

Chuck Dade
398 Hawthorn St.
New Bedford, MA 02740
cdade@chuckdade.com
508.999.0691

New Bedford City Councilors
November 10, 2007 (appended as of December 9, 2007)

Greetings:

Recently, John Meldon, applied for a demolition permit to tear down Fairhaven Mills.
The Historical Commission voted 5 - 0 **against** it.

I would submit that if the City Council votes counter to the recommendation of the Historical Commission on this unanimous opinion, then they may as well vote to disband the Historical Commission altogether. If this is not a test case as to whether the Historical Commission has any real function what would be.

As Jack Spillane pointed out in a recent article on the Mayor:

"As far as historic preservation goes, the mayor has not placed the remaining Fairhaven Mills building in the same unassailable category as the Wamsutta Mill and the armory. **That's a mistake he'll deeply regret some day.**"

If you approve to this demolition you will deeply regret it some day as well; sooner than you think.

It has been suggested that, as a work around, Home Depot may have an option or some other instrument (or a wink and a nod) in play with contingencies requiring Meldon to have a demolition permit in hand before the effective time of Dickinson's purchase and sales agreement with the City has run out.

You should **not** be concerned as to whether the lack of a demolition permit is a deal breaker for Home Depot; as I will show below; other options are/were still available. And other entities are/were willing to buy the property with the building standing for improvements that will foster **TRUE** economic development should this be the case.

There is no reason to demolish building #4 of Fairhaven Mills; it is a remarkably sturdy structure and will probably survive long past the working life of many of the newer buildings. Other options are available *with and without Home Depot* and **you should vote against any such permit that disregards our historical legacy for an end run towards corporate expediency**; particularly, if it will produce a net negative for the region.

Below is a video of what can function as a partial de facto tour of the **Manhattan Home Depot**... It is an example of what Fairhaven Mills could look like as a Home Depot.
(It is very important that you view this; if you need technical assistance I will be happy to provide it.

<http://www.vimeo.com/98460>

Also see:

http://www.nationaltrust.org/Magazine/archives/arc_news/091304.htm

So you see, Home Depot has bent to the proscription of other governing entities and **this is your charge: proscribe that the building is to remain standing.** If you make that demand somebody will accommodate you.

If Home Depot threatens to take their ball and leave let them.
A better show is bound to come along (it may still be in the wings).

Before and after the designation, Mayor Lang said that the free market would determine what would happen to Fairhaven Mills, but his designation was made counter to what the free market said and counter to what the opinion of the designation committee (that he appointed) was.

A proposed competitive option (the Jackson/Samuels' true economic development plan), which is still most probably still out there as a possibility, offered twice the amount (\$1,000,000) to the city for its parcel than is set in the purchase and sales agreement with Jackson/Samuels, actually, offered to pay Meldon \$4.6 Million for his parcel and they already had a \$15,000,000 commitment letter in their official proposal to begin the project (it could have already been underway).

Having no historical or cultural relevance or connection to him, Lang (a Long Islander) made the argument for his, veritably, unilateral designation saying that State and Federal subsidies would not necessarily be forthcoming to aid the overall project (but subsidies are actually the quite normal way things are done). It was, also, suggested through channels that Jackson/Samuels did not really have any real money (though almost no-one purchases real estate without financing). The Jackson/Samuels' team (not "I am not a genius!" Lang) was expert at acquiring larger HUD guaranteed financing arrangements, grants, subsidies and other mechanisms of funding but Lang dismissed this possibility of a real economic development project off hand.

"We were always going to save the mill." - L. Duane Jackson.

In a conversation (post designation) that I had with Jackson where I mentioned that this suggestion of lack of funding was being bandied about, he was very surprised and even angered to hear that his group may have been being impugned as not being able to capitalize the project and he said that I could put the following into the public domain:

1. They agreed to increase the deposit from \$50k to \$100k at the city's request (which was beyond the requisite of the RFP).
2. They had put \$40k on the Meldon building for a 30 day option with an agreement for an added \$80k (TTL 120k).
3. Before the designation the city then asked for \$200k (nonrefundable) deposit and they said no. (Enough was enough).

They had \$50k+ \$40k already out and additionally to putting out a far more comprehensive proposal which in time and effort is 70k including \$39k in architectural fees.

They had spent the money (around \$100k) in contrast to Dickinson who had then put out \$10k for the city land (refundable) and \$15k for the adjacent lot. They wanted the designation first because they were going to be spending more money (on the project) and they felt that the way that the situation kept being re-traded they lost faith that they could trust the city to hold up their end.

Jackson said that the worst case scenario was (if they went no further) that they were going to make the first floor retail and the upper floors office space and residential.

"We were always going to save the mill." - L. Duane Jackson.

Besides the fact that Samuels Development is a very substantial firm (http://www.samuelsre.com/pages/160_boston_1330_boylston.cfm?), Jackson/Samuels had a very clear letter of commitment for financing of a **\$15,000,000 short term loan** by Century Bank of Boston; banks do not lend this amount of money (particularly short term) expecting failure.. I would submit that this would be just the first in a series of commitments. This would go a long way to moving phase one of their plan forward; and **phase one alone would have been better than Home Depot**, would have kept and improved the mill, would have insured mixed use, and would have secured enabling a net positive gain (profits from local spending **NOT** moving to Atlanta) with TRUE economic development supporting diverse businesses.

When a dream team with vast experience at developing major projects and troubled properties (including the creative financing thereof) steps up and the community actually gets behind their idea *the mayor assumed the negatives* in the risk assessment (or maybe worse), sidestepped, and then took extra time to figure out how to equivocate moving in the opposite direction...

Negativity had won (the announcement date was delayed) and again as the Lang team took extra time to develop and deliver their sales pitch to the public for why yet another Home Depot needed to be allowed to add New Bedford to their collection of a 1000 plus store inventory and their de facto definition of "just anywhere USA".

The supposed addition of a few hundred jobs (that may have been more positively implemented at an alternative **venue {think the likes of Hawthorn Medical at city view where there is 435 good jobs}**) and another taxable property (any new alternative venue would have been taxable) sold to certain factions as being positive. But these factions seem to miss the meaning of what true economic gain is and what the government's responsibility (including subsidy) to foster it is. The reason we have subsidies or guaranteed GI and HUD loans is to foster growth (even at an expense to government) because if the growth is **real** it will generate taxable revenue later to enable payments to deficits and to fund the next generation of borrowers/or subsidies to yield growth as well (properly implemented perpetually). By not doing it nothing improves and this has been the case too often for too long in New Bedford.

As part of his designation rationale, Lang explained that the Jackson/Samuels plan relied on \$26M in Federal and state subsidies and that they wanted the city to be willing to be on the hook for it should any thing fall through. Lang said that he could not commit the city to subsidy. Jackson explained, to me, that Jackson/Samuels needed public/private partnership; an affirmation by the city that the city would step up. In order to apply for the concerned grants/subsidies the city would have to aid in the applications so the city had to make a serious commitment for the full ten years because they would be involved continually in processing applications, etc. If they wanted to commit to a \$150M true economic development plan they needed to be more than just co-operative but aggressive in enabling the development of the project.

Jackson said that Boston Mayor Menino put the full weight of his office towards a project and that project yielded an excellent completed example of what could be done with active support. It required heavy subsidies but most importantly they had the support. **Mayor Menino promised it to the city and made a real effort to make it happen.** He brought all of the requisite resources to the table.... Today, its a stellar example of an economic development project.

"Quite frankly I think that The Fairhaven Mills project had a greater potential. A comparable effort by the city of New Bedford would have resulted in a very successful outcome." - L. Duane Jackson.

But beyond that we need to remember that the Jackson/Samuels proposal was a 10 year, \$150,000,000 plan. So the \$26M would like wise be spread over 10 years >> \$ about 2.6 million per year. A lot of money to the ears of mom and pop but fairly manageable in municipal budgets. To put things into perspective Keith cost over \$80M, the New Bedford Symphony Orchestra's annual budget is actually over \$700k/year so by comparison, for what it would do, \$2.6M is not much if it generates any real economic development to the city. And besides, that commitment would only be necessary **IF** these development experts could not get the grants that they expected to from state and federal sources (and that they were experienced in acquiring).

Great deeds are usually wrought at great risks. -- **Herodotus**

This multi-millennia old truth still functions today and New Bedford's age of greatness came from a long series of such risk taking. In fact, even today New Bedford's greatest industry, the fisheries, are ranked amongst the most dangerous and continue with great risk.

A most positive a priori assumption and a willingness to embrace risk by the municipal authorities is what is needed for New Bedford to catch up and really prosper; the Geniuses (at least experts in the field) had finally arrived and were willing to help by making a serious investment of their time and resources to enable a true "economic development plan" (as opposed to HD's "market response plan") and they were turned away.

This is a much more ludicrous error than letting the Charles W. Morgan get away.

Meldon claims that he has to demolish the mill because he can not sell the property unless the building is down but he has had other offers of over \$4,000,000 even with the building standing. His counter offer to sell the property back to the city for what he calls a discounted \$3.6 M (though most likely a ploy to coerce the demolition for the benefit of a contingency in a P&S with Home Depot by scaring the city that they may actually have to spend some money) should actually be embraced. And he complains about his monthly expenses but he has been cleaning up on options and recently turning away paying tenants.

Plan C: (Yet another alternative)

The city really should acquire as much of the water front as possible; because as lessors there is more teeth in making demands in terms of design, integration and other matters of business beyond what licensing and inspection laws enable. It would make it such that the city would be able to implement a concerted design of the waterfront as it saw fit rather than a patchwork of piecemeal properties that can never develop properly into a modern city.

As Brian Gomes said at the first Designation Committee meeting, to really fix things the door to eminent domain should be open and would probably needed to be applied to enable any really great sustainable plan.

Here is a situation where the owner is making it easy for the city; and the city should probably seriously take him up on it. In any event if the city owned both parcels, they would have a different point to negotiate from. The price is about right; a local respected appraiser suggested between 700k to 900k / acre. But that is another matter; this writing is concerned with ensuring that it is mandated that a historic edifice not disappear. What happens after that should be decided at another time.

It does not take genius to see that Home Depot is actually counter to **real** economic development by effectively moving locally created earnings, as profit, to Home Depot's corporate HQ in Atlanta and their other investments away from here. It is a false positive; it is negative.

Further more, it seems to be logical to me that City Councilors should follow the advise of their expert boards (including Historical Commission) and they should vote as such.

None of the immediate neighbors (abutters) want it down.. Go ask.

The Designation Committee (i.e. "City Council Extended) voted (11-5) for the plan that saved the mill.. (a 2/3 majority).

The Historical Commission wants the mill saved (5-0).. **Unanimously!**

--

Despite what some may think, even if it seems counter to how others may think; I am trying to help prevent a gross mistake. Smarter than the average bear or not, I do think I have a responsibility to get my ideas out. I apologize to those that feel the rub; but right or wrong by expressing my observations and ideas they can not say I am one of those that did not even try to improve things.

Best regards,

Chuck Dade

"I would rather fail in a cause that will ultimately triumph than to triumph in a cause that will ultimately fail."

--Woodrow Wilson

What greater success will be lost to create the lesser success that will be able to be shown.