

Trinity Vicksburg Square Limited Partnership
c/o Trinity Financial, Inc.
40 Court Street, 8th Floor
Boston, MA 02108

December 12, 2011

Brian Muldoon
Town of Ayer Finance Committee
Ayer Town Hall
1 Main Street
Ayer, MA 01432

Dear Mr. Muldoon,

We would like to follow up on the Ayer Finance Committee's statement opposing the proposed Vicksburg Square redevelopment into affordable veterans' housing, senior housing and the new location of the Fort Devens Museum. After 15 months of community meetings and in-depth study of the impacts of this development on the surrounding communities, we believe the conclusions drawn by the Finance Committee are inaccurate. Below, please find our responses. We welcome the opportunity to meet with you to discuss these further.

1. The increase in the area population by an estimated 8% for Ayer will increase the need for services at Vicksburg Square. Police, fire, and DPW will require budget increases which are not adequately offset by the low tax revenue.

Mass Development currently operates the fire, police and DPW services at Devens. Under the current jurisdiction, and under any number of disposition scenarios, the property owner, not the town of Ayer, will plow and maintain the streets of the development, pay for water, sewer, electrical and gas usage.

Additionally, there is no evidence to support the argument that the new population will require a considerable increase in terms of life safety services. Currently, the buildings are vacant, abandoned and vulnerable to vandalism and fire. Under Trinity's proposal, the buildings will be rehabilitated and will meet building code requirements. The buildings will include state-of-the-art life safety systems, will be fully outfitted with sprinklers and will have onsite property management. Additionally, at the Finance Committee's request, we surveyed a number of senior communities in Massachusetts to get a sense of how many additional EMT calls may result from the senior units at Vicksburg Square. Conversations with fire departments of these communities confirmed that senior housing had a negligible impact on EMT services.

Finally, the Finance Committee did not seem to consider that if, at disposition, the property reverts to its historic boundaries, Ayer would be the beneficiary of a considerable amount of commercial revenue, which would more than cover any minimal increases in fire or police services resulting from the proposed redevelopment. According to the ConsultEcon report, of the \$4.9 million in estimated Devens commercial property tax revenue in FY 2012, an estimated \$1.2 million is related to properties in Ayer.

2. The school population will increase between 77 and 120 students. According to ConsultEcon, engaged by Trinity Financial to provide economic and feasibility analysis, the cost of education the students will exceed \$1.5m. While there will be an increase in Chapter

70 money received from the Commonwealth of Massachusetts, the shortfall cannot be made up with the low tax revenue.

We are unclear about the origins of the \$1.5 million figure. Page 12 of the ConsultEcon report that was referenced states that, under a scenario where the 52 students in Ayer's historic boundary attend Ayer schools, the shortfall for the school system budget is just \$109,000 at full build out. This represents less than 1% of the school system budget for Ayer. It also does not take into consideration the considerable revenue from commercial taxes that would benefit Ayer should Devens revert to its historic boundaries.

Per the Massachusetts Department of Education statistics, in FY 2011, Ayer accepted 119 School Choice Students at a maximum reimbursement of \$5,000 per student. Per the ConsultEcon report, the combined total of Ayer's property tax revenue and Chapter 70 State Aid would be \$6,483 per Vicksburg Square student, exceeding the amount Ayer receives for Choice Students by 29%.

3. The influx of cash into the local economy is stated to be \$6m to \$8m according to Trinity Financial. Disposable income is defined as income less taxes. After paying for rent, transportation, insurance, and other necessities, the economic impact to the local economy will be minimal.

There is little evidence to support the claim that the addition of 246 new residential homes will have a minimal impact on the local economy. For many people who will be living in the affordable veteran's residences, the predictable, affordable rent will actually allow them more disposable income to pay for products and services that small businesses in Ayer offer. After paying taxes and rent (which includes heat/air conditioning, hot water and building maintenance and management), the average affordable household will have between \$800 and \$2500 per month at their disposal. Additionally, the 49 market rate households will likely have even more disposable income available. Small businesses in Ayer are the most convenient and, therefore, most likely providers of goods and services for Vicksburg Square residents, significantly increasing revenue for the town's commercial base.

4. An increase of 246 rental units will over saturate the local real estate market. Given the current economic state, the real estate market is flush with unoccupied rentals. Adding an additional 246 units increases the likeliness that the market for rental units within the town itself will remain stagnant as the economy improves.

First, the target market for these units is not exclusively the town of Ayer. The target market includes approximately 20,000 renter households in the towns of Ayer, Harvard, Shirley, Lancaster, Lunenburg, Sterling, Leominster, Littleton, Fitchburg and Groton who would potentially qualify for either the affordable or market rate apartments at Vicksburg Square.

Second, the market study conducted by Byrne McKinney and Associates expressly evaluated the impact of additional housing upon the local rental market. Given the phased approach to the development, the inclusion of a senior housing component and the mix of incomes that the development will attract, the impact to these markets will be negligible. The data surrounding larger, multi-family properties in Ayer, such as Littleton Lyne and Old Town Village, indicates that these developments are over 94% occupied despite the economic downturn.

There is a significant, documented need for quality affordable housing in this region of the state. To deny access to this housing because of the implied fear that it will depress the market is

shortsighted. Rehabilitating highly visible yet blighted structures into high quality real estate assets will only enhance the ability of Ayer to promote itself as a desirable place to live.

Finally, in Trinity's 25-year history, we have developed more than 5,000 units of mixed-income housing, none of which have had a negative impact on the communities in which they are located. We invite the Finance Committee to come to our properties, meet some of our residents, and talk to local officials about our positive impact on their communities.

5. The development is not financially feasible due to the component of 80% low income housing. Assessed taxes for income property are based upon revenue using the "Capitalization of Income" basis. The low rental income reduces the anticipated tax revenue to approximately \$210,000 per year.

The Ayer Finance committee raises concerns regarding the inability of Vicksburg Square's residential property tax revenue to cover the costs of educating students and providing other municipal services.

According to the Town of Ayer Tax Assessor's office, the average single-family assessed value in Ayer was \$271,600 in Fiscal Year 2012. Applying the town's current tax rate of \$12.09 per \$1,000 of assessed value, the median home would generate \$3,283 in property tax revenue for the town annually. However, according to ConsultEcon's analysis, the net marginal cost of educating a student in Ayer (after accounting for Chapter 70 state aid) is \$4,723.

Using the standard applied by the Finance Committee, any Ayer family *currently* living in an average priced house with a school age child will not be able to cover the full cost of educating that child, let alone generate revenue for any other municipal services. Put another way, a home or condo in Ayer would need to be valued at more than \$395,000 to cover the full cost of educating a household with one child, and more than \$790,000 to cover the full cost of educating a household with two children. The Finance Committee's implication that residential development needs to pay for itself subjects the potential occupants of Vicksburg Square to an unrealistic and unattainable criterion.

Again, we would welcome the opportunity to meet again with the Ayer Finance Committee and further discuss these points of concern.

Sincerely,



Abby Goldenfarb
Project Manager