

ANNUAL REPORT OF THE SALEM REDEVELOPMENT AUTHORITY



SRA approved final design for Phase II of the “Old Salem Jail” development at 50 St. Peter Street. The project, which is currently under construction, will contain 14 rental housing units. Design by Seger Architects, Inc.

Fiscal Year 2016
July 1, 2015 to June 30, 2016

BOARD OF DIRECTORS:

Conrad Baldini
Robert Curran
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EXECUTIVE DIRECTOR:

Tom Daniel, AICP
November 2016

SRA ANNUAL REPORT

Fiscal Year 2016

INTRODUCTION

Since it was created in 1962, the Salem Redevelopment Authority (SRA) and its Design Review Board (DRB) have played an active role in the redevelopment of downtown Salem. Over the past 54 years, the SRA has made significant contributions to the revitalization of the Central Business District. Critical to this success is its commitment to preserving the social fabric and architectural heritage of the city.

The SRA Annual Report for fiscal year 2016 provides an overview of the projects that the SRA reviewed during the year, those in construction, and those that were completed. It also includes the public projects and initiatives that impact the downtown. Overall, the report is a reflection of the high volume of activity and the quality of development projects being constructed in the Urban Renewal Area.

REDEVELOPMENT AUTHORITY PROJECTS

District and Superior Court Buildings

On June 17, 2015 the SRA released a request for proposals (RFP) for sale and redevelopment of the former District Court property at 65 Washington Street. This process was mutually agreed upon by the City, SRA, and the Commonwealth's Division of Capital Asset Management and Maintenance (DCAMM) via a memorandum of understanding entered into by these parties.

The SRA received proposals from three developers. It held three public meetings to respectively designate finalist proposals for consideration, interview project teams, and select a final and alternate proposal. The proposal selected by the SRA was submitted by developer Diamond Sinacori of Boston, and calls for a mixed-use building with 61 residential condominium units, of which six (6) will be affordable and 14 will be three-bedroom units, 82 underground parking spaces, and 8,463 square feet of retail/restaurant space on the ground floor.

Since selection of the proposal, the SRA and Diamond Sinacori executed a letter of intent that outlined the terms of a path forward for execution of the project. Through the balance of fiscal year 2015 the developer performed considerable environmental due diligence in the existing structure on-site, as well as on the site itself. It was determined that there is a great deal of environmental remediation to be done in the building prior to its demolition; so much so that the cost exceeded what the developer reasonably expected to encounter when the original proposal was submitted. It is for that reason that the City and SRA engaged the developer on producing a Housing Development Incentive Program (HDIP)¹ Plan and Zone,

¹ The HDIP program incents the development of market rate housing in Gateway Cities in the Commonwealth and is administered by the Commonwealth's Department of Housing and Community Development (DHCD). More information on the program can be found here: <http://www.mass.gov/hed/community/planning/housing-development-incentive-program-hdip.html>

that would encapsulate select downtown parcels (including the District Court site), and would enable the City to enter into a Tax Increment Exemption (TIE) agreement with the developer, and pave the way for the developer to pursue State level tax credits. These financial incentives should defray the extra costs that are projected to be brought on by remediation of hazardous materials.

Approval of the HDIP Plan and Zone, as well as approval of a TIE agreement and State level tax credits for the project should be complete in fiscal year 2017. The project will be underway with permitting in 2017 as well, with a project start of construction for early calendar year 2018.

PRIVATE DEVELOPMENT PROJECTS

Hotel Salem

In 2015, luxury boutique hotel operator Lark Hotels purchased 209 Essex Street. The building had long served a commercial office function. The building is in need of significant repair and restoration, and sits along a pedestrian way that could greatly benefit from private investment in surrounding properties.

In October of 2015 the SRA approved plans for Lark to convert the property into a 44 room luxury boutique hotel, with three dining establishments, a rooftop deck, outdoor seating, and additional amenities. The project will pursue historic tax credits as the building dates back to 1895. It will be cleaned and completely restored. The ground floor will feature a brand new glass storefront system, designed to better engage the street it faces. Lark Hotels is investing \$4,000,000 in property design and renovations, and approximately \$1,200,000 in personal property (furniture, fixtures, and equipment). The City's Assessor estimates that the property value will increase by \$3,800,000 due to this additional investment.

Also in October of 2015, the Salem City Council approved a tax increment financing agreement (TIF) for the project, that exempts approximately \$350,000 in property taxes over a five year period of time. There is a strong sense that this project, in combination with the expansion of the Peabody Essex Museum, will galvanize a great deal of additional economic activity along the Essex Street Pedestrian Mall, and transform it in a positive way for many years to come.

Mixed-Use Development Proposal at Washington and Dodge Street

In July of 2013, the City Council voted to approve the disposition of City-owned land located at the corner of Washington and Dodge Streets, which is currently a 38 space parking lot, to Dodge Area LLC (c/o RCG LLC). The City also approved the abandonment of this portion of the Riley Plaza Roadway right-of-way as it is no longer used or needed for vehicular travel.

From September of 2013 to May of 2014, the developer presented continuously updated and revised plans to the Design Review Board for its proposed mixed-use development that will sit on the aforementioned site, in tandem with the parcels that it currently owns that run along

the City's parcel. Schematic design was approved by the Salem Redevelopment Authority on June 11, 2014. The project includes:

- 70-100 Residential Units
 - Some live-work spaces
 - Final unit count and type subject to market demand
- 20,000 +/- square feet of commercial space
 - Could increase if demand for office space suggests adding office space and could decrease if demand suggests more live-work space
- 85-115-room limited service hotel
 - Subject to franchisor license agreement and market demand
- 265 +/- parking spaces
 - Parking sufficient to meet demands of all permutations of potential uses
 - Includes 38 re-located publicly available spaces, to be regulated and managed by owner
 - Final count will vary as drawings become more detailed

Since the schematic design for this project was approved, the applicant continued to move forward in the local permitting process, receiving approval from the Planning Board as a Planned Unit Development (PUD) in December of 2014, and again in September of 2015 when the project was reduced in size by removing a floor of the residential/office building component. The project is currently being considered by the Conservation Commission. The applicant will return to both the Design Review Board and Salem Redevelopment Authority for "final design review" of the proposed project.

The City was awarded a \$2.535 million "Massworks" grant from the Commonwealth's Office of Housing and Economic Development, which has facilitated the relocation of utilities from underneath the City's parcel and made improvements to the intersection at Washington and Dodge Street. An additional \$825,000 was requested and awarded by the State to cover a funding shortfall for a total of \$3.3560 million. The utility work began in late 2015 and is nearly complete. Private utility companies are also completing work to relocate infrastructure from underneath the City owned parcel. The project will be complete in spring of calendar year 2017, after Washington Street is newly paved and the New Derby / Washington Street intersection is improved.

The developer demolished the one story building that lined most of its portion of the site. It plans to close on the property with the City in the fall of fiscal year 2017, and begin construction in quarter one of calendar year 2018.

Peabody Essex Museum Expansion

In 2011 the Peabody Essex Museum (PEM) announced its intention to build an expansion of the museum to make way for new gallery, public program, and education space. The PEM has since built a new mechanical penthouse on its roof and the installed a new emergency

generator. This work comprises the “enabling phase” of the expansion and was approved by the SRA, and later completed by the PEM in 2013. Due to the unfortunate passing of the original architect for this project, the PEM announced the selection of a new firm – New York based Ennead Architects – to redesign its expansion.

In October of 2015 the PEM presented to the SRA an initial schematic design of the proposed expansion designed by Ennead that proposes to add 33,565 gross square feet to the museum. It is proposed to be built atop space currently occupied by an outdoor garden and restaurant. A new garden will be constructed in the back of the new proposed building. No existing galleries will be demolished in the building process and when the project is complete, gallery space will be increased by 15% to bring total gallery space to 100,000 square feet, ranking PEM among the top 20 art museums in the country. At its October 2015 meeting the SRA voted to approve the project to go through the schematic design review process. The project received schematic design approval from the SRA in September of calendar year 2016 and will proceed in moving to final approvals. Limited construction activities have already begun and general construction will be carried through to calendar year 2019.

Storefront Improvement Program

The Department of Planning and Community Development implements a Storefront Improvement Program in Salem as part of the Mayor’s goal to revitalize the downtown commercial area. The program offers a one-to-one matching grant up to \$5,000 for exterior storefront improvements including signs, awnings, painting and lighting. During the past fiscal year, two businesses participated in the program and developed designs. One of those businesses – Jodi Bee Bakes – moved forward with implementation of the storefront design and received a matching grant. Over the years, the program has helped increase the number of quality signs and storefronts by giving business owners an incentive to improve their storefronts.

Sign Improvements

The SRA and DRB review and approve all sign changes that are proposed in the Urban Renewal Area. In fiscal year 2016 the SRA and DRB approved new signage to be installed at the following businesses:

- Aurora (140 Washington Street)
- BonChon (299 Essex Street)
- Bistro 118 (118 Washington Street)
- Bit Bar (50 St. Peter Street)
- Caramel (281 Essex Street)
- Curtsy (10 Front Street)
- Eastern Bank (139 Washington Street)
- Edward Jones (320 Derby Street)
- E-Market (28 Norman Street)
- Fingerprint Innovations (265 Essex Street)
- Freaky Elegant (221 Essex Street)
- Grace & Diggs (Artists’ Row)
- Gold Dust Gallery (28 Norman Street)
- Hauswitch (144 Washington Street)

Kay's Stained Glass Studio (Artists' Row)
Life Alive (281 Essex Street)
The Merchant (148-150 Washington Street)
Notch Brewery (283R Derby Street)
Office of Congressman Seth Moulton (21 Front Street)
Remix Church (9 Church Street)
Salem Arts Center (179 Essex Street)
Salem Hotbox (118 Derby Street)
Speedway (295 Derby Street)
TBT Post (181 Essex Street)

Façade and Other Storefront Projects

The SRA and DRB also review storefront and building improvements, such as repainting of façades and replacement of lighting. The following projects were reviewed and approved by the SRA and DRB during fiscal year 2016:

17 Central Street – Installation of new granite entry steps
25 Front Street (Lobster Shanty) – New deck and outdoor seating area; new fencing
217 Essex Street – Installation of rooftop wireless infrastructure
99 Washington Street – Installation of new entry door
Hotel Salem (209 Essex Street) – Full exterior renovation and restoration; roofdeck
The Merchant (148-150 Washington Street) – Full exterior restoration
Notch Brewery (283R Derby Street) – Full exterior renovation and restoration; new outdoor seating area with fence
Village Tavern (168 Essex Street) – Installation of lighting for outdoor seating area

PUBLIC PROJECTS AND INITIATIVES

A number of public projects and initiatives were initiated or continued in the downtown during the past fiscal year. The following are those projects and initiatives that impact the Downtown Renewal Area.

Old Town Hall

Fiscal year 2016 was the second year of City management of Old Town Hall, after regaining control of the building from Gordon College in 2014.

Old Town Hall is marketed as an event venue through Destination Salem and various websites. The Public Art Planner has been successful in continuing to build upon relationships with several entities that have booked events at Old Town Hall on an annual basis (or more often), including

- The Massachusetts Poetry Festival, which features local poets and lectures; and
- The Boston Early Music Festival, which uses Old Town Hall for two weeks in November to not only rehearse their yearly opera, but to design, make and sew all of the production's costumes.

Having these regular events that draw large crowds at Old Town Hall helps to highlight the venue while driving business downtown.

During fiscal year 2016, the building hosted 42 events. They included private receptions, craft markets, weddings, fundraisers, concerts, theatrical performances, and art shows. Old Town Hall also continues to host live performances of *Cry Innocent*, an interactive performance about the witch trial of Bridget Bishop.

As a result of being awarded \$20,000 from the Massachusetts Cultural Council's Cultural Facilities Fund and receiving funds from the City's Community Preservation Act (CPA) fund and Capital Improvement Plan (CIP), the City was able to complete the process of restoring and rehabilitating all of Old Town Hall's windows. The restoration of these windows was vital in order to appropriately preserve the building, and to enhance its aesthetics.

Other recent repairs to the building include:

1. Reflooring of the Great Hall in September of 2012
2. Roof repairs made by the City in order to stop leaks and shore up loose shingles in the first quarter of 2013
3. Repainting of the Great Hall in June of 2013

During the 2016 season (June-October, there were 11,640 visitors to the Salem Museum, which operates on Old Town Hall's ground floor. The museum's exhibits tell the history of Salem from pre-European settlement through contemporary times. Visitors over the age of 12 are charged a \$1 admission fee; donations are also encouraged. The Salem community has been very supportive of the museum. Community members have donated money, artifacts, time, and shared stories to help the museum effort.

Public Art

Public art projects completed in fiscal year 2016 include:

Drain SmART Salem - This project was made possible through collaboration between Salem Sound Coastwatch and the City of Salem Public Art Initiative. It used artistic storm drain murals to educate Salem residents about the connection between storm drains and the ocean. Murals were painted around drains on the sidewalk and street, incorporating environmental and ocean themes in a way that educates walkers and passing residents.

Lappin Park Free Little Library - Little Free Library is a nonprofit organization that supports the worldwide movement to offer free books housed in small containers to members of the local community. One of these "bird feeder like" containers was installed in Lappin Park, which sits in a central location in Salem's downtown. The library is painted and decorated in a whimsical style.

Mural Slam – A one day event where selected artists painted works on plywood boards mounted on the back of stalls at Salem's Artists' Row. The event was held during the Salem

Arts Festival and garnered a great deal of attention. The pieces are still in place, adorning the stalls at Artists' Row.

The Public Art Commission opted to scale back the annual "ArtBox" program, in order to allocate more funds to other projects. The program, which selects artists to paint artistic pieces on City-owned utility boxes, added two boxes this fiscal year, bringing the total number of Art Boxes to 25.

Artists' Row

Artists' Row provides a seasonal program designed to give area artists and craftspeople an opportunity to work, exhibit and sell their pieces; and in exchange, they provide free performances or workshops. Two "creative entrepreneurs" (Boston Woodworking and Ceramics by Sibel) remained in their Artists' Row stall from the previous season. Two new tenants were welcomed this season: "Kay's Stained Glass," which creates intricate stained glass art; and "Grace and Diggs," a maker of small crafts. The hours of the program were expanded and the four tenants were charged rent for their stalls.

A framework document to conceive a future for Artists' Row was completed with guidance from the Boston based Cecil Group. It considers the space's design, uses and programming, and management and operations. A working group of local stakeholders was convened to discuss what issues and ideas should be considered, and two public meetings were held to seek broader feedback. The final document provides a comprehensive set of recommendations that the City will use to guide future changes to the space and programming.

Based on recommendations from the Framework document, improvements were made to the Lobster Shanty, a restaurant that leases a building on Artists' Row at the intersection of Front Street. Improvements include a new wooden deck that improves sightlines along the Row, a fence to screen rubbish, and a new air-cooled fan unit to more efficiently run the refrigeration systems. Additional improvements, such as the addition of a handicap accessible bathroom, will be implemented in fiscal year 2017.

Salem Main Streets Program

Originally established in 2000, the Salem Main Streets Program assists with the recruitment of new businesses, provides technical assistance to businesses, coordinates promotional events and serves as a leading advocate for a strong commercial-retail environment. The Salem Main Streets Program continued to work with the SRA and the City during fiscal year 2016 to promote a vibrant, retail-oriented downtown. The Arts Festival, weekly Farmers' Market, and "Scooperbowl" all continue to be successful events organized by Salem Main Streets. The City provides partial funding to the Main Streets program through the Community Development Block Grant program and occupies a seat on its steering committee.

In fiscal year 2016 Salem Main Streets assisted 10 new, 35 existing and 13 prospective businesses (including 37 micro-enterprises and four expanding businesses), leading to the creation of nine new full time jobs documented (six full-time equivalent).

City of Salem Business Loan Program

The City of Salem continued to recruit and retain businesses in Salem by helping with financing gaps through its Business Loan Program. The program targets businesses that seek to make capital improvements to their buildings and those looking to expand their enterprise. In fiscal year 2016 the program funded the following loans:

Derby Joe - \$30,000 for equipment purchases. This new neighborhood coffee shop on Derby Street offers cold brew coffee, fresh sandwiches, and hosts a pop-up business that sells fresh-baked cookies late into the evening.

BOARD/ADMINISTRATIVE CHANGES

Robert Mitnik, who was Chair of the SRA for quite some time, resigned in April of 2016. Matthew Smith joined the Board in May of 2015, and now serves as its Vice Chair.

In June of 2016 SRA Executive Director and Director of the City of Salem's Department of Planning and Community Development, Lynn Goonin Duncan, retired. Tom Daniel in August of 2016 assumed those roles.

CONCLUSION

The SRA has had great success over the past year in its efforts to promote appropriate private and public development in downtown Salem. Over the next year, the SRA will continue to support commercial and retail development while promoting the values and cultural heritage of Salem.

Salem Redevelopment Authority					
FY 16 Financial Report (Receipts and Expenditures)					
Date	Description	Check Number	Deposits/Interest	Withdraws	Balance
	Balance Forward				\$5,807.31
7/31/2015	Interest - July 2015		\$ 0.25		\$ 5,807.56
8/31/2015	Interest - August 2015		\$ 0.24		\$ 5,807.80
9/30/2015	Interest - September 2015		\$ 0.24		\$ 5,808.04
10/31/2015	Interest - October 2015		\$ 0.25		\$ 5,808.29
11/30/2015	Interest - November 2015		\$ 0.24		\$ 5,808.53
12/31/2015	Interest - December 2015		\$ 0.25		\$ 5,808.78
1/31/2016	Interest - January 2016		\$ 0.24		\$ 5,809.02
2/26/2016	Deposit - Old Salem Jail Sale/Closing		\$ 100,000.00		\$105,809.02
2/29/2016	Interest - February 2016		\$ 0.37		\$105,809.39
3/31/2016	Interest - March 2016		\$ 4.49		\$105,813.88
4/30/2016	Interest - April 2016		\$ 4.35		\$105,818.23
5/31/2016	Interest - May 2016		\$ 4.50		\$105,822.73
6/30/2016	Interest - June 2016		\$ 4.35		\$105,827.08
	TOTALS		\$ 100,019.77	\$ -	\$105,827.08