Purpose: Committee seeks to update the Selectmen and Town on current status of our analysis and planning.

Nahant's Coast Guard Design & Development Advisory Committee

Presentation at Selectmen's Meeting 3/21/2019
50-100 years in municipal planning

- We found & discussed a benchmark timeframe of the town.

- In order to maximize long term benefits to the town, which currently has 12 single family homes, plan design/development for disposition of a parcel.
Public Input Less than Expected
- Carl Easton - 40B Report
- Assessor - Tax Information
- Real Estate Experts
- Hall Company Property Managers
- Data
- Options - We began with roughly 16
- Criteria
- Work Plan & Process
- Members
- Committee

Overview
- Portion of property blocks access road to storage bunker
- 30.9 foot area part of first tee
- 10 foot strip of property part of Castle Road
- Houses situated on mounds
- Vintage 1970s roofs and heating systems
- Suspected asbestos & lead paint
- Underground oil tanks
- 2x3 construction, slab on grade
- 22 houses 3 br/1 bath - built in 1950s as temporary military housing

1 Parcel - 3.355 acres
• Profit from rental annually approx. $125,000/yr - -> $1MM to date
  - Recent heating system replacement at 2 houses (~$12,000)
  - Other operating costs
    - Appliances, etc.
  - New Tenant costs (upgrades of houses ~ $6,000/yr, new carpet, paint,
  - Hall Management cost - $51,500
  - Rentals - $1350 - $1650/mo - below market value

Operating Costs
• Since 2009 only yearly interest being paid
• 5 years remain on current loan
• Current amount owed 1.8 million at 5% interest (2nd 10 years)
• Purchased for 2.2 million at 9% interest (1st 10 years)
## Accepted Work Plan

### SWOT Analysis
- Strengths
- Weaknesses
- Opportunities
- Threats

### Executive Level
- Develop a detailed plan that includes milestones and timelines.
- Communicate progress and issues to the committee.
- Solicit and address feedback from stakeholders.

### Town Committee
- Prepare a comprehensive report detailing findings.
- Address any new or revised options.
- Prepare for the next phase or consider a decision milestone.

### Presentation
- Finalize best fit test.

### Planning
- Work plan refinement with committee.

### Development
- Prepare for the next phase or consider a decision milestone.
- Solicit and address feedback from stakeholders.

### Team
- Review and prepare the evaluation criteria.
- Ensure that all gaps are addressed.
- Prepare the final presentation.

### Tasks
- Development of necessary data.
- Preparation of development.
- Public and media engagement.
- Town committee support.

### Deliverables
- Develop preliminary plan.
- Plan for evaluation.
- Presentation of the evaluation criteria.
- Preparation and review of the evaluation criteria.

---

**Phase 1: Planning**

1. Work plan refinement with committee.
2. Review and prepare the evaluation criteria.
3. Develop preliminary plan.
4. Presentation of the evaluation criteria.
5. Review of the evaluation criteria.
6. Development of necessary data.

---

**Phase 2: Development**

1. Development of necessary data.
2. Preparation of development.
3. Public and media engagement.
4. Town committee support.

---

**Phase 3: Team**

1. Review and prepare the evaluation criteria.
2. Ensure that all gaps are addressed.
3. Prepare the final presentation.

---

**Phase 4: Presentation**

1. Finalize best fit test.
2. Work plan refinement with committee.

---

**Phase 5: SWOT Analysis**

1. Strengths
2. Weaknesses
3. Opportunities
4. Threats

---

**Executive Level**

1. Develop a detailed plan that includes milestones and timelines.
2. Communicate progress and issues to the committee.
3. Solicit and address feedback from stakeholders.

---

**Town Committee**

1. Prepare a comprehensive report detailing findings.
2. Address any new or revised options.
3. Prepare for the next phase or consider a decision milestone.

---

**Presentation**

1. Finalize best fit test.
Financial scores will be 1-5 (low to high) respectively and combined.

<table>
<thead>
<tr>
<th>Criteria</th>
<th>High</th>
<th>Medium</th>
<th>Low</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ability to execute</td>
<td>Town approval or buy-in required</td>
<td>Development process is thinking under &quot;difficult to pull off&quot;...</td>
<td>Subject to review if zoning requirements, A.I.S. conforms to current laws</td>
</tr>
<tr>
<td>Zone building area ratio to...</td>
<td>Permits required</td>
<td>Variance and special permits required</td>
<td>Subject to review if zoning requirements, A.I.S. conforms to current laws</td>
</tr>
<tr>
<td>Multiplex permitted</td>
<td>Multi-bedroom</td>
<td>&quot;Single-family&quot; large house/ small yard</td>
<td>Elderly needs of the town-</td>
</tr>
<tr>
<td>Small house has low level</td>
<td>Multi-bedroom</td>
<td>Elderly needs of the town-</td>
<td>Elderly needs of the town-</td>
</tr>
<tr>
<td>Short/managed transition</td>
<td>Low density</td>
<td>Long term transition</td>
<td>Housing needs of the town-</td>
</tr>
<tr>
<td>Low traffic</td>
<td>SCHEDULED CONSTRUCTION</td>
<td>High density</td>
<td>Neighborhood needs of the town-</td>
</tr>
<tr>
<td>$72,000 OVER 15 YEARS</td>
<td>22 HOME LOANS WITH RESTRICTIONS</td>
<td>High traffic</td>
<td>Least negative impact on financial (ongoing)</td>
</tr>
<tr>
<td>Higher tax revenue</td>
<td>PRO FORMA ESTIMATE $50K/yr</td>
<td>Lower tax revenue</td>
<td>Financial (sale)</td>
</tr>
<tr>
<td>&lt;= $3,6 MM</td>
<td>TAX INCOME</td>
<td>&lt;= $3,8 MM TBD</td>
<td>MONEY FROM DISPOSAL</td>
</tr>
</tbody>
</table>

Financial (sale): +2+ car parking, >= 2 floor area ratio limit, >= 3 car parking, >= 20% in the house area ratio limit, small medium size house. Financial (ongoing): Design & character that fit w/ neighborhood (x2).
Sell 10 lots - Tear down houses, level property, and

*Subdivide/SELL* 10 lots to comply with zoning by-laws (with restrictions)

Sell 12 lots - Tear down houses, level property, and

*Subdivide/SELL* 12 lots to comply with zoning by-laws (with restrictions)

Sell houses/land - The rest open space: Sell enough houses to pay

Rent houses - then open space: Continue to Rent 12 existing houses

Rent around existing houses (with restrictions)

Sell as is: Subdivide property and sell 12 individual lots proportioned

---

Short list of options as of 3/14/19
- Subdividing the property will require approval of the zoning board due to creation of non-conforming lots.

- There are also problematic issues that need to be addressed with respect to property lines and Castle Road.

- There are several issues with this option which would have a detriment to the neighborhood, community, and diminishes long term financial and aesthetic value.

- Immediate financial gain.

- This is the easiest option, the least amount of work for town, and the greatest Sell As Is (with restrictions):
Cost for Survey and Legal Fees

Cost to ready the property for sale

(Projected tax $69,600/yr)

Increased tax revenue ~$6800/house

Anticipated with 6 new/6 existing houses

($57,600/yr)

Taxes for existing 12 house ~$4800/house

Uptown total sales potential $3.6-4.8 Million

Sell As Is (with restrictions)
Rental income

Tax revenue will be less than current

Replace oil tanks, where needed (with above ground tanks)

May result in half of exiting buildings

Lot lines will need to be adapted

Mounds / undesirable topography

Military land out housing division

Negative

Young buyers

Reasonable pricing could attract

Market 1 level living

Empty nesters are the greatest

Less impact on the community

Less work for the town

Tax revenue immediately, dependent

Positive

Sell as is (with restrictions)
No long term revenue

Current rental income is below market value

Rental income needs to be used to pay down loan

Town should not be a landlord

Rental income would be more than taxes

This may be the last large tract of land available for potential open space

Rent houses for 10-15 years to pay off loan then transition to open space

Rent houses - then open space
No tax/equity fund dollars after 15 years
- Gross ~ $3,888,000 over 15 years @ $1,800 a month

Valuing rents
Income could go to $190-250K per year - market
- Gross ~ $2,900,000 over 15 years @ $1,350 a month

Income $120-200K a year - current rental rates
Revenue
Rental income would be twice the annual tax

Rent houses - then open space
- Requires 3 levels of approval
- Taxpayer still pays a percentage
- Unknown interest rate

- If CPA funded
  - $2.5% (subject to change) interest rate
  - Cost to the town - $7.8 million and
  - 15 Year Rental Period
  - Operational budget dollars lost after
  - Unknown loan rate after 5 years

- Negative

Positive

Rent houses - then open space

Potential for CPA funding to pay

Year rental period (at market value)

$3-$4M + Gross income over the 15

size tract of land for town open space

Last chance to acquire reasonable

Open space
Open space

Provide funding to tear down other homes

Sell 7 homes to pay off the loan

Sell houses/land (w/ restrictions) – the rest open space
- $39,600/Yr taxes - based on 3 new houses/4 as is
- $33,600/Yr taxes – based on current condition

• Sales potential $2.5 – 2.8 Million

Sell houses/land (w/ restrictions) – the rest open space
Positive
- Potential CPA dollars to landscape open space
- Short term dollars and open space (state CPA matching funds)
- Open space/recreational use
- Pay down the loan plus town costs

Negative
- Less Tax Revenue
- Possible maintenance cost
- Requires 3 levels of approval
-CPA funded - taxpayer still pays a percentage of unknown interest rate
-Sell houses/land (w/ restrictions) – the rest open space
Provides immediate income

Provides increased long term tax revenue

Impact to neighborhood during construction

Cost to tear down & contour the land

Bylaws:
- This provides a "clean sheet of paper" approach to subdividing and grading the property more attractively and more in line with zoning
- Tear down 8 sell lots (w/ restrictions)
- $160,000 Upfront Tear Down Cost & Contour
- ~$81,600 on going tax revenue
- Sales potential $3.6 - 4.2 Million

• bylaws

Sell 12 House lots that comply with zoning
Tear down houses - level land - subdivide and

Tear down - sell 12 lots (w/ restrictions)
The town
May not address housing needs of
1 to 3 years construction impact
Cost to tear down and contour the
east

Predictable impact to neighborhood
Best long term financial gain for town
Back of new buildings
Revised contours will allow set-
More attractive / more variation
Compared to selling as is
Will result in greater tax dollars
Positive

Tear down - sell 12 lots (w/ restrictions)
Potential for larger houses

Most aesthetically pleasing

Reduction in density

Lots would be of varying sizes

Tear down and create 10 lots greater than 10,000 sf:

Tear down and sell 10 lots (w/ restrictions)
- $160,000 upfront tear down cost
- $72,000 on going tax revenue
- Sales potential $3 - 3.5 million

• bylaws

Sell 10 house lots that comply with zoning
Sell down houses - level land - subdivide and

Tear down - sell 10 lots (w/ restrictions)
<table>
<thead>
<tr>
<th>Positive</th>
<th>Negative</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Most aesthetically pleasing</td>
<td>• Cost to tear down and contour the site</td>
</tr>
<tr>
<td>• Revived view on Castle/Gardner roads</td>
<td>• 1 to 3 years construction impact</td>
</tr>
<tr>
<td>• Less congestion</td>
<td>• Reduced upfront revenue</td>
</tr>
<tr>
<td>• More attractive / more variation</td>
<td>• Less annual tax revenue than 12 lots</td>
</tr>
<tr>
<td>• Revised contouring will allow set-back of some new buildings</td>
<td>• May not address housing needs of the town</td>
</tr>
<tr>
<td>• Will result in greater tax dollars compared to selling as is</td>
<td></td>
</tr>
<tr>
<td>• Predictable Impact to neighborhood</td>
<td></td>
</tr>
</tbody>
</table>
Standing sales and/or limiting purchase to 1 per individual/entity/group
Additional restrictions are still in discussion — such as bunker
Town should retain property that allows dirt road access to course to clear encroachment on land to first tee
Town should retain 30.9' wide track of land abutting the golf enclosure on Castle Road
Town should retain 5 to 10 feet of Castle Road to clear Trail to Bailey's Hill
Town to retain a 15 foot wide path to connect the Heritage limited to a maximum of 23% FAR (Floor Area Ratio)
To limit lot overdevelopment — any future building will be

Committee Currently Agrees to the Following: