

1/16/2023

Email

**Public Observations on the January 10, 2023 Mohawk Tannery Presentation**

This email was sent to the Mayor, Board of Aldermen and Matt Sullivan. Nashua residents need to get a lot more questions answered before the Mohawk Project moves forward.

I listened to the January 10, 2023 Board of Alderman Special meeting on the development of the Mohawk Tannery/Fimbel Door property and the EPA superfund clean-up of the property. The presentation by Blaylock Holdings and Thorndike was very well done; however, a lot of questions remain unanswered and I would caution the Board to proceed slowly and methodically to fully vet this project that was described by Director Cummings as a complicated and complex project with “lots of fragility”, “built on a house of cards” with elements stack on top of each other.

**Observation 1:** The City of Nashua had to make more concessions than Blaylock. However, Blaylock will be making a lot more money off this property than the City of Nashua taxpayers. If you just take the following as an estimate:

Apts 192 1,500.00 per month – Annually Blaylock will get \$3,456,000

Condos 316 \$400,000 per unit – Blaylock will make \$126,400,000 on all units sold.

**Observation 2:** It should be noted that the property taxes owed is a combination of actual back taxes and interest. It is not the \$1,000,000 stated by Mr. Cummings during the meeting.

Principal	\$304,657.72
Interest	<u>\$926,997.62</u>
Total	\$1,231,655.34

This may not seem like a significant amount of money, but given that taxpayers have received no tax money on this property for 34 years coupled with the new assessments and new tax rate, every million counts.

**Observation 3:** The presentation showed a payment of \$300,000 for the Mohawk/Fimbel Property. Who is getting this money? Mohawk owes the above amount of \$1,231,655.34 and Fimbel has not been charged any property taxes since 2002. Therefore any money paid for these properties should be given to the City of Nashua. This should not be a talking point and/or is this another concession that the City of Nashua is making.

It also does not mention how much Blaylock will be paying the City of Nashua for the two pieces of property that they want to acquire. One slide stated that the cost to acquire the ROW parcel will be determined and be added to the development equity. What does this mean in plain English in terms of the money transacted?

Currently the City of Nashua has assessed the Mohawk properties as follows:

Parcel	2023 Assessment	Acres
L Intervale	\$240,900	14.44
11 Warsaw	\$25,000	6.85
L Hughey St	\$84,300	.15
L Hughey St	\$73,100	.08
L Hughey St	\$80,700	.17
66 Fairmount	\$39,100	7.70
L Fox St	<u>\$0</u>	<u>4.98</u>
	\$543,100	34.37

If the city has assessed these lands with value then why is the city willing to walk away from their value. Should this be a concession by the City?

**Observation 4:** The Affordable Housing part of the city has taken the \$75,000 per unit and brought it down to \$37,000. Benefit for Blaylock and a concession for the city. Why? If the city is agreeing to bring down the number of units then why cannot Blaylock pay the full price per unit of \$75,000. I understand that Blaylock is funding some environmental remediation; however, if the properties were not contaminated, Blaylock would have to pay that price just for the land if not more.

To sum up :

	<u>City</u>	<u>Blaylock</u>
Loan*	\$2,500,000.00	\$3,367,844.00
Loan*	\$2,000,000.00	\$500,000.00

Walkway	\$3,000,000.00	\$0.00
Write Off	<u>\$1,231,655.34</u> (back taxes + int)	<u>\$0.00</u>
	\$8,731,655.34	\$3,867,844.00

\*Does not include interest

On the Environmental Remediation Sources there is a note that Blaylock to repay \$500,000 balance plus accrued interest at the time the RIF bond is put in place. This requires further “plain English” explanation (RIF?).

**Observation 5:** The Parkway Widening & Signalization is listed in the presentation material at \$750,000 and the Parkway Drainage Relocation cost at \$290,000. Is this another City concession? What is the rationale for the City covering these costs and not developer. Is this typical for new developments?

**Observation 6** – Is there a traffic study being done and who is paying for that? What is the estimated cost for this study?

**Observation 7:** On the Projected Tax Revenue sheet, it appears that the figures did not add up. I say that because currently the city has just reassessed the properties and it does not appear that Blaylock is being charged on these new assessments? Is this another City concession?

**Observation 8:** Who pays for the Interest Reserve Balance as shown on the Projected Tax Revenue?

**Observation 9:** The Blaylock representative stated in the presentation that the apartments would be constructed first. I assumed that Blaylock would want the current rent in order to have additional funds on hand; however the physical report shows that Blaylock will do more Condos than apartments. Was this just a mistake and/or did the city want to show more income coming from Blaylock?

**Observation 10:** Your report also shows a tax rate of \$23.22 which was the rate for 2021 and not \$18.07 the 2022 current rate. **Your report numbers would come down substantially.**

Also looking at your figures and using the **old tax rate** you have given incorrect numbers on the report:

EXAMPLE

1 apt \$130,000 times tax rate is \$3,018.16 in collected taxes – times 57 units is \$172,060 and not the \$179,920 shown in the report.

1 condo \$225,000 time tax rate is \$5,224.50 in collected taxes – times 63 units is \$329,144 and not the \$344,178 shown in the report.

It also seems strange that Blaylock stated that their budget is \$125 million dollars however if using the City’s figures, the valuation of the property is only \$101,000,000 for both apartments and condos. Blaylock would be going into this project with a loss of \$24,000,000 which I think is highly unlikely.

**Observation 11:** If anyone in the city wants to review a pass project, they should look into the Cotton Mill Project. Because the developer purchased the land with contamination and the State of New Hampshire gave them a break of all property taxes for six years and therefore the Nashua taxpayer did not get the full property taxes for six years (see below). Will this also happen with Mohawk? Another concession against the Nashua taxpayers?

**Cotton Mill Taxes Collected**

<u>Year</u>	<u>Rate</u>	<u>Assessment</u>	<u>Paid Taxes</u>	<u>Actual Taxes</u>	<u>Lost Revenue</u>
2013	\$23.50	\$2,200,400	\$51,709.40	\$51,709.40	\$0.00
2014	\$24.05	\$10,400,100	\$52,919.62	\$250,122.41	-\$197,202.79
2015	\$24.53	\$10,400,100	\$53,975.81	\$255,114.45	-\$201,138.64
2016	\$25.07	\$10,400,900	\$55,164.03	\$260,750.56	-\$205,586.53
2017	\$25.79	\$10,400,900	\$56,748.32	\$268,239.21	-\$211,490.89
2018	\$21.21	\$15,432,000	\$46,670.48	\$327,312.72	-\$280,642.24
2019	\$21.76	\$15,432,000	\$47,880.70	\$335,800.32	-\$287,919.62
2020	\$22.61	\$15,432,000	\$348,917.52	\$348,917.52	\$0.00
2021	\$23.22	\$15,432,000	\$358,331.04	\$358,331.04	\$0.00
2022	\$18.07	\$16,964,100	\$306,541.29	\$306,541.29	\$0.00
		\$122,494,500	\$1,378,858.21	\$2,762,838.92	\$1,383,980.71

Why does it seem that the burden is always on the Nashua taxpayers.

It just does not seem right that the Nashua Taxpayers should pay more than Blaylock because they will be benefiting in the future from all the rents that they will collect. However, the City of Nashua budget will go up to accommodate all the additional services necessary to accommodate approximately 1,000 new residents.

**Observation 12:** If that is the case, would Nashua be better off just cleaning up the land with the EPA and selling the property once completed? If the city did do the remediation they could put the EPA money of \$6,000,000 and the city adding in \$5,527,299 to add up to the total Clean-up of \$11,427,399. Once the land is cleaned up the city could sell the land for \$5,155,500 (\$150,000 new rate for an area) at minimum. It would be the responsibility of the investor to come in and widen the Parkway and redo the Parkway drainage. At this point, the Nashua Taxpayers can actually recoup some of the monies that we have paid out on this project.

I think before any city officials vote on any changes for this land, many more questions need to be asked and answered. The burden should not fall on the Nashua taxpayers shoulders. Period.