



**Open Hearing**  
**Wednesday, September 3, 2014**  
**7:30 PM Great Hall**



# Background

- On **April 4, 2014**, the Town was notified that the 27.2 acre parcel at 46 Springdale Avenue was under a Purchase & Sale Agreement with Northland Residential Corp for the development of a 40B project consisting of 40+ townhouse units;
- Since 24 of the 27.2 acres are classified as Ch.61A agricultural land the Town had 120 days to notify the owner whether or not it would exercise its right of first refusal to acquire the property;
- On **July 21, 2014**, after completing extensive due diligence, the Board of Selectman voted to exercise this right **contingent upon Town Meeting and Town Election approval.**



# Purpose of this Meeting:

- ✓ To decide whether or not we wish to acquire the property at 46 Springdale for \$5.55 million; and
- ✓ If we do, to authorize \$25,000 to fund an ad hoc committee to study the best future use of the property

Vote YES	Vote NO
✓ Requires a 2/3 vote at this meeting & a majority vote on Election Day	✓ Less than 2/3 vote at Town Meeting or less than majority vote on Election Day
✓ Avoid a 40-unit townhouse development	✓ Commence the development 40 –unit townhouse
✓ Recommendations for future use presented to Town at no later than at May 2016 Town Meeting	✓ Town loses the ability to decide the future use of the land



# How will we pay for this?

- On an interim basis while the Town determines the best use of the land we will issue a Bond Anticipation Note (BAN) for 12 months;
- BANs can be rolled over after the initial term for 1 month, 3 months, six months or twelve months for up to five years with Board of Selectman approval;
- The BANs are interest only;
- The BANs will be split in two: a taxable portion and a tax exempt portion;
- The taxable portion will provide the town with the option to rent the existing home;



# How will we pay for this?

- The interest rate on the taxable BAN is estimated to be .60%, while the tax exempt rate is estimated to be .25%;
- The blended cost for the BAN will be \$19,000 for the year or \$7.30 per median household;
- The BAN will be rolled over after the initial 12 months at market rates at that time;
- If those rates are higher by 1% the increased cost would be \$74,000 or \$28.44 per household



# Can we afford to do this?

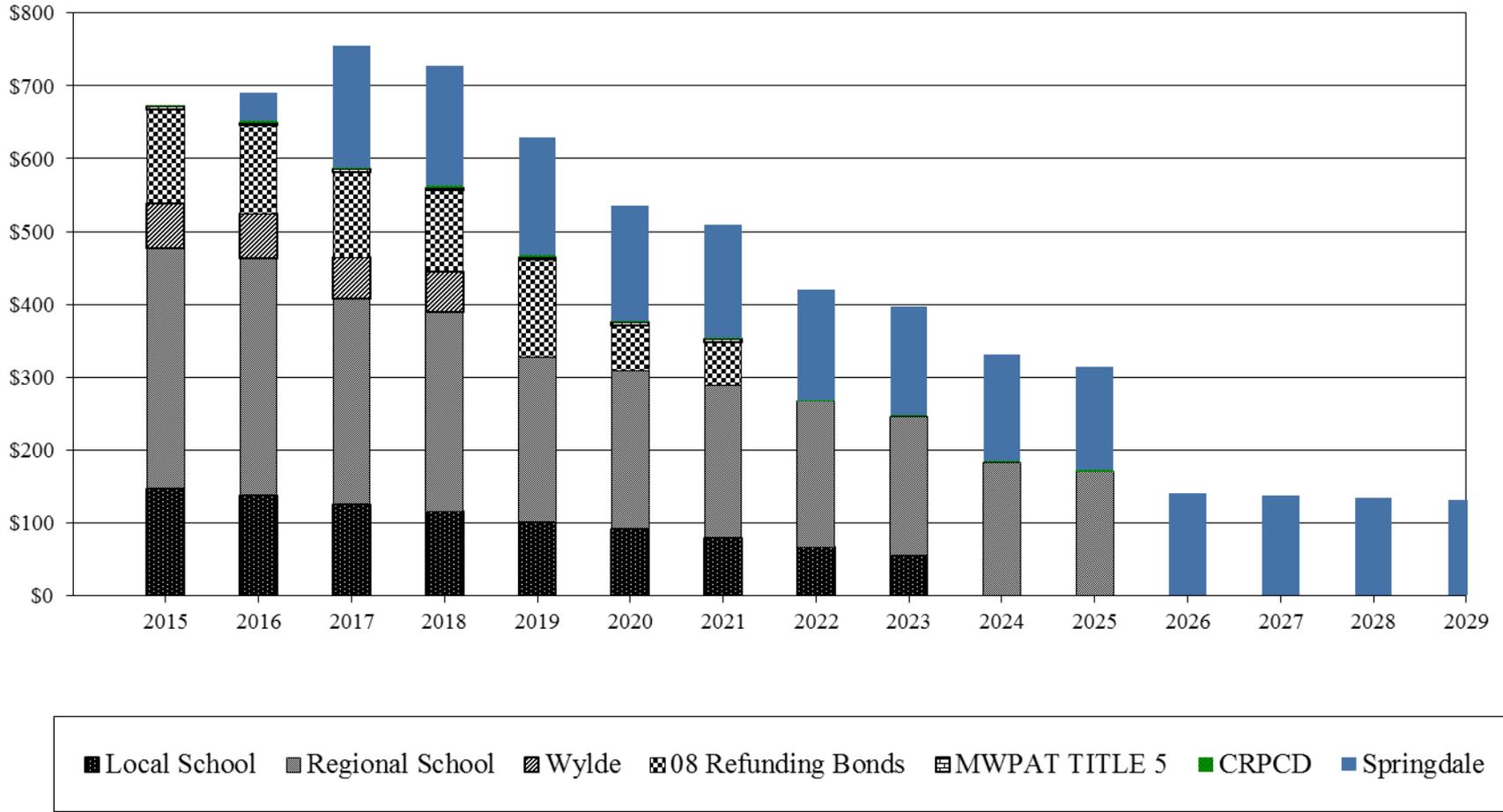
- Debt levels after FY 2014 approximate \$8.5M with debt maturing between 2018 and 2023;
- Payments of P&I range from \$1.4M (FY15) to \$948K (FY20);
- At the end of FY16 an additional \$5.55M in debt would increase P&I by \$435,900 with total debt levels at \$11.8M;
- Based upon current market conditions an increase in debt outstanding should not impact our AAA rating;
- A decrease in bond rating to AA1 would increase the interest rate on borrowing by .25% based upon the current market conditions;



# Will our taxes be permanently increase by this debt?

- In recent history, Dover has added debt as a debt-exclusion override;
- Hence once the debt is repaid the cost is no longer reflected in citizens' tax bills because the debt ceiling is decreased;
- **Example:**  
Wylde Woods property - \$3,050,000 was borrowed in March, 2001, when the bond is paid off in May, 2018 it will no longer impact the property tax bills. For FY 2015 this debt service is \$160K or \$62 for a median property.

# Tax Impact of Debt Service on a \$833,000 Property in FY15





## What will the final outcome be?

- The Ad-hoc Committee will be charged with exploring ANY and ALL options;
- The Committee will have representatives/liaisons from all the relevant boards: Planning Board, Open Space, Conservation, BOH, COA, P&R, Long-Range Planning and Warrant Committee;
- Broad representation from Dover Citizens;
- The Committee will be expected to bring recommendation no later than the May 2016 Town Meeting:
  - ✓ Recommendations will include short and long-term cost to the town as well as impact on the community





# Back up Slides



# Cost of 20-year Bond

Debt (20 year)	Total P&I	Tax Impact on Median Household	
		Total	Annual Average
\$5,500,000	\$7,243,156	\$2,784	\$133
\$4,000,000	\$5,267,750	\$2,025	\$96



# Potential Uses for Land

- Sell existing home and non-61A acreage
- Maintain 24 acres of 61A land as open space for passive recreation
- Sell all or part of the property for alternative development
- Senior and/or affordable housing
- Recreational use: playing fields or trails
- Holding for future use
- Solar farm

# 40-B Dover Census



Address	Total Built	Units	Dover Preference	Residents 5 - 18	Total Residents	Misc
Center St	20	5	3	1	12	To date 6 built 4 under construction
Springdale Ave	24	6	4	5	42	To date 23 built 1 under construction
Tisdale	56	17	10	41	138	5 affordable now market price but still count towards affordable; of original 12 local preferences 2 now are market
County St	4	1	**	0	0	** - local preference unclear at this time
Total	104	29		47	192	



## 40-B Qualifications

- Maximum incomes allowed for qualification:
  - ✓ 1 person household: \$47,450
  - ✓ 2 person household: \$54,200
  - ✓ 3 person household: \$61,000
  - ✓ 4 person household: \$67,750
- ✓ Household asset limits:
  - ✓ Non-age restricted not to exceed \$75,000
  - ✓ Age restricted \* not to exceed \$75,000 in value, purchaser may own dwelling in which no more than \$200,000 of equity is allowed

\* - liquid retirement assets are included