

Affordable Housing Trust Committee Meeting
Wednesday, April, 6th, 2011

Members Present: Colleen Neff, David Wilder, Josh Degen, Allen King, Mark Haddad

Others present: Leah Donohoe- Housing Coordinator, Bob France, David Valetta, Karen Corey, Michelle Collette, Mr.Wheatley.

Colleen Neff announced the board members present, along with the 134 Main St. project developer and investor.

Josh Degen discussed the Affordable Housing Trust and its creation in 2008. 134 Main St. is to be created and built locally. The developer has been chosen to develop 134 Main St., as the unfortunate economic climate caused the property to go into foreclosure. During the course of discussion, the trust did not have money and needed money. With that being said, it's hard to build unless you partner with a builder who is going to provide you with maximum return. Forthcoming, there will be \$412,000 in CPC funds. \$400,000 for developer and \$12,000 for anticipated legal expenses. We are looking for community support.

Inclusion of the parcel named the town center overlay district would require a 2/3 vote to rezone and the project could move forward.

Mark Haddad announced that there is a sheet with frequently asked questions and answers regarding 134 Main St.

Mr.Wheatley spoke regarding information on affordable housing and the median income levels in Groton. According to what he found, in 2008 it was \$110,030. Mark's handout showed a lower median income. Clarification was made and it was stated that the discrepancy was because Mark used 80% of the median income, which comes from an area estimate. HUD and DHCD require this. Mr.Wheatley also commented that there are currently 14 properties listed for sale in Groton. They are priced at \$269,900 and down. With that being said, he commented that there is a vast stock of affordable housing in Groton and perhaps there are many affordable homes not yet on the market.

Josh Degen stated that the issue with having private homeowner placing house on the market would require as deed restriction and would limit the ability for them to sell it to someone who meets the 80% income guideline.

Mr. Wheatley stated that the trust could work with the 14 homes to bring them forward for affordable housing. The deed restriction would require them to remain affordable. He also stated that through the trust the seller could be connected to someone who is qualified. If buyer didn't meet the 33%, the trust could offer assistance.

Josh Degen stated that you are looking for a buy down then.

Mr. Wheatley stated that another solution would be to connect these 14 properties with prospective buyers.

Josh Degen stated that it was a good idea but would be better suited to go to the HA. Trust does not get involved with buy downs. They want to stimulate local development and get a return on the investment. Net profit on the current project is 2.1 million. Trust would be eligible to receive \$400,000 after 3 years.

Michelle Collette commented that the Sandy Pond Rd. development built 9 units and they were sold to the HA. They used funds from inclusionary zoning. HA got money to buy the units and it was an innovative way to get 9 units. Out of the 197 affordable units, 45% are not 40B. Town needs to look at a variety of methods to help people with varying income levels. Public and private partnership took River Court for non-payment of taxes. There was a percentage set aside for low income. It was a unique opportunity to go a long way to help town meet affordable housing needs. It is not just about getting a subsidy, it is about helping people.

Mark Haddad clarified that Josh looked at buy down, but wanted something more lucrative. It will take awhile. Therefore, Josh discounted a buy down.

Karen Corey, local abutter, stated that we have talked about 3 affordable units being built. 15% of the development are affordable housing.

She asked about the projected selling price:

2 bedroom: <\$150,000

3 bedroom: >\$150,000

If 134 does not go through, would the money be banked? It is different between the trust and the HA. Majority of what is left goes into account. Is there an opportunity for HA to come to you to use that money?

Josh Degen stated that we cannot be landlords. We are builders, but that is not to say that we cannot partner.

Mark Haddad asked if there was a way for us to reach out and partner, so we can make that a goal.

Karen Corey asked if we are trying to reach goal of 10% to keep out 40B units.

Josh Degen stated that is not our goal. It is an alternative to 40B. It is a higher density project. Trust works with developer and has met needs of affordable housing guidelines.

Karen Corey asked if the goal was to meet 10% of the affordable housing units being built?

Allen King stated that some of the challenges are that people cannot afford to buy in this town. Our objective is to provide sufficient affordable housing.

Karen Corey stated that there are existing opportunities to invest without building. There are existing buildings in place. Have you looked into existing properties?

Josh Degen stated that there are key properties such as the Prescott School. Lease ends in 2015. It is going to be commercial and mixed maybe. We have hired someone to do a study on what project would be best for affordable housing. Prescott School Committee RFP out on streets. Mixed use with affordable housing behind and we could receive tax credits and other money from the government.

It was also stated that we would not invest any more money in Groton Residential Gardens.

David Valetta stated that with this project the money is replenished.

Mark Haddad stated that a development proposal came for a supermarket. It was shot down at Town Meeting and a developer built a 40B.

Josh Degen stated that you could end up with another 40 B on Main St.

Mark Haddad stated that once the town meets 10% it doesn't force town into 40B. You can say no to future development.

Colleen Neff stated that property at 134 Main St. is ideal because it is within walking distance to amenities.

Allen King commented that market rate units have not sold well at all.

Josh Degen commented that the roundtable is to discuss the merits of the project. This is truly a savings of a beautiful and historic building.

Karen Corey asked if when you create affordable housing, is there perpetuity? With a deed restriction, there is a legal question of whether it stays affordable or not. You have to conform with DHCD requirements for a minimum of 30 years. She also asked if we were concerned with empty affordable units?

Bob France commented that we are not concerned at all. The primary reason is because these are high end units with integrated affordable housing. As Colleen stated, you are within walking distance to amenities in town. The Groton Gardens are not in a great location.

David Valetta stated that because of the position of the bank, they have allowed us to structure a deal. Standstill for a period of time and when we feel comfortable we will close. It specifically increases value once the permitting and zoning are complete.

Mark Haddad stated that by structuring this way you have lowered the risk even more.

Karen Corey commented that we have only reached 5.9% out of our 10% goal.

Michelle Collette commented that we have another five units available, along with another five for Seven Hills.

Karen Corey asked about the other investors. It was stated that the France Family Trust and Greg & Regina Monastiero out of Lynnfield, MA.

She also asked Bob France if he had ever done residential building.

Bob France replied, Yes.

Karen Corey commented there has been a lot of talk about the units being in the town center, along with a view of Gibbitt Hill. However, the abutters will be directly affected by project. If the zoning goes through, it will have a snowball effect. What exists in town versus new development? We are going to be seeing a bunch of pavement and lights everywhere.

Michelle Collette commented that there will be a planning board meeting on 4/7/11 at 8:30pm.

David Valetta commented that yes the project will affect the abutters, but in a positive way. We have the support of 2 abutters thus far. We want to minimize the impact and we see this as something Groton would desire and benefit from. We have not put one nail to one board and have many commitments, as it is a high end project.

Allen Smith asked when the units would be available.

Bob France commented that as we build each unit there will be a component of affordable housing.

Colleen Neff thanked everyone for attending and that hopefully we were able to answer all of your questions.

Next meeting is scheduled for 4/25/11 at 6:30 PM.