

City of Chelsea
Economic Development Board
City Hall – Room 101
Chelsea, MA 02150
(617)466-4180

MEETING MINUTES

October 4, 2011

The meeting convened at 6:32p in the City Manager's Conference Room. In attendance were Chairman Richard Pantano, Members Tim Fraser and Anthony Gonsalves and City Manager Jay Ash. Also attending were Mark Robinson and Mimi Rancatore.

PUBLIC SPEAKING

Chrm Pantano opened the meeting for public speaking. Hearing no members of the public wishing to speak, Chrm Pantano closed that portion of the meeting.

ADOPTION OF MINUTES

Chrm Pantano postponed the adoption of the minutes.

URBAN RENEWAL – CROP

Chrm Pantano welcomed Mark Robinson to address the Board. Mr Robinson said that he partner, Mr White, is speaking before the Planning Board tonight. The proposal remains at 230 units. The podium parking has been removed. The building is an "s" shape. They are working on financing. Construction costs are flat, interests rates have gone down, and rents are up. The have a green light on an oral commitment from the FHA to encourage them to apply. FHA provides 4.25% interest rate, non-recourse, 40 year term, plus 0.45 basis points for administration of the loan. Need to us prevailing wage, which adds about \$5.3m to the project. In the next two weeks they will get the FHA application together, which is a preliminary application. Then they would get an invitation to submit a final application, which includes submitting construction documents. They are starting construction documents early to make sure they meet the FHA deadlines. This will require a \$500k commitment.

Mr Fraser asked what is meant by construction documents. Mr Robinson reply it was a complete set of documents that detailed every aspect of the construction, as specific as where fixtures would go.

Mr Robinson continued that they are pretty confident in going forward, and by starting construction documents in 2 weeks, they could get to an August 1st groundbreaking.

Mr Gonsalves asked who does the actual lending, not the FHA? Mr Robinson said correct, that the FHA backs the loan of another; they are working with Eastern right now.

Mr Robinson continued that they have schematics, pre-pricing, construction schedules, and market studies and appraisals near complete. These are required for the application, which should be submitted in January/February.

Mr Gonsalves asked if there are any FHA restrictions, like affordability. Mr Robinson said no on affordability, but yes in that price for construction cannot exceed \$183k and there is a prevailing wage requirement.

Chrm Pantano asked if the units were all rental and market rate. Mr Robinson said yes.

Mr Gonsalves asked if there was anything the Board could help with regarding mitigating costs. Mr Robinson said no. If the FHA process is not showing promise, they will shut down the project. They ask themselves, and City Manager Ash constantly asks, what stops the development from going forward. There is no new product in this rental range hitting the market. Construction costs seem like they will stay stable. Interest rate risk has been removed by Fed announcements. The Board has already done quite a bit in the approach they have taken to financing the project. The project could not go forward without that agreement that is in the LDA.

Chrm Pantano said thanks to Mr Robinson for coming by.

URBAN RENEWAL – Chelsea Gateway

Chrm Pantano asked for an update from Mgr Ash. Mgr Ash said they are still working on financing the project. They had hoped for New Market Tax Credits and are still in line to receive them. However, they had pledged to start the project without the credits and they are. If they don't get the credits, the project will get completed, but it may delay any expansion that project could otherwise enjoy. They are working on foundations now, with pile driving having been completed. They have also been working with Roca on developing a laundry for bed linens, and Roca youth may also work on construction in the project. The LDA requires Chelsea Gateway to hold job fairs. They will hold one in the end of October for construction and then in March-ish for permanent jobs.

Chrm Pantano asked if the same tax credits they mentioned before are still in play. Mgr Ash said they are still hopeful that someone will be unable to use the last allocation, but if credits aren't available then, that a future round should be announced shortly, and there is hope they will be included in that.

Chrm Pantano asked if the EPA was still involved in reviewing the cleanup across the street. Mgr Ash said yes, they were all working together to characterize the contamination in the land.

Mr. Gonsalves asked if the piling driving hours were being observed. Mgr Ash said yes.

Mgr Ash said a groundbreaking could still be held after the financing is worked out.

URBAN RENEWAL – Emerald Block

Chrm Pantano asked for an update on the Emerald Block. Mgr Ash congratulated the Board, as the Simboli's have informed the City that a lease had been entered into between ACS and GSA. GSA is responsible for the shell of the building, FBI for the interior of the building. ACS is required to turn a building over to the FBI within 2 years. Much work to do, including Design Review required in the LDA. That will begin with staff and reviewed by the ED Board. No one has seen all the plans, but he has seen about 90% and the Board about 60%. It would be expected that ACS will review the entire program with the Board at an upcoming meeting. Board's role is to ensure that the LDA and the overall plan are met with. That means the Board can't reject the design unless it is in violation of those, but the Board can certainly have input. In this case, much of what will be done will be driven by GSA and security concerns, like landscaping. Usually, we all get into landscaping, but there won't be much on this project for safety reasons, and there will be berms for safety. Mgr Ash particularly congratulated Chrm Pantano who was part of the original Board that undertook the Urban Renewal District, and noted that many lesser proposals had been deemed inappropriate for the parcel, which once contained a new and used auto parts store, a tin building storing old motors, and a janitorial supply company. No doubt, without the urban renewal plan, much of the redevelopment, if not all, would not be happening.

URBAN RENEWAL – Vale Street

Mgr Ash reported that the conceptual plans of working with the developer to allow for Woodwaste to be built in Chelsea has fallen apart. Chrm Pantano noted he wasn't in favor of it anyway. Mgr Ash said that there wasn't much going on with the property now, but that the FBI announcement might cause something else to happen there. There isn't much demand, and there are still some negative uses around the parcel. The developer continues to be concerned about taxes without income. While not the City's primary responsibility, the City might work with the developer to do some acceptable interim uses.

Mystic Mall

Mgr Ash reports that the retail and restaurants are working out and almost complete. With the FBI announcement, it is possible that the Phase II build-out, including residential towers, might happen earlier. Meetings will take place over the course of the next couple of months to discuss this more with the owners.

URBAN RENEWAL – Tot Lot

Mgr Ash explained that the City had turned over two parcels on Spruce Street to the Board to be included in the urban renewal project when JPI was going to build.

However, since JPI left and the replacement project didn't envision needing the land, the City authorized a park to be built on the land. The neighbor had access to the property for a generation and had been using the yard as their own. In taking away the land for a park, the City did want to grant the neighbor enough land to create a parking lot. Thus, Mgr Ash recommends the adoption of the following motion:

MOTION

WHEREAS: The City of Chelsea Economic Development Board is an urban redevelopment agency created by and operating in accordance with Massachusetts General Laws Chapter 121B; and

WHEREAS: The City of Chelsea Economic Development Board is a successor in interest to the former City of Chelsea Redevelopment Authority; and

WHEREAS: In furtherance of the objectives of the Urban Renewal Act, the City of Chelsea Economic Development Board has undertaken a program for the clearance and reconstruction or rehabilitation of slum and blighted areas in the city and in this connection has been and is currently engaged in carrying out the urban renewal project known as the CROP;

WHEREAS: The Economic Development Board holds title to certain parcels of land known as 252 and 254 Spruce Street, Chelsea, Massachusetts and as shown on the attached deed; and

WHEREAS: The Economic Development Board has already developed a public park at the location and wish to further enhance the community by granting a 541 square parcel to the abutter located at 256 Spruce Street for off street parking and open space;

NOW, THEREFORE, the Chelsea Economic Development Board hereby approves the granting of Parcel B as shown on the "Plan of Land 252 & 254 Spruce Street and 79 Heard Street Chelsea, property of the City of Chelsea Economic Development Board dated July 11, 2011 to James Robinson and Louise Robinson owners of 256 Spruce Street, Chelsea, Massachusetts.

Adopted on this day of October, 2011 by a majority of the members of the Chelsea Economic Development Board, consisting of members, by a vote of ___ to ___.

The motion was offered by Mr. Fraser and seconded by Mr. Gonsalves. On the motion, the Board voted 3 to 0 in the affirmative, thereby adopting the motion.

Other

Mgr Ash noted that Chelsea Commons was also being talked about for further expansion, and answered Board questions about the Paintball company going there. Nothing new on Forbes. One Webster is exceeding proforma.

MOTION: To adjourn.

Offered by Mr Fraser and seconded by Mr Gonsalves. On the motion, the Board voted 3-0 to adopt the motion, thereby adjourning at 8:03p.

Offered by

A handwritten signature in black ink, appearing to read 'Timothy Fraser', is written over a horizontal line. The signature is stylized and cursive.

Timothy Fraser
Secretary