

**Housing @ Hildreth House Committee (H@HHC)**  
**Meeting Minutes – October 26, 2017**  
**Small Meeting Room, Town Hall**

*Members Present:* Pablo Carbonell, Sue Guswa, Rick Maiore, Fran Nickerson, Victor Normand, Lucy Wallace

*Guests:* Marie Sobalvarro, Assistant Town Administrator, Carl Sciple, Joan Eliyesil, *Harvard Press*

The meeting was convened at 8:05 AM.

Administrative:

The minutes of the October 11, 2017 meeting were approved as presented.

Rick Maiore reported on his recent attendance at the October 17<sup>th</sup> BOS meeting (attended by Victor Normand, Sue Guswa and Fran Nickerson, as well). He noted that the Board had agreed with the Committee's recommendation that we allow brokers' commission and engage a broker on the town's behalf to market the property. The Board suggested the RFP be reissued after the upcoming Special Town Meeting (so that the Board's decision to surplus the property has been confirmed).

Rick introduced Carl Sciple, noting he had experience with contracting and had offered to help frame our revisions to the RFP and Land Disposition Agreement.

Sue distributed a list of 4 reasons to make in support a vote to surplus the property when considered at the upcoming Special Town Meeting (STM).

Reissuing the RFP:

Rick noted there are a few revisions to be made to the RFP that the Committee needs to consider before it is published.

*Brokers' Commission:* As discussed at our previous meeting, it had been agreed that we needed to allow a brokers' commission in order to have the property more actively marketed. Victor Normand noted commissions generally run at 5% of the sale price and are split between the buyer's and seller's brokers. He has offered to act as the listing agent for us and will forego receipt of a commission. Instead, he recommends that his 2.5% fee be applied to the project's legal and other fees. The Committee acknowledged and thanked Victor for his generosity. Victor noted that his agents could not act as a buyer's broker as it would create a conflict of interest for him. Lucy Wallace confirmed, however, that his agents could act as a buyer's broker when the units are being purchased from the developer.

Fran suggested actively promoting this project among seniors and starting a list of interested parties, perhaps even getting letters of commitment from them. Sue and Victor agreed it would be good to start seniors thinking about the issues around downsizing, from disposing of household items to financing options. Sue noted the COA had done a similar program a few years ago and offered to do it again.

Victor asked for help in getting the word of the RFP out to brokers. He suggested association or group mailing lists, such as the NE Homebuilders Association. Carl has a possible contact to this Association through a contractor and will contact him to see if he would provide us with the mailing list. Victor offered to draft the letter to be sent to brokers and builders.

A lengthy discussion ensued which resulted in the unanimous passage of the following motion:

“To allow a brokers’ commission of no more than 5% of the sale price of the land in order to actively market the land; 50% of the commission will be for the buyer’s broker and 50% of the Commission will be applied to the town’s related legal and marketing costs.”

*Structure of Land Sale:* Pablo Carbonell had done a “back of the napkin” calculation of the net proceeds for a developer in this project, beginning with revenue from the sale of 17 units at \$500 - \$550k each and subtracting the cost of land purchase (\$1.2 million), site development costs (approximately \$615,000) and additional construction and marketing costs. He arrived at a net profit of roughly \$1 million, which, given the uncertainties of the site and possible additional expenses was very tight. He felt the upfront purchase price of \$1.2 million, given these costs, was a reason we had failed to get a bid.

Committee members wondered if the appraised value of the land was too high and if it would be prudent to have another appraisal done. Rick felt it was premature to do this, given the cost (\$5,000), and suggested focusing on marketing the project. If we are not successful with the second RFP, then perhaps a second appraisal would be justified.

Lucy asked if the Land Disposition Agreement (LDA) was also a reason for failure to get proposals. Victor did not think so, as he believes it could be negotiated between the potential buyer and town. Marie Sobalvarro was asked to verify this. Victor did note that the attorney for the unsuccessful proposal received last month raised some good points which could be incorporated into the LDA before the RFP is reissued. One important aspect of the LDA is the requirement to always have one unit available for sale. Pablo noted that, with the exception of the 3 single family units, most units are duplexes, which means two units would be for sale.

At the last meeting the possibility of an installment sale had been raised and, in the interim, legal advice had been sought. According to Town Counsel Mark Lanza we can structure the sale as an installment sale, but title to the land cannot be transferred until the full purchase price has been paid. This would make sale of individual units as built (which would help the developer’s cash flow) difficult due to the developer’s inability to provide clean title to the unit. Rick suggested further discussions with Mark to investigate possible ways to structure an installment sale process that enable sale of each unit with clear title. Several options were considered with the following motion being moved and unanimously approved by the Committee:

“The Committee recommends the sale of the property by installment sale subject to a payment schedule of 10% of the purchase price due at closing and 1/17<sup>th</sup> of 90% of the purchase price due with the sale of each unit.”

For example, 10% down of the appraised value is \$120,000; 1/17<sup>th</sup> of the remaining 90% is approximately \$64,000.

*Tentative RFP Schedule:* In addition to allowing a broker’s commission and the purchase of the property by installment sale, the schedule set forth in the RFP will need to be revised. The earliest notice of the RFP could go to the Central Register would be November 15<sup>th</sup>, followed by actual publication of the RFP on November 22<sup>nd</sup>. Given our desire to give brokers and developers adequate time to prepare proposals, it was agreed that proposals would be due January 18<sup>th</sup>.

*Next Steps:* Lucy and/or Rick will contact Mark to pursue the installment sale proposal. Victor will draft a letter to brokers which, once approved by the Committee, will be reviewed by Mark before being sent to brokers and builders. The RFP will need to be revised to include language regarding allowance

of broker commissions as well. Victor will send a draft of the letter to Committee members the week of October 30<sup>th</sup> for review prior to our next meeting.

Sue urged getting approval for the sewer connection before the RFP goes out as well. Victor concurred, as it would be one less uncertainty for the potential buyer.

### Sewer Application

The application to the Sewer Commission requires a statement by the applicant of justification for connection by a new use. Sections 1.8 B(b) and 1.8 B1(b) of the Sewer Commission's regulations require that the connection "creates a demonstrable benefit to the town." There are several factors supporting the benefit of connecting this project to the town sewer. First, in anticipation of the possibility of housing on the Hildreth property, over a year ago the Sewer Commissioners sent a letter to the Board of Selectmen releasing 3,000 gal/day to the Board for use as it deemed appropriate. Second, the 2016 Master Plan called for creation of housing for seniors adjacent to the Hildreth House to address the need for down-sized units, as well as allowance for moderate-priced housing in the Town Center. And third, at last year's fall Special Town Meeting, the Town Meeting approved creation of the overlay zoning district for 2 municipal properties (Hildreth and Fire Station) to provide higher density development for housing for seniors. Rick will draft a statement and seek to have the application at least submitted to the Sewer Commission, if not heard, before the upcoming STM. Lucy will advise the Board of Selectmen of the pending application before the STM as well.

Next meeting: Thursday, November 9<sup>th</sup> at 8 AM.

The meeting was adjourned at 9:30 AM.