

Town of Hudson

Municipal Affordable Housing Trust

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Minutes of Meeting April 26, 2023

The meeting was called to order by Chair Kevin Santos at 7:01 PM.

Roll Call: Kevin Santos (Chair), John Parent (Vice Chair), Shawn Sadowski, Jory Tsai, Ian Mazmanian, Darryl Filippi

Staff: Pam Helinek, Kristina Johnson

Packard Street Update and Funding Request

Present: Caitlin Madden, Sharone Small (MetroWest Collaborative Development -MWCD)

Caitlin Madden and Sharon Small updated the Trust on the status of the Packard Street project. The project is moving ahead on schedule. There had been concern about a 2-4 year lead time in procuring a transformer, but Hudson Light and Power has found one that will be available in one year. Construction bids were received, and MWCD is in final negotiations with LD Russo. Debt and Equity bids were also received, and MWCD signed with Eastern Bank as the construction lender and Mass Housing Partnership as the permanent lender, and WNC for Equity. Unfortunately there is now a problem with WNC, the full extent of which is not yet known.

MWCD discussed cost increases including interest rates, marketing and rent-up costs, sustainability consultant costs, and Town fees. They are offsetting some of these increases with solar energy tax credits, 45L credits, and value engineering. However in order to balance the budget, they are requesting an additional \$120,000 from the Trust. The Trust's consultant Eliza Datta could not attend the meeting, but submitted a letter saying that in today's market many similar projects are experiencing much larger budget gaps.

John Parent asked at what point the Trust no longer is required to fill in budget gaps. Caitlin Madden said that they plan for this to be the final request, and it would be unusual for them to come back again, but that DHCD will not allow them to close without a balanced budget.

John Parent asked what circumstances would cause them to come back for more money. Caitlin Madden gave the example of a major bank investor dropping out. This would be very unusual, but today's market is very uncertain.

Kevin Santos asked for specific examples of value engineering that MWCD had applied. Sharone Small described a change in the attic insulation that would save money without impacting functionality.

Shawn Sadowski asked if the credits from the solar panels were worth the cost of the panels. Sharone Stone said that the solar panels would guarantee Passive House certification and would improve finances going forward. Shawn Sadowski asked why the Trust should cover marketing and rent-up cost increases. Sharone Small said that increased help for new residents would help set them up for success, and that staff and advertising costs had increased. Shawn Sadowski said the property management company should have planned for this. Shawn Sadowski said that Town fees have not increased. Caitlin Madden said that they now had more information about the fees and that they had underestimated the costs.

Darryl Filippi asked about LEED documentation and suggested saving money by meeting the standards but not pay the documentation fees necessary for certification. He also asked how much contingency the developer had included. Sharone Small said 5%. Darryl Filippi suggested holding off on committing more funds until we see if the contingency is needed. Sharone said that DHCD would need to approve it. Darryl Filippi suggested that MWCD attempt to take the value engineering exercise further. Sharone Small warned that would probably involve changing the look or feel of the design. Shawn Sadowski asked about the AAHG program, which Eliza Datta had suggested. Sharone Small explained that this project is not eligible for the program.

John Parent said that in addition to the \$657,430 that the Trust has already committed, the Town has contributed the land which must be worth at least \$200,000. Kevin Santos said he was less concerned about the amount being asked, but worried in principle about continuing to add money to the project, and that he is concerned about the impact of the problem with WNC requiring additional funding needs.

Shawn Sadowski moved to request MWCD to reevaluate value engineering opportunities before the Trust votes on the funding request. Second by John Parent.

Caitlin Madden said that if they start to redesign they risk changes in contractor costs as well as a change in interest costs. If the funding request were approved tonight, they could tell DHCD that the Town has done everything it can do and ask DHCD to contribute any additional funding that may be needed going forward. She also said they had hoped to have a business meeting with all the parties in the first week of May that would have to be delayed if the budget wasn't balanced.

Kevin Santos suggested meeting again in 2 weeks to move the process along. Sharone Small said that they could not do a thorough analysis in that amount of time. John Parent asked for a good faith effort to find ways to bring the funding gap down. Vote on the motion: 5-1-0. Discussion will be continued to May 10, 2023 at 7:00PM.

Housing Production Plan

Pam Helinek reported that Hudson's Housing Production Plan (HPP) had expired and needed an update. The Trust could have a consultant do a simple update, or could do a more thorough public outreach process. She had reached out to a few consultants and it would cost somewhere between \$12,000 and \$20,000 depending on the extent of the services. John Parent said he thought a simple update would suffice and that public outreach wasn't necessary or useful. Darryl Filippi agreed. Kevin Santos said that the Town had changed a lot in the past 10 years and he thought it was time for a new in-depth study. He agreed they could forego public meetings but would like some in-depth analysis and new recommendations and goals. Pam Helinek will reach out to some consultants for proposals.

Minutes – December 12, 2022

John Parent moved to approve the minutes from December 12, 2022, second by Shawn Sadowski, vote 4-0-2.

Next Meeting

The next meeting will be May 10, 2023 at 7:00 PM.

Adjournment

John Parent moved to adjourn the meeting, second by Shawn Sadowski, vote 6-0-0. The meeting was adjourned at 8:34 PM.