



TOWN OF GROTON
Affordable Housing Trust



Joshua A. Degen, *Chair*
Stuart M. Schulman, *Vice Chair*
Fredrick J. Dunn, *Treasurer*
Sheila Julien, *Secretary*
David A. Wilder, *Member*

Meeting Minutes

Joint Meeting with the Board of Selectmen

Regular Session

Date: May 15, 2017
Time: 5:00 p.m.
Location: Selectmen's Meeting Room, 1st Floor, Town Hall, 173 Main Street Groton, MA
Attending for Housing Trust: Sheila Julien (arrived later), Joshua Degen, Stuart Schulman, and David Wilder
Attending for Selectmen: John Petropoulos, Peter Cunningham, Anna Eliot, Joshua Degen
Others: Mark Haddad (Town Manager), Bill Merritt, Margaret Gorini, Kurt Benedict, Marie King-Benedict, Kevin Brogan, Cindy Boyle, Julie Hanagan, Dr. Andrew Zale, Dawn Dunbar (Executive Assistant), David Doneski (Town Counsel)
Meeting handouts: Agenda, Boynton Meadows Overview, Project Timeline, Updated Sales Spreadsheet (current as of May 1, 2017), Letter from Residents of Boynton Meadows Condominiums

With a quorum of housing trust members in attendance, Joshua Degen called the meeting of the Town of Groton Affordable Housing Trust (Trust) to order at 5 pm. With a quorum of Selectmen in attendance, John Petropoulos called the meeting of the Board of Selectmen (Selectmen) to order at 5 pm. As the agenda shows, this is a joint meeting of the Trust and the Selectmen that begins with an open session to hear comments from the public regarding the Trust's investment in Mount Laurel Development LLC.

Bill Merritt spoke up and identified himself as a resident. He shared a letter addressed to both the Trust and the Selectmen from residents of the Boynton Meadows Condominiums. He stated that he has a concern that as this process moves forward the residents do not want to become collateral damage. Bill Merritt then read the letter which was signed by nineteen residents into the record for the meeting:

"Boynton Meadows is one of several high visibility projects currently underway in Groton, including the new Groton Inn adjacent to Boynton Meadows, the new Station Avenue restaurant, and Indian Hill.

It would not seem to be in anyone's interest for action to be taken that could delay or compromise the completion of the Boynton Meadows development or damage the reputation of the community.

Boynton Meadows residents have invested over \$5 million in their properties and pay over \$100 thousand annually in property taxes. Three of the 18 units are designated as affordable housing. Boynton Meadows residents, not the town of Groton, annually subsidize approximately \$4800 of the condo fees on the two affordable units completed to date. The Boynton Meadows community costs the town of Groton nothing in additional town services. The development is on a private road. There are no school age children in the community. Our community should not be subject to collateral damage in a dispute between the developer and the Affordable Housing Trust.

Boynton Meadows residents expect to be allowed representation by our legal counsel, if not the residents at large, in any and all discussions that could result in actions affecting, directly or indirectly, the well being and reputation of our community."

Sheila Julien entered the meeting.

John Petropoulos asked what kind of collateral damage concerns you. Bill Merritt explained that there is a conflict between the Affordable Housing Trust and the residents because there are a finite number of resources and Boynton Meadows residents want it applied to finishing the development. The Town of Groton is recouping a quarter of that [\$400,000 investment] in annual property taxes for the development.

Margaret Gorini asked has the Town done this elsewhere and is there a Town investment in other properties such as Academy Hill. Joshua Degen answered that this Mount Laurel Development project is the first and sole project of the Trust. Margaret Gorini followed up asking what the Trust's motivation was to invest. Joshua Degen replied that the motivation was to produce affordable housing for the Town in a harmonious manner rather than a potential Chapter 40B development with a density of up to ten units per acre.

Kurt Benedict addressed the meeting speaking as a resident and a member of the condo association board. He said that residents took a risk moving into an unfinished development. He said we are happy where we are and we see a great potential. Sucking money out of the system now would create a delay in the completion of the project. All we are asking for is compassionate financing on behalf of the Town to allow the project to be completed. There are two units close to closing. His understanding is that when those two units are sold, then the remaining three units in the triplex can be built. We fully believe that the developer intends to finish and thank you for letting us have this discussion.

Anna Eliot followed up asking is this what you are asking for – to allow the project to finish. Margaret Gorini replied that she has read the April 6th letter and it is hard to know what Mount Laurel Development's liability actually is. She said that is a legal matter. She continued stating that the commercial aspects of the development such as the bakery and the yoga studio really benefit the Town Center area. She added that it was difficult finding buyers for the affordable units, but now two of the three affordable units have sold in the past six months. She said that she does not want to see a diversion of funds that might delay the completion of the project.

Joshua Degen commented that the Trust struggled with this decision and the Trust also wants the project completed. However, the Trust members are in a dilemma because as members of the Trust we have a fiduciary responsibility to oversee this investment. Bill Merritt commented from the perspective of having seen this development from the beginning as the first residential purchaser on the Blacksmith Row. Bill Merritt said that in his view the project has been undercapitalized from the beginning.

Kevin Brogan commented that he understands the Trustees' position and the April 6th letter contains references to certain actions that could be troubling. Kevin Brogan said that he did not sign the letter. His individual request is how we might fulfill the vision of the development. Specifically, he asked how can we work together on this matter. Kurt Benedict said that by coincidence, Boynton Meadows residents will have their annual condominium association meeting tomorrow. Some of these issues will be discussed tomorrow. John Petropoulos asked Kevin Brogan what potential cooperation he envisions for the Town's help. Kevin Brogan replied that perhaps we could look at the approved plan and do a gap analysis. Although he is unsure what the answer will be, he is open to suggestions.

Marie King-Benedict noted that some of Kevin Brogan's comments may be right on, but we, as residents, are dealing with a private developer and we are asking for communication and cooperation. We all want the Town to be made whole. She added that she had a towns person say to her 'when are we going to get our money back?' which she saw as backlash since the Boynton Meadows owners are not responsible for this situation and she doesn't want to see concerns translate into diminished property values. On the matter of clarifying roles and responsibilities, John Petropoulos suggested that together, owners included, we might speak with the Groton Herald to help disseminate accurate information.

Joshua Degen announced that the Trust has received a response from Mount Laurel Development, LLC and he asked Town Counsel if this letter is a public document. Town Counsel answered that because he has only skimmed the letter, it would be premature for him to decide that question now. Joshua Degen concluded by stating that the Trust will discuss this matter in executive session and release the document if it is deemed a public document.

Cindy Boyle spoke as a Boynton Meadows resident. She said that she moved here due to the Town's reputation and she could have purchased anywhere. She recalled that she has also heard comments about the project that she characterized as collateral damage. Regarding the Trust's investment, she said that she has also made investments and as a result has both made and lost money. She would ask for the Town to help by allowing the project to be completed as a priority. The Town will get its money at some point.

Julie Hanagan also spoke up as a Boynton Meadows resident. She said that she has lived in Groton previously and has other family connections here too. She said that she wants to be here in Boynton Meadows. She offered that right now, there are negative impressions that are slowing down the sales interest. She explained that there are three foundations and a portable restroom on site that detract. She said that it is no good for anybody if the project does not complete. She asked for there not to be a freeze in the process that will delay completion.

Margaret Gorini suggested that the Trust might let Mount Laurel Development LLC continue on and set up a payment schedule to satisfy any amounts due. She said that her community is fantastic and she wouldn't want to live anywhere else but perhaps New York City.

Dr. Andrew Zale spoke as the owner of the dentist office at Boynton Meadows. He commented that at the time that the Trust was giving Mount Laurel Development the money, were there any other ancillary considerations and benefits that may already have been met or realized along the way. Also, real estate investments are inherently risky and may not see a return. For example, Dr. Zale stated that his church was looking at the 134 Main Street property to purchase which was an action that would have taken the property off of the tax rolls. So, the contract with Robert France did keep the project on the tax rolls. Joshua Degen explained that the Trust had a one-third interest in Mount Laurel Development LLC. The pro forma projected that a \$400,000 investment would yield a \$700,000 profit. To date, the condominium unit sales at the project have been higher than pro forma estimates. He said that the Trust must work with the Selectmen and Town Counsel on this matter.

Asked another question about the nature of the Trust investment, Joshua Degen explained that there was not a deadline. The Trust considered whether to opt for an earlier exit with a return of capital, assuming excess project capital, about a third of the way through or continue to the full completion of the project. The Trust selected the latter option in part because the pro forma looked very good. Joshua Degen said that Dr. Zale is correct that it was an investment and so carried risk. Joshua Degen concluded stating that the Trust wants the investment to be used judiciously and completely.

Responding to other questions, there is no performance bond as this was a private development. Bill Merritt asked how long we can expect this to continue and added that if this goes on all summer then this would be too long. Joshua Degen stated that the Trust is updating the Selectmen for the first time to share particulars.

John Petropoulos asked for Joshua Degen to explain the relationship between the Trust and the Town which he proceeded to do noting the formation of the Trust in 2010 and the 2011 Spring Town Meeting votes in support of the project. He said that what the Trust needs to do is try to complete our development and try to get a return on the Trust's investment. It was observed that tax revenues derived from the taxing of new development is independent of this Trust investment which Mark Haddad affirmed. John Petropoulos added that the Trust has independence and the Selectmen have oversight only through the appointment of Trust members.

Margaret Gorini asked about the affordable component and what happens to the Trust investment if the third affordable unit is not built. Fran Stanley replied that the standard regulatory agreement entered into by Mount Laurel Development, LLC, the Town of Groton and the Commonwealth's Department of Housing and Community Development (DHCD) requires the developer to produce the affordable components as a part of the project.

Bill Merritt asked about the source of the \$400,000 grant used by the Trust. John Petropoulos explained that the \$400,000 is comprised of local property tax dollars as supplemented somewhat by the Commonwealth of Massachusetts. The 2011 Spring Town Meeting voted to grant that money from the Community Preservation Committee (CPC) funds to the Trust. At that time, the Town Meeting voters were informed of the Trust's intention to invest in this project if the Trust received the CPC grant.

Kurt Benedict asked for a Town contact person for the condominium association and Fran Stanley was designated as the contact to share public information with the condominium association.

At approximately 5:30 pm, the Trust and the Selectmen separately and independently voted to enter executive session.

At approximately 6:45 pm, the Trust exited executive session to resume regular session and promptly adjourned. At approximately 6:45 pm, the Selectmen exited executive session to resume regular session as of 7 pm.

Minutes by Fran Stanley.