

**Economic Development Committee
of the Fitchburg City Council**
Tuesday, March 18, 2025
Meeting Minutes

May 21 2025 3:26 pm

Committee Members Present:

Councilor Sally Cragin, *chair*
Councilor Bernard Schultz
Councilor Andrew Van Hazinga
Councilor Beth Walsh

Others Present:

Mayor Samantha Squailia
Liz Murphy (*Executive Director of Community Development & Planning*)
Mary Jo Bohart (*Economic Development Director*)
Michaela Horn (*City Treasurer*)
Jake Zapata (*Waverly Development representative*)
Jacquelyn Wehtje (*Fitchburg resident*)

Chair Sally Cragin called the meeting to order at 6:02 p.m. She then outlined meeting protocol for members of the public to provide brief comments on matters appearing on the agenda, which is during an initial Public Comment segment.

Ms. Jacquelyn Wehtje approached the podium and identified herself as a Fitchburg resident. She then expressed her objection to the TIE agreement being considered for the 533 Main Street property. Ms. Wehtje stated that public funds should not support such development projects.

Chair Cragin then took up the main agenda item (#059-25) involving a Tax Increment Exemption (TIE) agreement being proposed for 533 Main Street. She introduced Liz Murphy (Executive Director of Community Development & Planning) and asked Ms. Murphy to present the TIE agreement to the committee.

Ms. Liz Murphy explained that the proposed TIE agreement would phase-in the local property tax increase that would result from redevelopment of the former historic YMCA building to become a mixed-use property with 17 market-rate housing units in the upper story and 4,500 sq.ft. of commercial space on the ground level. She explained that the TIE would focus solely on the residential use portions of the building, and would be for a 12-year duration in which the “increment” or added taxes resulting from the residential improvements would be gradually phased in as an incentive to the redeveloper due to the building’s significant physical improvements. Ms. Murphy stated the overall agreement will provide a 700% exemption of that (residential) increment. She added that the agreement lists a Base Value for the residential component of the building, along with a schedule of exemption percentages since these gradually decrease over time. Ms. Murphy explained that the Commonwealth’s Housing Development Incentive Program (HDIP) is an incentive for creation of market-rate multi-family housing development in Gateway

Cities, and a local TIE agreement is a requirement in order for a redevelopment project to be eligible for HDIP funding.

Chair Cragin then asked if there was anyone present who wished to speak on behalf of the project proponent.

Jake Zapata, of Waverly & Sons LLC, stepped to the podium to provide further details on his firm's redevelopment plans for 533 Main Street. Mr. Zapata stated that his company is a property owner of several buildings in downtown Fitchburg, and recently they completed the mixed-use redevelopment of 298-300 Main St. which has created upper-story housing and a ground-level commercial space. Similarly, his company is actively in construction at 347 Main Street to create upper-story housing and ground-level commercial space that will soon become "Power Surge Bar Arcade." He said that they anticipate approx. \$10-\$12/sq.ft. being the rental rate for the ground-level commercial space at 533 Main St. which is in keeping with prices of other downtown commercial spaces. He noted that the ground-level could be subdivided into two rentable spaces or it could be leased by a single commercial tenant. Mr. Zapata asked the committee members if they had any questions about the project.

Councilor Andy Van Hazinga asked whether the TIE agreement would be for just the residential component to the overall project, and if so would that mean that Fitchburg could enjoy increased commercial taxes on the ground-level space as soon as the project is completed while the increased taxes from the residential component would phase in gradually?

Mr. Zapata indicated that was the case.

Councilor Van Hazinga then asked if a local TIE is required in order for a project such as 533 Main St. to qualify for HDIP funding support from the state?

Mr. Zapata stated that was correct.

Councilor Van Hazinga noted that HDIP is a beneficial tool offered by the state as a key financial incentive toward the creation of market-rate multi-family housing, and where the municipality also needs to participate by offering a TIE agreement so the local community provides some 'skin' in the game too.

Councilor Bernie Schultz asked Ms. Murphy to elaborate on her suggestion that, presently, the 533 Main Street building generates very little in taxes.

Ms. Murphy explained that the current assessed value for 533 Main St. is \$447,000 which would result in approximately \$6,000 annually in real estate taxes. She went on to suggest that, while vacant, this building likely requires more of the city's resources than that amount due to code enforcement, fire prevention, and public safety issues.

Councilor Schultz asked Ms. Murphy what the future real estate taxes might be for the building once it is fully renovated.

Mr. Zapata stated that his company anticipates \$4.85 million in project cost, but he could not forecast how the city will assess the building upon completion.

Ms. Murphy emphasized that she is not an assessor, so she could only speculate at this point but the building likely would be valued at a couple million if not more upon completion of the project.

Councilor Schultz noted that, given the decades of vacancy that have taken place at 533 Main St., this is definitely a worthwhile project.

Councilor Beth Walsh asked what the outstanding tax delinquency amount is for the 533 Main St. property.

Ms. Murphy recalled approximately \$158,000 the last time she checked, and then City Treasurer Michaela Horn (in attendance) provided Ms. Murphy with an updated figure of \$168,000 as the current tax arrearage.

Councilor Walsh stated that she has toured the 298-300 Main St. building which Mr. Zapata's firm recently renovated, and she was very impressed with the quality of Waverly's finished product. She is encouraged to see that they are now taking on the redevelopment and full renovation of 533 Main St. as well.

Chair Cragin thanked Mr. Zapata for his remarks. She then expressed that a tax repayment plan to address the outstanding tax arrearage for this property would need to be put in writing. She suggested that this should be a proviso of the TIE agreement.

Councilor Van Hazinga reminded the committee members that any building permits cannot be awarded unless taxes are current or in compliance with a written tax agreement, so the TIE agreement would not need added language regarding this. He went on to say that several prior property owners of 533 Main Street over the past 10-15 years attempted but failed at redeveloping this building. He said those prior failed attempts were due to a lack of adequate resources to fully address this financially challenging but architecturally stunning property. Councilor Van Hazinga noted that longtime vacant historic buildings such as 533 Main St. need assistance from the state (HDIP) and the municipality (TIE) in order to make the overall redevelopment finances work

VOTE:

Councilor Van Hazinga moved to approve the TIE agreement for 533 Main St. with the provision that the applicant enter into a repayment agreement with the city to address the back taxes at the property. Councilor Schultz seconded the motion, and it passed unanimously (4:0 in favor).

Chair Cragin then moved on to ask Ms. Mary Jo Bohart (Economic Development Director) to provide the committee with a brief summary of current programs and projects that are actively underway in Fitchburg.

Ms. Bohart began by stating that she had attending the Governor's Conference on Travel &

Tourism (held in Springfield) earlier that day, and it had attendees from throughout the Commonwealth where the primary focus was on growing the state and local economies through tourism. She explained that Fitchburg is clearly focused on arts/culture in our economic development and downtown revitalization efforts, but that it is important to capitalize on commercial recreation and sports tourism as well since this is an emerging area for our local economy. Ms. Bohart briefly touched on a cultural marketing strategy project which was grant-funded and is currently underway for the downtown district. She also mentioned a Water Street Corridor Study which is being completed to fully document existing physical conditions along Rt. 12 and proposed improvements to this significant gateway to the downtown district. Ms. Bohart also described Request For Proposals (RFP) efforts at Fitchburg Municipal Airport regarding former runway land that has been designated for non-aviation development. She stated that an RFP for a restaurant development on a half-acre parcel adjacent to the airport administration building is currently “live” and that similar RFPs for non-aviation development at a larger 12-acre parcel and a 4.5 acre strip of land along Crawford St. will be occurring in the near future.

ADJOURNMENT:

Chair Sally Cragin asked for a motion to adjourn. Councilor Beth Walsh so moved, and Councilor Andy Van Hazinga seconded the motion, which passes unanimously (4:0). The Economic Development Committee meeting then adjourned at approximately 6:40pm.

Minutes prepared by Ms. Bohart & reviewed by Chair Cragin.