

To: Castleton Select Board
From: Katy Culpo, resident Castleton
Date: May 23, 2022
Re: Reconsider 7-21-22 Letter of Support to DRB for Sand Hill Project Permit #8177 – Inaccurate Information

Admittedly, I knew little of town governance and structure prior to July 2021, but since receiving notification of a 99 unit PUD coming to Sand Hill Road, I have learned a lot in less than one year, and have sought technical assistance and counsel to fully understand how we have come to where we are today.

I am coming to the Select Board tonight as “the Town’s chief elected body responsible for the overall management of Town government” (from Town website) requesting that you reconsider a prior Select Board’s letter submitted July 21, 2021 to the Development Review Board (DRB) in support of the Sand Hill Project. There is too much missing or inconsistent information to know if this project is truly in the best interest of our **entire town and community**. From the July 21, 2021 Select Board letter of support (included with my statement tonight) points 8 and 9 state the following:

8. The proposed senior living facility would create fifty to seventy new jobs, some of which would be high paying.
9. If, as anticipated, the project costs approximately \$17 M, the Town would realize significant property tax revenue from it. Conservative estimates indicate new annual revenue of \$300,000 soon after construction is completed, a total that would grow appreciably over time.

This project has been promoted and supported by town officials and boards as affordable senior housing that is going to bring lots of high paying jobs, tax revenue and tax relief to the residents of Castleton. Residents have challenged these claims, even asking for more clear details from Hale Resources, the developers and town officials to no avail. Well, some of us have done our own due diligence and I am sharing information on affordable senior housing AND projected school and municipal tax revenues AND all those high paying jobs with you tonight in this letter. I will not read verbatim, as there is much detail here, and I have sourced where each item comes from. I have also directly aligned our concerns with the Castleton Town Plan language. Again, much of this is not my area of expertise, and I welcome factual corrections from this Select Board on anything presented in this letter.

a) Affordable Senior Housing Is this “Affordable Senior Housing”?

Both the Castleton Town Plan and the Rutland County Needs Assessment identify affordable senior housing as a priority, and town officials and board members have used this data point to advocate for support of the Sand Hill Project. We challenge the premise that this project is affordable senior housing and note that no or little information has been provided on affordability. (I have not been able to get this info. I specifically asked this question at the Oct 2021 DRB meetings, and I reached out via email to Zak Hale 4/27/22 after he mentioned income guidelines at 4/25/22 Select Board meeting in response to Mary McIntyre’s inquiry regarding demand on local food shelves. There is no specific information on income guidelines on the Berlin Chestnut Place website.)

Defining “affordable housing” - From the 2018 Castleton Town Plan, page 38 states:

“Affordable housing is an average price new home or older home in good condition that a person with an average income ought to be able to buy or rent. In order to be considered affordable, housing costs should be no more than 30%-35% of a household’s income. For rental housing this includes: rent & utilities (fuel for heat, hot water, and cooking; electricity for lights; water and sewer charges; and trash removal). For home ownership this includes: mortgage (principal and interest), taxes, and property insurance.”

While Hale Resources and developer Brad Dousevicz have not provided costs or income guidelines, their “sister” facility in Berlin, Chestnut Place has rates posted. It is private pay (no Medicare/Medicaid) and has minimum income guidelines.

What is posted on the Chestnut Place website are the rates below:

- Independent Living Studio or One Bedroom starting at \$2,300 per month
- Assisted Living Studio or One Bedroom starting at \$4,800 per month
- Memory Care Studio starting at \$7,800 per month

Using the formula of housing costs being no more than 30-35% this converts to annual incomes as follows:

- Independent Living Studio or One Bedroom annual income of \$78,880
- Assisted Living Studio or One Bedroom annual income of \$164,571
- Memory Care Studio annual income of \$267,428.

From the VT Department of Taxes, Rutland County's average VT Adjusted Gross Income in 2020 is \$57,255 per return filed. With 35% maximum for housing, that's \$1,670/month for affordable housing; 30% is 1,432/month. The average Vermonter cannot afford to live in this proposed facility.

Conclusion – This project does NOT support the Castleton Town Plan guidelines for affordable housing. Low and middle income Vermonters can't afford to live here. In fact, our analysis raises the question of need for an expensive senior living 99 unit PUD in Castleton, as well as in Rutland County. We have seen no local data and/or assessments supporting the need for this high end expensive senior housing.

I'm also concerned that this project is not aligned with the Alma Gibbs Donchian Foundation's primary missions of addressing "issues affecting the elderly, particularly those 'middle-income' elderly not served by other programs" and "community preservation." I challenge that this four story 99 unit expensive senior living facility is serving "middle-income" elderly, and the size and magnitude of this building is not "community preservation."

(FYI - From 2018 Castleton Town Plan, pages 40-41- underlined areas for emphasis.)
HOUSING GOALS, POLICIES, AND PROGRAMS

Goal

Provide a variety of housing options that meet the needs of diverse social and income groups and is located conveniently to employment, services, retail centers, and educational and recreational facilities. A sufficient supply of quality housing is necessary for any community that expects to have strong, healthy families and a stable workforce.

Policy 1 Collaborate with not-for-profit housing organizations, government agencies, private lenders, developers and builders in pursuing options and meeting the housing needs of local residents.

Programs

❖ *Establish working relationships with the Rutland County Community Land Trust, NeighborWorks of Western Vermont and Housing Vermont.*

Policy 2 Ensure that individuals with special housing needs, including the elderly, those with physical or mental disabilities, single parent households, as well as low and moderate-income households are able to attain suitable and affordable housing.

Programs

❖ *Locate affordable and special needs housing in areas with access to appropriate services.*

Policy 3 Maintain and promote the historic character of housing in Castleton.

Programs

❖ *Encourage home ownership and property upkeep efforts of Castleton residents.*

❖ *Ensure that new and rehabilitated housing is constructed to meet safety and sanitary minimum standards and coordinated with existing public services (water, sewer, and transportation networks).*

❖ *Maintain a detailed inventory of the condition of Castleton's historic housing units.*

Policy 4 Enable our aging citizens to remain within the community by providing differing types of housing options.

Programs

❖ *Promote the development of commercial or private senior housing*

Note: This project does NOT maintain and promote the historical character of housing in Castleton AND again I challenge the premise that our Castleton aging residents will be able to afford to live here.

b) Increased School and Municipal Tax Revenue

Is the Sand Hill Project going to contribute to responsible economic growth that would enhance the tax base, lower the tax rate, and serve the town's purposes? Supporters of this project have promoted that it will, including the 2021 Select Board, but we have yet to see any true financial analysis. The Castleton Town Plan Economic Development Goals, Policies, and Programs (pg. 51) section BEGINS with the Goal statement, "Maintain a sound fiscal balance for the town..." – fiscal balance meaning town money earned exceeds town money spent. So let's look more closely at school and municipal taxes as a result of this project.

First, School Tax – School taxes represent 67% of our property taxes. I asked Cheryl Scarzello (Slate Valley Union Director of Finance), how this project would benefit Castleton residents' school taxes; in short she said

“With the passage of Act 60 and then Act 68 the State of Vermont funds education at the state level rather than the local (town) level. This means that changes in a town's grand list do not affect the education tax rate for a town. Municipal tax rates still depend on a town's grand list. So to answer your question, a development in the Town of Castleton does not have a direct impact on the education tax rate for a Castleton taxpayer.

Bottom line – Castleton tax payers will save no money on their school tax payments.

FYI - Below are the email questions I sent & her response

Question:

Dear Ms. Scarzello,

I'm hoping you might be able to help us understand how the Castleton Town School Tax rate would be affected by an increase in Castleton's grand list for a planned unit development with a construction cost of \$17,000,000 -- for ease of this example, please assume the town assessment will also be \$17,000,000, how would Castleton's homestead education tax change? In short, how much money would this project save the voters of Castleton for school taxes?

Thanks,

Katy Culp

Response:

Dear Dr. Culp,

*With the passage of Act 60 and then Act 68 the State of Vermont funds education at the state level rather than the local (town) level. This means that changes in a town's grand list do not affect the education tax rate for a town. Municipal tax rates still depend on a town's grand list. **So to answer your question, a development in the Town of Castleton does not have a direct impact on the education tax rate for a Castleton taxpayer.** I suppose it may have an impact at the state level when the legislature is looking at setting the yields (homestead and non-homestead), but the yield (which is one of several components of the education tax rate) is the same for every taxpayer depending on whether you are a residential or non-residential property owner.*

Please feel free to give me a call. It might be easier to explain on the phone rather than through an email.

Best regards,

Cheryl

Second, Municipal Tax – Municipal tax revenues vs. municipal costs is a serious consideration for the Select Board's support of this project. As stated in our Town Plan Economic Development section (pg. 48), “Like many other municipalities in Rutland County, Castleton derives most of its revenue from the taxation of local property in order to support municipal services.”

So how exactly will this project impact municipal tax revenue? Municipal tax is based on a town's grand list and according to the Town's tax stabilization policy the full municipal tax on this property will not be received for 5 years. It is unclear how much the Sand Hill Project PUD will be assessed at. The Select board used the 17 million construction cost value in their letter of support to the DRB. The current estimated value of the exact same Berlin building with an underground parking garage is about 7.5 million after construction. Let's consider both values based on the proposed municipal taxes (next yr) are \$0.4938, per the town report page 9 BEFORE Tax Stabilization (TSA). For the first 5 years town revenues would be as follows:

17 million construction cost

Yr 1 town would collect 20% or \$16,789,
Yr 2 40% or \$33,578,
Yr 3 60% or \$50,367
Yr 4 80% or \$67,156
Yr 5 100% or \$83,946

7.5 million assessed value (similar to Berlin building)

Yr 1 town would collect 20% or \$7,405,
Yr 2 40% or \$14,811
Yr 3 60% or \$22,216
Yr 4 80% or \$29,622
Yr 5 100% or \$37,028

*****Both numbers are significantly lower than the \$300,000 projected in the 7-21-21 Select Board letter to the DRB supporting this project.**

The question remains... Will the meager increase in municipal tax revenue from this privately owned for profit 99-unit high end senior living PUD bring in more dollars than the increase it creates on municipal services and maintenance? This needs to be seriously considered and calculated. Residents have brought these issues up numerous times, still no details or clarifications; costs of infrastructure and costs of maintenance, water & sewer, waste water run off issues, roads, fire & rescue, on and on.

Conclusion: We don't know if this project supports The Town Plan Economic Development Goal. It is impossible to properly assess if this project fits the Castleton Town Plan (pg. 51) "maintain a sound fiscal balance for the town." Will there be a fiscal balance between increased municipal tax revenue and increased municipal costs? We don't know! We do know this project is NOT going to bring in \$300,000 municipal tax revenue as stated in the 7-21-21 Select Board letter.

c) How about all those jobs? "...senior living facility would create fifty to seventy new jobs, some of which would be high paying." (7-21-21 Select Board letter to DRB)

This is not a high skilled nursing and rehabilitation center. Agreed, that type of facility would bring in high paying nursing and medical positions. As proposed in Permit #8177, The Sand Hill Project is a 99-unit high end senior living PUD facility (50% independent living, 32% assisted living) with an 18 bed (18%) memory care unit. This facility will NOT require multiple highly skilled LPN/RN's to function daily. Currently, the sister Berlin facility is advertising to hire one nurse (LPN/RN – maybe they have already hired more), cooks, Resident Assistant's (LNAs, PCAs), dining servers, front desk concierge, and housekeepers. It is possible that people will relocate to Castleton for these high paying hourly positions, but it is more likely that the proposed Sand Hill Project will be hiring from the current workforce/hiring pool in Castleton and Rutland County.

This may pose a problem for the Sand Hill Project developers according to the 2018 Castleton Plan, which states -

"The ability to find qualified employees is constraining business growth across industry sectors. Employers have revealed that the availability of a trained workforce is limiting job growth. Skilled professionals set to retire are not easily replaced by the existing, younger workforce. This has resulted in some companies foregoing opportunities for expansion." (2018 Castleton Plan, pg. 51)

Conclusion: The Sand Hill project is NOT bringing numerous high paying jobs to the Town of Castleton, and may in fact struggle to fill many of the employment positions they will need to hire.

To wrap up, I hope the current Select Board members will seriously reconsider Sand Hill Project Permit Application #8177. While many Castleton residents agree there is a need for affordable senior housing, and that this plot of land would make a good fit for such housing, the project being proposed by Hale Resources and developer Brad Dousevicz is just TOO MUCH for our Town, and TOO MUCH for rural residential Sand Hill Road. Possibly the developers could propose a building in size and scope that fits within our Town Plan rather than plopping their Berlin facility into our Town.

This Select Board is responsible for the fiscal management of our Town, and I am asking the Board to seriously reconsider the July 21, 2021 Letter of Support submitted to the DRB for this project.

Thank you for your time and consideration.

Attachment Included: 7-21-2021 Select Board Letter to DRB



Town of Castleton

263 Route 308, P.O. Box 227, Castleton, VT 05735

July 21, 2021

Connecting all
Departments
(802) 468-5319

Manager - 203

Admin. Asst. - 202

Tax Dept. - 204

Town Clerk - 201

Health Officer - 207

Assessor - 209

Engineering - 208

Treasurer - 205

Accounting - 206

Police Department
(802) 468-2750

Highway Dept.
(802) 468-2459

Transfer Station
(802) 468-3005

Wastewater Dept.
(802) 468-5315

Fax - All Depts.
(802) 468-5482

On the web:
castletonvermont.org

TO: Castleton Development Review Board
FROM: Castleton Select Board

RE: Permit application #8177

We, the undersigned members of the Select Board, want to express our strong support for the permit application cited above.

In what follows, we will explain our position on the matter.

1. As you are likely aware, the Town of Castleton owns the Sand Hill Road property (parcel #0901-11) on which Hale Resources proposes to build a 99-unit senior living facility.
2. As owner of the property, the Town of Castleton is a co-applicant along with Brad Dousevicz, of Dousevicz Inc., which represents Hale Resources.
3. Hale Resources has entered into a purchase and sale agreement with the Town for the purpose of acquiring parcel #0901-11.
4. This parcel was given to the Town on 12/12/1996 by then Castleton State College, now Castleton University, for the express purpose of economic development.
5. The project, as proposed, would create strong programmatic linkages between several Castleton University academic majors and activities and services at the senior living facility.
6. Three successive CSC/CU presidents, Presidents Wolk, Scofforo, and Spiro, have all expressed their enthusiastic commitment to the planned collaboration.
7. Both the Castleton Planning Commission and members of the Town's Community Development and Economic Revitalization Advisory Committee have supported the project.
8. The proposed senior living facility would create fifty to seventy new jobs, some of which would be high paying.
9. If, as anticipated, the project costs approximately \$17M, the Town would realize significant property tax revenue from it. Conservative estimates indicate new annual revenue of \$300,000 soon after construction is completed, a total that would grow appreciably over time.

For these many reasons, the Select Board of the Town of Castleton—in this matter, both current owner of parcel #0901-11 and co-applicant for permit #8177—believes that granting this permit would substantially benefit the Town while admirably fulfilling the purpose of the 1996 gift.

Respectfully,

James Leamy	Richard Combs	Robert Spaulding
Joseph Mark	Michael Holden	

Cc:
Town of Castleton Planning Commission
Town of Castleton Community Development & Economic Revitalization Advisory Committee
Hale & Hale Resources

