

**City of Salem Massachusetts
ULI – TAP (Technical Advisory Panel) Discussion**

Board or Committee:	Redevelopment Authority, ULI Panel Discussion
Date and Time:	Monday, December 11, 2017 at 6:00 pm
Meeting Location:	120 Washington Street, Third Floor Conference Room
SRA Members Present:	Chair Grace Napolitano, David Guarino, Dean Rubin, Russell Vickers
SRA Members Absent:	None
ULI Panelists Present:	Manikka Bowman (Director of Policy and Outreach for the ULI Boston/New England District Council), Barry Abramson (Abramson & Associates), Doug Arsham (National Development), Sandi Silk (Jefferson Apartment Group), Marty Jones (CEO of Mass Development), Bill Tuttle (Mass Port Authority)
Others Present:	Tom Daniel (Director of Planning and Community Development), Tom Devine (Senior Planner)
Recorder:	Colleen Brewster

Chairperson Grace Napolitano calls the meeting to order.

ULI Panel Discussion

Ms. Bowman stated that the ULI is a global non-profit that focuses on the responsible use of land development with more than 36,000 members world-wide. Technical Assistance Panels are utilized strategically for communities within the Commonwealth grappling with land use issues; however, this panel discussion will be of an Advisory capacity to discuss big-picture issues within Salem. The panel members' participation in this discussion is voluntary and apart of their community service. Mr. Abramson noted that this is the most experienced and highest caliber panel assembled.

Mr. Abramson noted that the City has a number of publicly owned properties, some are historic and in need of restoration, some are parking lots, and the Salem wants to know the best way to find good developers to redevelop the properties. They have met with the City and SRA, toured the sites, and interviewed several stakeholders.

Vision for Proposed Redevelopments

Mr. Abramson stated that the following will be preliminary recommendations that require discussion. The less successful RFP projects occur when cities and public entities haven't thought through the process; what they want, what is realistic, and what has received public acceptance. Therefore a proactive visioning for those properties should be done first, along with strategic parking planning. The realistic short and long term market-feasible uses need to be determined, as well as development economics, the individual nature of properties in terms of their physical capacity, special development building issues, and parking need and demand. This will allow the City to define their priorities and build public support that can feed into implementation.

Ms. Jones stated that after their site visits they concluded that the City properties are diverse in terms of size, scale, and potential for development. In response to the City's question regarding the use of a master developer, the Panelists don't believe that would be a good fit because of the large and diverse portfolio of

properties downtown. Ms. Jones noted that due to a lack of time the property at 5 Broad Street was not reviewed or discussed by the Panelists. The Panelists agree with the City and stakeholders that there are two priorities for downtown development.

The first is the cluster of buildings at Washington and Federal Streets (Superior Court Building, County Commissioners Building, and potentially the Tabernacle Church if its available for redevelopment). The City should ensure that it is staffed to drive the development process for those properties. A developer might be interested in a collection of buildings that believe could be a hotel or housing combination, but the feasibility of that within the market is unknown. Several people have voiced their concerns over the feasibility of the Registry of Deeds being located in those first two buildings, which still needs to be decided. If the City pursues changing the legislative requirement the panel suggests that the City begin talking to developers and marketing the buildings informally, to determine possible uses.

The second priority area downtown would be the Museum Place Mall land and the Church Street lot. The Museum Place Garage is an air-rights garage that is owned by the City and the land is owned by the mall owner. The Panel discussed whether it would be beneficial to split those two areas up to develop one lot vs. the other and they concluded that all three should be a part of the same process. He noted that when many cities begin an urban renewal process much of the circulation within the city is removed, and Mayor Driscoll has already expressed her desire to connect the City from both North & South and East to West. Getting people in and around any city quickly and efficiently is always a problem especially with smaller streets and scattered parking. Parking and circulation is one of the most important components. The most important aspect would be for the City to find a developer that can consolidate ownership between the three different parcels and one that can envision and work with the City. Opening up the streets can not be done without considering all three parcels at the same time.

Ms. Silk stated that before anything is done relative to changing the parking, a long term parking strategy needs to be determined for the downtown and peripheral areas. In Italy she has observed that tourists drive to the base of the town and walk into town, no cars are allowed in the heart of their towns, and that model could be used in Salem along with parking demand pricing, such as \$25 for downtown parking all day and \$5 or less to park further away with the possible use of a shuttle during the October peak time. The City could work with private parking lot owners, the MBTA, and neighboring communities to manage Salem peak time parking, and an integrated parking strategy should be looked at before any parking is given up. The way people use their cars and utilize parking facilities is changing and will continue to change and Salem should give that some thought and incorporate the transformation of some of their facilities in the future to consider an alternative use.

Ms. Silk stated that in terms of feasibility and funding, it was clear that Salem has been advised by consultants regarding its historic resources, which is where most redevelopment schemes fall short. As a gateway city, Salem has access to interesting and innovative funding sources, of which one has already been implemented – the HDIP program. Ms. Silk proposed an alternate method of thought regarding the HDIP. Rather than using the DHCD HDIP, which enables communities to create a zone to generate market rate housing, she suggested using the HDIP to create a historic resource fund by leveraging the development of adjacent properties by giving them a significant tax abatement, which is much more attractive to a developer than a tax credit. A developer will pay the City mitigation dollars in exchange for that tax abatement, and that money can be placed in a fund that is used to offset some of the historic redevelopment costs. This kind of creativity can generate a source of funding to help the City achieve its goals within the same district. The reactivation of historic resources would be beneficial to the developers in the adjacent area. The City's negotiation with the developer is unknown to the Panel, but the same could be done with a DIF or TIF. A feasibility study can help the City understand what that gap would be. As the City moves forward with each development parcel, more of an understanding of what type of subsidy is needed and incorporating that into the RFP can maximize the realm of responses. For example, an RFP where you expect a developer to fully rehab the site might get no responses because it is not feasible; however, an RFP explaining the City would

like to know what it would take and what kind of subsidy would be needed could result in qualified responses, if the City is viewed as having access to incentive programs.

Mr. Tuttle stated that the process starts with strategic planning and the RFP should flow from whatever planning was done. There is always a balance between the City's priorities and how that will intersect with what is feasible. Success happens when the two intersect. Success happens with the groundwork you lay for it as well as having good understanding of what is feasible. Conversations with developers can happen prior to the issuing of an RFP.

Mr. Tuttle noted that tourism is one of the fundamental industries that helps drive the Salem economy. Some preliminary study is worth doing on what that tourism means, planning for how to support it, and how it works, especially in terms of transportation, since several new hotels are coming online. The Panel questioned whether more hotels are needed.

Mr. Tuttle stated that an RFP should be both flexible and fair in how the criteria are set so the City can maneuver accordingly if the end result is more open-ended. The Panel feels strongly that a two-stage RFP approach would be best route to determine who is interested and what their general ideas are, leaving specifics to a second round.

Mr. Abramson stated that finding the proper balance in an RFP in terms of being directive but not overly restrictive when it comes to the framework of the evaluation criteria. The District Court Building RFP was one-stage with reasonable criteria. A two-stage RFP for other projects would be make it more attractive to the developer because of a lower cost of entry; they would get shortlisted to know that they are in the right ballpark.

Discussion

Mr. Vickers asked for more information on the two-stage RFP process. Mr. Abramson replied that it can vary. It could start with an RFI as a pre-qualification, to set what you are qualifying on depending upon what you need, but capacity and experience would be the main items. Some RFPs are purely qualifications based, but he favors including the concept of what the developers are planning, which will let the City know what is realistic and see which buildings the developers are interested in. Mr. Tuttle added that with two-stage RFP processes he likes for cities to return to the developers on the design and/or financial, explain what the City did not like and have them refine and resubmit. The developer will appreciate seeing where they missed the mark. Ms. Silk noted that feedback is always good, it's hard to design in vacuum, and the RFP process is very one-sided. This will allow you to see how flexible the developer is because these things evolve over time and they will get the chance to be responsive to what you did and did not like.

Mr. Daniel asked if the shortlist is typically three developers. Mr. Abramson replied that four would be the maximum to maintain some competition, depending upon the number and type of responses received, because some developers stand out more than others. Mr. Arsham added that when responding to; RFPs, RFQs, or RFI's developers tend to not want to spend a lot of money upfront. A flexible competition will attract the brightest minds to help find the best, most innovative, and engaging developer. Mr. Abramson noted that RFP's are looked at as a risk and reward proposition, and Salem needs to put themselves in the developer's shoes and make the RFP something a developer will want to spend the time on. If the financial tools available for any potential feasibility gaps can be laid out in advance will show that you want to make the project work, it will also make the RFP more attractive to potential developers and encourage them to put in more effort.

Mr. Rubin asked for the Panel's outreach process. Ms. Jones replied that they only spent the afternoon in Salem and only spoke to a very small group of people. Mr. Abramson stated that they were told that these two clusters represented the priorities; the historic properties are not as essential to them but they understand their value to historic Salem. Leaving them empty and boarded up would be unpleasant to look at, especially

as one of the first things you see when entering Salem. The mall and garage is also a priority due to its downtown location, and what exists is much less than what could be done there. Mr. Arsham stated that there were also different sides to the same issue regarding what to do, how to do it, what is important vs. what is not. Determining what tourism means to the City makes the Panel consider the best strategy, to focus the project in one direction and to get everyone to work together. Mr. Tuttle stated that the Panel was filling in the blanks in terms of the missing information, such as the condition of the Museum Place Garage and how long could it last, but City-wide transportation within the district needs to be determined first. They were told repeatedly that the mall is a challenge as it is a front door to that area of Salem, its current owner is not doing as much as is could. It needs a long-term strategy and the future of the Church Street lot is essential to that strategy. The lot is a valuable asset that should not be given up until the future of the Museum Place Garage has been determined.

Mr. Guarino asked if consolidating ownership of the Museum Place lot would be essential at the start of the process or just a preferred moving forward to have the City own the lot as well as the land. Ms. Jones replied that it is preferable but may not be easy to do. Determining its physical condition and what amount of money it would take to extend the life of the garage would be the first step. Spending a large sum of money that would only give the City a short-term gain could change the course of action vs. spending a small amount of money for improvements that would allow the garage to last for another twenty years. Mr. Arsham added that the owner may also not want to sell; however, incentives and planning tools can be used to encourage private owners to sell properties. Ms. Jones stated that conversation with the existing owner should begin in some form, to determine what their goals are for the property and whether they are interested in selling now or in the future.

Mr. Guarino asked if feasibly of the cluster depends on whether or not the Tabernacle Church is included in it and if the remaining parcel would be as successful without it. Ms. Jones replied it is not essential, but it would help if a developer knew he would also have a project across the street. Mr. Arsham reiterated that developers responding will tell you how the market indicated the parcels should be divided to find what will have the most feasibility and highest degree of success. Ms. Silk added that the clustering of the Superior Court Building, County Commissioners Building, and church properties will attract developers of a different scale with more resources.

Mr. Daniel asked if the crescent parcel across Bridge Street would be worth including in that parcel. Ms. Silk replied that the crescent lot can be added to the parking, but a better understanding of the long-term parking vision will help determine what that parcel could become. It doesn't seem like a good location for housing or hotel, but parking is in need.

Mr. Daniel stated that despite the Panel not having the opportunity to see 5 Broad Street, it is an historic property, and does it make sense to cluster it in with this RFP. Mr. Abramson replied that many developers might respond with no interest in that property or vice versa. Mr. Tuttle suggested that Salem consider whether more development be allowed on the triangular parcel to expand on the building and make it more attractive.

Ms. Silk stated that she worked on a project in Malden Center where they rearranged how the HDIP is used. They received a 100%, 20-year tax abatement on a property that used to be a church, City Hall, and police station. The City of Malden used the value generated out of the HDIP to offset their purchase price of the condominium shell that is being sold for their City Hall. The HDIP was used in a new way that worked for the project. The value of the HDIP is that there are very few tools that allow a tax abatement on residential developments, and through her review of its use, she thinks there is no reason why you couldn't layer an HDIP with a TIF for a commercial component. It's an amazing tool to use for gateway cities because it attracts a different pool of investors to the city because tax abatements on market-rate housing are hard to come by and it unlocks a different set of values to both the city and developer because you each received a different kind of value from it.

Mr. Daniel noted the City's success with staffing and managing one project at a time and questioned the Panel's option of municipal staff being in control of the project versus the hiring of a contracted employee to manage this project. Mr. Arsham replied that only someone from the City should be making long term decision and not someone from the private development market because those decisions are final. The City has done a great job of completing studies and receiving grants to complete that work, and good planning takes time and money, and is an investment in the City. Organizing that information is important because the best cities have a defined vision and knowledge of how to get there. The city now needs to focus. Ms. Bowman added that it's easy to get into a cycle where numerous studies over many years are done that are making the same recommendations. The city is in a good position to take the resources they have currently invested and turn that strategy into an action plan that can be implemented. Mr. Arsham noted that it is the City's call but adding a staff member with RFP writing experience who knows what needs to be done is beneficial because the current staff may or may not have the capacity or time to manage the process. If a consultant is hired, the City needs to maintain control over that RFP and the selection process.

Ms. Bowman stated that the ULI will leverage their social media platforms to let their membership know about the release of an RFP. Ms. Jones stated that informal meetings prior to the issuance of an RFP to hear their thoughts would also be helpful. Mr. Tuttle noted that some of the best marketers are architects because they will contact developers they would want to work with.

Chair Grace Napolitano opens public comment.

Nancy Anderson of Lafayette Street commented that there are a lot of different areas in Salem under development or being planned, but she would like to incorporate a new library into the two County Commissioners and Superior Court Buildings because the existing is beautiful and historic, but it has no room to expand and no conference spaces like the libraries in other cities and towns. Mr. Arsham replied that the development strategy of moving a library to a new building can be looked at as a trade and the old library site could work for a variety of uses. This strategy will help the city develop what assets they have to trade as a way to create more of what they need. Mr. Tuttle stated that a library could be a good potential use since the hardest part about the Superior Court site is the interior and a library could make use of that rear space rather than breaking it up for residential.

Tim Jenkins, 18 Broad Street said the ULI website discussed the "wisdom of crowds" and the suggestion of moving the library is a good example of someone thinking outside the box. The new library location would be bigger and have parking, and the old library location in the McIntire District would be more valuable as residential and could be an easier convert. This is the benefit of a public process to seek alternative ideas. There are many other buildings in Salem that can be repurposed as other buildings have in the past, such as the old police station. He thanked the ULI for donating their time to this process.

Rob Lutts, Tabernacle Church representative, thanked the Panel for their ideas and asked for some feasible out-of-the-box alternatives to creating more housing at the church, County Commissioner and Superior Court Buildings. Rachel Lutts noted that other communities have converted churches into an event spaces, movie theaters, or conference spaces. It's not a lucrative business, but could help sustain the economics of what the City is trying to achieve. Ms. Bowman replied that a congregation in Cambridge has repurposed their church sanctuary into a performance art space and now has a leasing agreement with a theater company, as well as renting out spaces to non-profits, allows their church to have multiple uses while still being able to occupy the space themselves. The congregation needed to be open to new concepts of how to leverage the space. Mr. Tuttle added that no one should jump to the conclusion that housing is the first use for a repurposed space, especially since older, oddly shaped assembly spaces don't make very good rehabbed residential spaces.

Ms. Jones stated that because downtown Salem is so small, the periphery for parking around the spaces isn't far, so connectivity can be promoted through the redevelopment. One problem is that people have to come through the city to get to a specific place which causes congestion and if a performance space were located in

the church, the MBTA garage could be utilized to stop the flow of traffic into the city, which will be good for mobility, connectivity, and accessibility and will keep the city more accessible by keeping more vehicles out of the core.

A member of the audience said he believes the Church Street lot is two lots and one of those lots is privately owned. He also looks forward to this land being developed. Mr. Daniel replied that both parcels are owned by the SRA and they do not conform to how the parking lots are currently arranged – the smaller lot is part of the larger parcel.

Pam Broderick, 28 Federal Street, noted Salem's trolley and bike share program and asked whether any ULI Panelists have seen any other methods of transportation implemented by other cities and towns that Salem could use to help move people from the crescent lot towards the Museum Place garage or PEM area. Mr. Tuttle replied that in larger cities people park away from their destination and it is expected that they will need to walk several blocks, which is good because it allows them to walk by shops and to potentially become customers, instead of parking and going to their destination and then leaving. If the few blocks they will walk will be filled with appealing places to see, it will be worth people coming to the city and walking a few blocks. Mr. Arsham replied that one of his projects in the South End called Ink Block included a space under the I-93 overpass that was cleaned-up, added lighting, public art, and parking to create a place people wanted to walk through which enhanced the value around the area. He encouraged Salem to determine where the places are they people don't want to walk and aren't comfortable and activate them in basic and easy ways, such as lighting, way finding, public art, and color, to turn those spaces into an asset in a creative way. You then have to find a way to get people to navigate them. Ms. Jones added that good signage and noting where parking lots are is important as well as pricing the parking accordingly. When parking is at its capacity it is time to raise rates and if parking is too low people will stay for longer. Parking downtown could spike after a certain time and those vehicles would ultimately start to be parked elsewhere for a cheaper rate. Parking indicators with signs stating the various walking distances will drive people to those lots and those can be added to the existing way finding signs in the city.

Nina Cohen, 22 Chestnut Street, noted that she served on the Walk Boston board for a number of years, thanked the Panel for their suggestions, and commended Mr. Arsham's Ink Block project for activating an underpass with creativity and clear way finding methods. She stated that Salem has allowed the physical infrastructure to deteriorate and forgotten about the things to look at within the city and the great views that were an original part of the redevelopment plan – to be able to see things from different angles. Signs are falling, tree wells are sinking, bricks within the walks are breaking, and there needs to be a consistent message. She noted that a park in Olana, New York, the parking lot was moved to the edge of the property to ensure that all visitors walked along a set path that provides views of the river that otherwise wouldn't be seen. She noted that Dan Burden of America Walks came to the Planning Department 15 years ago and he encouraged Salem to find ways to make their sidewalks pretty and add lights or artistic elements. If that were done it would give everyone a better idea of how to place parking periphery and bring people in on foot, which would increase foot traffic at the local stores.

Jessica Herbert, Historical Commission Chair, stated that she is speaking for herself and not the Historical Commission. She appreciated the presentation and stated that historic preservation groups should be included as stakeholder if they are not already. Ms. Bowman replied that only categories of groups were listed, not individual groups, but it will be included in the executive summary from the panel presentation. Ms. Herbert noted that some buildings might receive preservation restrictions, which will effect who the interested parties would be. Mr. Daniel replied that those restrictions haven't been determined.

An audience member stated that there is rumored to be a tunnel that connects the Superior Court to the train station under Bridge Street. Mr. Vickers replied that there is a connection under the street.

Jennifer Firth, President of Historic Salem, Inc., requested that their group be added to the list of stakeholders because they would like to speak about the public's suggestions for the County Commission and Superior

Court Buildings for public and/or private use. Mr. Daniel replied this panel discussion is for a broader range of projects and their specific issues can be discussed with the SRA at a later date, once the feasibilities have been clarified with the state. They will have more information after the next state stakeholders meeting at the end of December to discuss possible legislation changes.

No one else in the assembly wished to speak.

Mr. Daniel thanked all parties for their time and valuable feedback.

Ms. Bowman stated that their presentation will be refined and released back to the SRA within a week and the executive summary, which will include all of the recommendations, will be available in approximately six weeks. Mr. Daniel noted that previous reports will also be made available to the public.

Adjournment

Chair Napolitano: Motion to adjourn joint meeting.

Seconded by: Mr. Vickers. Passes 4-0.

SRA ULI Panel Discussion commenced.

Know your rights under the Open Meeting Law M.G.L. c. 30A §18-25 and City
Ordinance Sections 2-028 through 2-2033.