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HAMILTON FINANCE AND ADVISORY COMMITTEE
HAMILTON AFFORDABLE TRUST

Minutes of Meeting
September 5, 2018

2018 OCT 18 AM 10 41

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

Affordable Housing Trust

Members Present: Joe Domelowicz, Jr, Marc Johnson, Bill Olson (8:00 pm), and Russ Tanzer.

Affordable Housing Trust

Coordinator Present: Dorr Fox

This Hamilton Finance and Advisory Committee meeting was called to order at 7:01 pm at the Council on Aging Building. The Affordable Housing Trust meeting was not called to order as a quorum was not established until the 8:00 pm. arrival of Bill Olson.

Public Comments

Discussion of Article 2-6 Funds for Affordable Housing.

Phil Stearns announced the objective was for the FinCom to obtain enough information from both sides to determine if they should recommend the article for approval or not. Russ Tanzer (AHT, Ortins Road) said he would need to withhold comments about Longmeadow due to a conflict, but commented that no one from any of the Boards in the community had seen the agreement with Longmeadow including the costs, terms, and conditions. Marc Johnson (AHT, 6 Patton Drive) offered one copy of the terms between the Affordable Housing Trust (AHT) and Harborlight and noted that Town Counsel was reviewing the language of the motion. The term "bonding" would be removed from the article as bonding required a 2/3's vote at Town Meeting. Payment would be obtained via reserves and other sources coming into the AHT so the entire amount would not be bonded, according to Mr. Johnson. The ask would be to approve up to \$1M for 48 units +/- with some future number. The timing upon closing would be clarified with Harborlight closing after permitting and after the appeal processes had been completed. According to Mr. Johnson the actual expenditure might be a long time out. Harborlight would file a Project Eligibility Letter (PEL), then go through zoning, then go through the appeal process as there was a high probability that the neighbors would appeal, which would extend the expenditure. Mr. Johnson said the motion should address that the funds would not be spent quickly.

Harborlight wanted more than \$1M. They wanted an additional \$700,000 for the homes at Longmeadow 3 and 5. The AHT said the value, considering deed restrictions of the homes would be \$250,000 or more so there was \$500,000 in future value even if the development was in front of it. According to Marc Johnson, the incremental value would be \$200,000 or more, eight units extra, come up with cash, or nothing if Harborlight could sell houses or create apartments to generate \$750,000 for the two houses. Town Counsel was determining how to appropriate the funds legally. Mr. Johnson said State laws allowed for approval up to a certain amount and then negotiation for the deal could occur. The money would be authorized but not raised. Marisa Batista said she could authorize the funds for future expenditures on a balance sheet. One way would be to effectuate funding from free cash as Ms. Batista said the Town should not appropriate for future expenditure as she didn't want to raise money through taxation not knowing when it would be spent. Donna Brewer would be contacted.

Marc Johnson noted that money would need to be spent for engineering work, traffic studies, the Planning Board process, and the ZBA process for the 40 units. Mr. Johnson said the AHT was trying to promote an option that did not result in 200 units. Harborlight reportedly has had conversations with partners to develop 200 units of which $\frac{3}{4}$'s would be market rate rentals. David Wanger asked if 200 units might encounter significant obstacles. Mr. Johnson referred to Title 5, groundwater and traffic issues. If the Chief of Police showed concern over traffic and ordered a traffic study, the numbers might be reduced to 190 to 160 units but the town wanted 40 units, according to Mr. Johnson. In response to Mr. Wanger's question as to the validity of the larger development threat, Mr. Johnson responded that it was difficult to stop a well-capitalized 40B. Mr. Johnson referred to the Junction which did not have enough capital and took six years to complete stating the lengthy process caused the units to be sold for less. Harborlight has indicated that it had partners with capital.

According to Marc Johnson, the issue would be soil and septic with engineering being a real hurdle causing the number to be lower. Darcy Dale asked why Harborlight would be moving ahead with the project. Mr. Johnson responded that a year ago, Harborlight could have read the will of Hamilton to come up with money and do the project and they should have stopped working with us then but we kept asking to join. Ms. Dale asked why Harborlight was not at the meeting. Mr. Johnson did not know. Ron Hewart (34 Maple St.) said Harborlight wanted to work with the Town. The Harborlight Board reportedly met the previous week and said they would see if the Town wanted to authorize the money and work with them and if not, they were working on something else. Mr. Johnson said Harborlight probably did not go to the meeting as they were in an antagonizing position.

Marc Johnson noted the consequences of 200 units including the 150 market rental units, which would mean a lot of incremental school costs. Darcy Dale asked if the Harborlight had looked at impact studies about water or schools. Mr. Johnson did not think they had. John Pruellage asked if the numbers could be reduced once the PEL letter was issued to which Mr. Johnson responded that engineering for the larger project would need to be abandoned, which would not be cost effective. David Wanger said the Town Meeting action would show support but the only metric would be money. Mr. Johnson said there was no guarantee that Harborlight would accept the money even if it were appropriated. Mr. Wanger asked if there was another way to show support except for the funding but Mr. Johnson did not see how anything else would be binding. Discussion ensued if the AHT, Selectmen or Town Meeting support would be an official metric of support.

Russ Tanzer recalled that the Town had Host Community Agreements with three partners, which showed commitment. David Wanger noted that the agreements were not a product of Town Meeting determination. Mr. Tanzer said the Selectmen spoke for the town. Mr. Wanger responded that the Selectmen might become more assertive to articulate working with them other than being held hostage to this fact matter.

Nick Tensen asked if the proposal was to buy down 200 units to 40 units by investing or giving \$1M. Marc Johnson responded that he would characterize it to “invest or contribute” \$1M or \$1.3M (including the \$300,000 from the AHT from before). Mr. Johnson said if that did not occur, the town would experience either something larger or nothing. David Wanger was concerned about the funding source and the concept that the funds would be used to subsidize reasonably foreseeable litigation against Hamilton residents. Mr. Johnson responded that it would not work to only use it for building materials because affordable housing projects had litigation costs, which were built into the equation of building affordable housing projects in MA. Mr. Johnson noted the Community Preservation Act component, which used public funds to create affordable units. Mr. Wanger concluded that the ultimate threat of 200 units may be a slippery illusory. Mr. Johnson concluded that the development could be zero or 200 units.

Kate Walker (Ortins Road) questioned the amount of \$1M, which she said was \$1.3M and that if nothing happened with the existing houses, the town would need to contribute another \$700,000. If they did not, the number of units would increase from the 40 units. According to Ms. Walker the real math was \$2M for 40 units or \$1.3M for some number higher than 40 units. Ms. Walker quoted a member of the AHT who stated in their meeting of August 28, 2018 that due to negotiations with the developer, it was hard to give them money because the developer was not negotiating in a friendly manner. Ms.

Walker said all the terms between the AHT and the developer were caveated with the developer's needs in mind. Ms. Walker said the developer will file a PEL for 200 units with a significant amount of land left ignored. Ms. Walker said Marc Johnson had stated the developer fully intends to use Town funds for a legal fund to defend itself. The AHT had \$300,000 for a legal fund for the developer outside of Town Meeting asks. Ms. Walker noted the AHT said they needed to be careful not to say the Town was buying down the units with money. The language suggested that the development was definitive, which was not true but would give Harborlight a green light, according to Ms. Walker. Town funding would allow the developer to call it a friendly 40B and allow for the 40B permit.

Kate Walker asked why the Town would be asking residents to give money for a façade with all risks going to the Town and none to the developer. According to Ms. Walker, the Community Preservation Committee severely cautioned them on use of funds. Harborlight had been adamant that it would not show the Town its options with the landowner. No market studies have been shown. Ms. Walker said the Town was being asked for money with no due diligence performed by the Town or the developer. Mr. Miller reportedly told neighbors that he was under a gag order, that he didn't trust Andrew DeFranza, and that he would like to stay on his property.

Kate Walker discussed the tax implication to the town for even 40 multifamily low income units. Ms. Walker was concerned about the long-term costs as well as the initial costs. Ms. Walker said the school costs alone would range from \$900,000 to \$1.6M and compared the costs to those generated by Gordon Conwell who sent 47 students at a cost of \$800,000 per year. Ms. Walker said this was not the only option for the town. The AHT questioned the reasonability of asking Town Meeting for funds and wondered about the validity of the developer's intentions. Ms. Walker said the town was being asked for funding to support an undefined project with a developer with little skin in the game when negotiations had failed. Ms. Walker said there was nothing legitimate to vote on as the project had open ended terms with an unfriendly developer and was being sold as something different, which she found deceptive.

David Wanger said affordable housing was a positive societal objective and was a requirement by law. Kate Walker said there were other developers who provided workforce housing but had currents against them. Ms. Walker said if Harborlight did not have money or support, it would create "X's" against them for 40B approval. Phil Stearns said the student costs would be lower with 40 units than with 200 units. Ms. Walker responded that more than 40 was unlikely without more Town money and that there was no revenue source to pay for the students. \$1.6M would be Hamilton's share of

inviting 40+ students into the system without contributing to the tax revenue in combination of traffic, water and other costs. Phil Stearns reiterated that the costs would be less with fewer units. Discussion ensued regarding the impact of septic requirements on the land. Ms. Walker did not think the land would provide for 200 units.

David Wanger asked about cost mitigation and Marc Johnson responded that no offer had been given by Harborlight but mitigation costs could be considered during ZBA deliberations. Kate Walker said a non-profit would not likely pay mitigation costs. Bill Olson stated the \$14M project would be about \$.70 per thousand valuation.

Bill Olson talked about a small treatment facility for the septic situation. Phil Stearns said it would raise Harborlight's prices and they would need more units. Marc Johnson said that at 200 units, Harborlight could afford traffic mitigation and septic. Nick Tensen asked if the town voted the money in, would Harborlight guarantee 40 units to which Marc Johnson responded no because they had no idea what contingencies would be applied to the money. Part of the contingencies were the two houses and \$700,000. David Wanger asked if the two houses didn't happen, would Harborlight then want \$1.7M. Mr. Tensen added that they already had \$300,000. Mr. Johnson added that another bullet point was that the AHT and Harborlight couldn't agree with future Town Meeting or future money and what extra units would work for future Town Meetings. The town would not have the right to make a decision because Kurt Miller would have the right to live on site for four or five years. The timing of 5 Longmeadow would not be until it was built or almost completed. As the timing was awkward, the AHT said in the future, they would give them more than 40 units by formula, according to Marc Johnson who added that a \$200,000 shortfall would be eight more units. Mr. Johnson said this Town Meeting couldn't bind future Town Meetings for a dollar amount. Bill Olson said there would be seven years from when the agreement was signed and when the permit would be pulled, which was not clearly in the offer.

Rosemary Kennedy (Rust St.) offered compliance stats on the 50 year old State statute of 40B. Ms. Kennedy said 8 out of 10 communities were below the goal of 10%. 50% of communities had less than 5% of affordable housing stock while 42 communities had none. Ms. Kennedy distributed a handout that described the genesis of the 40B law enacted for urban people in urban renewal areas. Ms. Kennedy recalled that Hamilton wanted to provide workforce and senior housing while Harborlight served low income and homeless people. Ms. Kennedy said the Town did not have the resources to provide the needed additional services. Ms. Kennedy said there were two sets of costs for affordable housing: infrastructure such as roads, water, and police as well as attending costs for disadvantaged people. Ms. Kennedy said there was a high density of homeless

housing in urban areas where the State provided the needed services. Funding mitigation costs was a topic recently presented by MA Housing for developers creating affordable housing in communities to lessen the impacts. Ms. Kennedy said the AHT did not ask for mitigation costs but were asking stressed taxpayers to fund the developer.

According to a MAPC study in 2014, 39% of Hamilton's population was cost stressed and 20% were severely cost stressed, which was the highest rate of north shore communities. Ms. Kennedy said Harborlight was asking us to pay \$1.8M prior to a shovel in the ground and for taxpayers to incur the risk as well as absorb the costs of infrastructure, water and incur the cost of social infrastructure of the population without one unit of workforce housing.

Rosemary Kennedy referred to the association of Longmeadow with the Willow St. parcel. Harborlight requested \$300,000 for the Willow Street site and \$300,000 for Longmeadow. Ms. Kennedy said the Hamilton Development Corporation realized at their meeting of December 21, 2016 that there were issues with the groundwater after a consultant analyzed the Willow St. site.

Marc Johnson said 37% of Hamilton's population qualified for affordable housing noting workers up to grade 10 in the Town offices and grade 3 in the School system would be eligible. Mr. Johnson said the new population would be just like those who live here now. Ms. Kennedy said people living on the financial edge in town would be providing for those in the affordable units and that the very low income housing was not commensurate with what Hamilton wanted to do.

Bill Shields, (Bay Road) questioned having the article brought up five weeks before Special Town meeting. Mr. Shields referred to the proposal as "jello" as the town was being asked for funds with no commitments from Harborlight. Mr. Shields said Harborlight had not proposed the deal, only Marc Johnson and Bill Olson telling us what would happen, which was not a proposal that should go to Town Meeting. According to Mr. Shields, the AHT did not vote for this proposal because there were pros and cons by going to Town Meeting. Mr. Shields said asking taxpayers for \$2M was crazy and had not happened in 50 years. Mr. Shields said there will be no local preference as the condition to allow local preference was predicated on no appeal being filed. Mr. Shields said there would be an appeal. Mr. Shields said Marc Johnson was trying to stop development at the Council on Aging, Gordon Conwell, Patton, and everywhere else. Mr. Shields said that Mr. Johnson was the driving force and that Mr. Johnson talked to Harborlight, not Harborlight talking to the AHT. Rick Mitchell (36 Rock Maple) said the Town was trying to take control and steer what happened for 40 units at Longmeadow

and 20 units at Willow St. Mr. Mitchell said “shame on us” for not trying to control it.

Carol Shrock (Ortins Road) asked about re-visiting the Patton Estate or Gordon Conwell. Marc Johnson said if 200 occurred at Longmeadow, the Town would be close to fulfilling the need. Ms. Shrock referred to the 1,109 students and teachers that drive down 1A to use the school as well as the weekend activity participants. Jack Lawrence (Rock Maple) said the Town can pay \$1M and still have no control over how many units as all the units were only on lot 3 with no ability to bind lot 1 and infrastructure being in place. Lot 5 would still be available as well. Marc Johnson responded that if Harborlight accepted the money, they would be willing to work within the four corners for 40 units and two houses. Mr. Lawrence said Harborlight did not have control of one of the houses. Bill Olson noted the one mile no compete limit.

Members of the FinCom agreed that they could not vote upon an article that was incomplete. It was agreed that there was not enough free cash for the ask and as one time expenditures would not normally be funded by the tax rate. The FinCom would vote on the article on September 11, 2018.

Ron Hewart said that if the town said no to 40 units at Longmeadow, they were saying no to 20 senior units at Willow St. Russ Tanzer said the AHT decided not to link the two sites but Harborlight would not do 20 senior units without another site. Bill Shields add that Harborlight had an agreement for \$300,000 to do 20 units at Willow St., which was not conditioned upon anything so they would be breaching the agreement.

In response to John Pruellage’s question as to what change of language would change the FinCom’s opinion, David Wanger responded it would be the source of funding, which he said troubled him. Mr. Wanger said free cash was not the answer and appropriation for tax rate impact would not be within the context because the money would not be spent. Mr. Pruellage agreed. A check had previously been written but had not been spent. Dorr Fox reportedly said that Donna Brewer’s opinion was the check was expended by June 30, 2018 and put into Community Preservation Committee’s hand. As long as the check was issued, it met the condition. The check was currently in the treasurer’s office and not given to Harborlight until there was a purchase of property. Mr. Wanger wondered if that was the equivalent to expended. Darcy Dale noted the fiduciary interest of the Town and if the money was in an interest bearing account. Marisa Batista said it was still invested. Ms. Batista said the designee had a year to cash the check.

Discussion of Article 2-5 Appropriate and Transfer Funds to the Patton Homestead

Fund.

Carin Kale said the article was to support the Town's request for operating funds for the homestead. Town meeting had voted six times to support the property since 2012 and the 2016 survey noting a large percentage of residents wanted to support preserving historic buildings and open space. The data showed the property was not a financial burden to the Town because the Patton Ridge condominium created \$165,000 in tax revenue. Tax revenue went into the General Fund and not into the Homestead Fund. All Homestead expenses were charged to the \$500,000 Homestead Fund. Gordon College paid \$6,000 into the Homestead Fund. All utilities were paid from the Homestead Fund with a total of \$136,000 charged. Ms. Kale said the Homestead needed a director to manage operation and generate revenue. The theme for the Homestead capital campaign was preserving history, honoring veterans, and welcoming community.

According to Carin Kale, \$750,000 was earmarked by the State for the property and should be available in July 2019. The money was not guaranteed. \$90,011 was being asked for operating expenses for the director and other expenses. The money would be put in the Homestead Fund. Once renovations were completed in 2021 or 2022, \$150,000 would be generated in grants to pay for operating expenses and the Homestead would be self-sustaining. An independent research group would look at the potential vision to target various groups and fee structure. The group would target the audiences for events and programming.

Discussion ensued regarding the previous grant denial. Carin Kale said the assumptions made by the review committee were wrong, as they didn't understand why the Town was opening a museum. Ms. Kale said there were more positive comments than negative. David Wanger appreciated that the Homestead had benefits to the community but the Town was expected to invest in a hospitality venue with the taxpayers being asked to fund a director to not only manage but stimulate a business. Mr. Wanger was concerned about asking taxpayers to be investors in a hospitality venue without any clear indication other than enthusiasm for economic viability for the project. There were no earmarks along the path or a concrete schedule for assessment. The director would be a Town employee who would manage working within the budget cycle (except for the Enterprise Fund) to see cost allocations of impacts.

Marc Johnson said the Town had received income from the Patton housing for \$148,000 in FY18 but David Wanger responded that it did not speak to hospitality. Mr. Johnson said the director would come up with a budget, which would be \$150,000 for costs in the second year (FY20) but fund raising would create revenue and bookings could be completed. Mr. Wanger suggested evaluating the success and failure in the next six

months with metrics. Mr. Johnson said the group would develop a business plan and gauge against it. Mr. Wanger said the site is also an asset to the town in terms of affordable housing or land sold so it was important to assess the business plan in a short amount of time. Phil Stearns agreed that the group needed a business plan with concrete milestones. The salary of \$60,000 for a qualified director was questioned but Carin Kale responded that the salary was based on a non-profit comparative salary scale.

It was determined that there was \$315,000 left in the Homestead Fund. The fund needed to remain stocked to match any potential grants. \$50,000 per fiscal year was spent on utilities, security, and phone, according to Marisa Batista. Phil Stearns said the proposal might sell better if the group were using their own money to fund it. Scott Maddern said an operating budget was never created and the asset needed to be shepherded along. David Wanger said asking taxpayers for funding year after year would be better served by adhering to milestones rather than emotions and there was a need to be analytical in going forward. Carin Kale referred to Willowdale, which was rentable at \$7,000 to \$10,000 and only had 14 weddings the first year. It took time to build staff and get revenue.

Phil Stearns said he was in favor of the next step with a business plan and milestones. Nick Tensen said the investment needed to have more clarity on the objective of the place and needed to be more than just a catering venue. Carin Kale responded that it was a cultural center, which is where grants would come from rather than a wedding venue. John Pruellage said he was inclined to take the next step but there was a need for milestones and a business plan.

Jack Lawrence forecasted that the next four years would be similar to the last four years and calculated the Homestead would be negative \$3M by FY23. Mr. Lawrence said there was no cash flow excepting Wenham Museum. Mr. Lawrence recalled Willowdale had an interest in the property but was turned down. Mr. Lawrence added that the Homestead Board would be looking for \$4,108,000.

Marc Johnson said the property could be sold but there were steps that needed to be followed. Nick Tensen said recouping money through sale could be a milestone. Carin Kale said if the property were sold, one half of the money would return to the Pattons.

Motion made by David Wanger to recommend favorable action on Article 2-5.

John Pruellage seconded.

Vote: Unanimous in favor.

Discussion of Remaining Warrant Articles and Voting.

Scott Maddern would reopen the hearing with Shawn Farrell would provide an update. Article 2-6 was still being considered. Mr. Maddern said Article 2-3 was being replaced by Article 4-2 regarding gas tanks with costs not specified. Originally the gas tanks were to be removed but the new Town Manager suggested alternatives as the oil tanks did not need to be fixed in the immediate future.

Article 6-1 Free cash would be removed.

Article 2-6 was deferred.

Article 3-2 was pending information due at the public hearing on September 18, 2018. The Selectmen were in support but not officially in favor. David Wanger said opponents to the article indicated that Federal law was superior to the current By-law but certain areas were not covered so the By-law would have significance. Shawn Farrell said opponents were not able to document their claim. Bill Olson agreed. The hired consultant said the By-law was redundant. According to Mr. Farrell and Mr. Olson, a developer would win in land court.

Motion made by David Wanger to recommend favorable recommendation for Article 3-2. Darcy Dale seconded.

Vote: Unanimous in favor.

Article 5-1. The purchase power agreement map did not attach to the Warrant Article. The array would be in one area but not in the area to be protected for future use.

Motion made by Phil Stearns to vote favorable action on Article 5-1.

John Pruellage seconded.

Vote: Unanimous in favor.

Article 5-2. The power lines would accompany Article 5-1.

Motion made by John Pruellage to recommend favorable action on Article 5-2.

Darcy Dale seconded.

Vote: Unanimous in favor.

Joe Domelowicz introduced himself.

Review and Approve Minutes from August 8, 2018 and any other available minutes.

Motion made by David Wanger to adopt the minutes of August 8, 2018.

Darcy Dale seconded.

Vote: Unanimous in favor among voting members. Nick Tensen abstained due to absence on August 8, 2018.

Other Topics not reasonably anticipated by the Chair.

Discuss/determine agenda for next meeting.

David Wanger and John Pruellage were concerned with funding Article 2-6 through reserves and the language of the article. Mr. Wanger wanted to ensure residents had time to understand the article. Nick Tensen said if the town didn't want to do it, funding was unimportant and asked if the FinCom was in favor of putting money aside for the proposal. The general consensus was not in favor. It was wondered if the developer was paid to buy down the units, if the next developer would do the same. Darcy Dale was concerned with contributing money for the developer to use to sue the Town. Further discussion would ensue at the next meeting.

Summaries would be revised and sent to the Selectmen as it appeared the summaries were one sided, according to Phil Stearns. While the Selectmen were in favor of specific articles, it was considered unfair for the town. Mr. Stearns would contact the Town Moderator regarding discussion at Town Meeting and what could be done. The FinCom would read the new wording of Article 2-6 and meet September 11, 2018 at 8:00 am in the Memorial Room to vote. The next meeting with the Selectmen would consider the 4th quarterly review.

Adjournment

Darcy Dale made motion to adjourn the meeting.

Seconded by Nick Tensen.

Vote Unanimous to adjourn at 10:15 pm.

Prepared by:

Marcie Ricker



10-18-18

Attest

Date