigated the Town Manager who was selected and did not believe a complete vetting had occurred. Ms. Dale found he was linked to a website that she found objectionable, the Conservative firing line. The Town Manager Search Committee voted unanimously with little time for other stakeholders to ask questions. David Wanger was concerned that he had sought a position in other towns while under review for Hamilton. The candidate had been turned down by the town he was currently working for (Winthrop) as well as Ipswich and Nahant.

The process included 32 applicants, six interviews in Executive Session, and three narrowed down interviews by the Board of Selectmen. A unanimous vote to start negotiations occurred. David Wanger said the Fincom should not second guess the citizen committee but had a responsibility to determine if the process was substantively appropriate. Mr. Wanger wanted to understand what happened if the candidate had not succeeded in obtaining another position within a month or two of this opening. Phil Stearns noted the candidate was the second choice in Ipswich. Mr. Wanger said it was fine if the Committee was aware of the facts but if the candidate arrived with a history that had not been probed, the FinCom should communicate their concerns to the Selectmen and the public. Mr. Wanger wanted to investigate what was known to the selection committee and was authorized to ask Jack Lawrence if about the extent of the investigation of candidates. The topic would be on the agenda for the next meeting.

Darcy Dale noted that the town had offered a proclamation that they rejected bigotry and the chosen candidate appeared to be in opposition to that position based on the website with which he was associated.

Phil Stearns announced the new fire engine had arrived. Mr. Stearns said the Town Hall Building Committee had hired Design Technologies despite an e-mail from Scott Maddern saying the library was unhappy with their previous work. Design Technologies had changed ownership since the library project and were currently overseeing the Topsfield Town Hall.

Discussion ensued regarding the three versions of the Gordon Conwell Theological Seminary Task Force charge. After several versions, Robin Crosbie's version was reviewed by David Wanger and John Pruellage. Ms. Crosbie's version was not consistent with the agreement as it was deficient in charge language and a liturgy of participant hurdles had been added. The final version was issued without discussion. The committee was no longer viable. Mr. Wanger had e-mailed the Chairman of the Selectmen regarding the unacceptable conditions but Shawn Farrell did not respond.

David Wanger reported that the Planning Board had issued the RFP for a planning consultant to consider the housing portion of the Master Plan. Responses would be due August 16, 2018 and \$30,000 was the expenditure cap. The project would involve a public survey and participation. Mr. Wanger discussed his attendance at the Network of Age Friendly Communities forum at the Council on Aging. Mr. Wanger noted that part of the community compact program would be an investigation into age and dementia friendly communities. The topic would be an agenda item with Mary Beth Lawton invited to present.

David Wanger suggested inviting Kate Walker and Rosemary Kennedy as well as the Affordable Housing Trust to further understand the financial issues of the current proposal.

Other Topics not reasonably anticipated by the Chair.

Discuss/determine agenda for next meeting.

The Warrant had closed and there would be a joint FinCom/Selectmen meeting to discuss the Warrant articles. It was noted that the Patton Homestead request had been removed. The Warrant articles and the "asks" from the School would be discussed at the joint meeting on September 20, 2018. The next FinCom meeting would allow for discussion of the Town Manager selection process, the Council on Aging presentation of AARP

options and other Council on Aging matters, and the Patton Homestead (depending on Nick Tensen's update). Affordable Housing would remain within the potential topics.

Adjournment

John Pruellage made motion to adjourn the meeting.

Seconded by Darcy Dale.

Vote Unanimous to adjourn at 8:42 pm.

Prepared by:

Marcie Ricker

Darcy Dale 09-05-18

Attest

Date