



PARTNERSHIP

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Dear First Selectman Griswold,

As a board member of HOPE Partnership, I am writing regarding the Old Lyme properties on which sit three of the Affordable Housing Units – 1 Boggy Hole Road, 95 Flat Rock Hill Rd., and 97-1 Flat Rock Hill Rd.

As you may recall, when I served on the Board of Selectmen during several of your previous terms as First Selectman, I also served on the Old Lyme Affordable Housing Committee (OLAH), a non-profit organization dedicated to developing affordable housing in Old Lyme. The town supported the organization by funding them each year with a small stipend to help with marketing, etc.

OLAH built three homes on land that was donated, thanks to the generosity of David McCulloch (two lots on Flat Rock Hill Rd.) and Charlie McKiernan (one lot on Boggy Hole Rd.). I became a member of the committee around 2006, after the hardest work was done. During my entire tenure with OLAH, we were never billed for the property tax on the land, which continued to be owned by OLAH, nor were we required to request an exemption. The only funds collected by OLAH for the land was just enough to cover the cost of the required liability insurance (at the time of my service, it was \$40/month per home for a total of \$1440 per year for all three lots).

Subsequently, when I was First Selectman, we were once again blessed with an opportunity from David McCulloch to purchase McCulloch Farm acreage for Open Space, with the possibility of some land set aside for affordable housing. In researching how to accomplish this, I discovered that the original McCulloch lots were first donated to the Town for affordable housing. Though I was not familiar with the details of the transaction between the Town of Old Lyme and OLAH at the time, it is clear that the Town felt confidence in OLAH to develop the properties for affordable housing on behalf of the town and did not intend to collect taxes on the land. I am convinced that this is because those in office at the time felt that once received by the town, and given to OLAH, it was essentially "town land" dedicated for affordable housing, therefore should not be taxed. As you were Chairman of the Board of Finance at the time, you may have a better recollection of the details.

At any rate, the proposed affordability of these lots was dependent on excluding the value of the land and maintaining the tax-free status, when the homes were sold. Since they were built, the home is purchased, and the land is owned by a non-profit corporation – first OLAH, and now HOPE. Clearly, you can see how separating the value of the land from the home makes it much more reasonable for those in need to purchase a home. And I believe that taxing the land goes against the original intent of the donors, who believed in supporting the creation of affordable homes in our community.

I understand that the Assessor has indicated that she does not have the authority to continue with the abatement, but I believe that the Board of Selectmen do have the authority to address this. I think that there are two factors that should be considered when addressing this tax issue. First, the land that is being taxed was originally given to the Town for development. OLAH was the organization with which

the town partnered to make this happen. In that regard, HOPE is no different than OLAH, as they just took over OLAH's obligation to manage the land and oversee any turnover of the homes, assuring that they remain affordable.

The second issue has been pointed out by HOPE – the land is deed restricted – it cannot be sold as there is a long-term agreement with the homeowners to allow their homes to remain on the land, at no cost except for the overhead of liability insurance on the land. This cannot be changed, thus rendering the land not saleable and with little or no value.

With two more lots likely becoming available, I would think that the Board of Selectmen would be interested in resolving this tax issue so that HOPE would be willing to consider developing the property using the same model. Clearly, it is the only way to maintain their affordability.

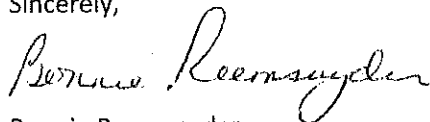
Since 2017 HOPE has been required to fill out paperwork to request this abatement prior to the budget season, which is administratively burdensome to both HOPE and the Town.

In looking at the past history of the properties, current circumstances with properties we manage in other communities, and the ability of our small organization to continue this process, we believe that we have a proposal that might work better going forward.

To help resolve this matter, we propose that ownership of the land be returned to the Town of Old Lyme. HOPE will continue to oversee the management and affordability certifications of the residents. Currently, we secure insurance on the properties, which is paid by the homeowners, and if there are any problems with the land, we are called in to assess the situation (though I cannot recall any calls of that nature). HOPE would continue to do this on behalf of the Town. With the Town owning the land, there would be no taxes imposed, and no annual application for an abatement.

We believe this would be the best solution to avoid the annual administrative burden of asking the town to abate the taxes. Please let us know if you would like to meet to discuss this further. We hope to resolve this before the budget season for the next fiscal year, so that we can continue focusing on opportunities for affordable housing in area communities, including Old Lyme. We appreciate your prompt attention to this request.

Sincerely,



Bonnie Reemsnyder
Board Member

cc. Selectman Chris Kerr
Selectwoman Mary Jo Nosal