

Affordable Housing Trust Fund Board
Approved Meeting Minutes
June 2, 2020

A meeting of the Salem Affordable Housing Trust Fund Board was held on Tuesday, June 2, 2020 at a Remote Zoom meeting at 6:00 p.m.

Members present: Mayor Kim Driscoll, Filipe Zamborlini, John Boris, Councilor Robert McCarthy, Councilor Ty Hapworth, Councilor Patricia Morsillo, Mickey Northcutt.
Chair Mayor Kim Driscoll called the meeting to order at 6:03 p.m.

APPROVAL OF THE MINUTES

Councillor McCarthy makes a motion to approve the May 5, 2020 Affordable Housing Trust Fund Board meeting minutes, seconded by John Boris and the motion carries unanimously by a roll call vote.

Ben Anderson joins the meeting at 6:13pm.

NEW BUSINESS

- A.** Executive Director of the Salem Housing Authority, Cathy Hoog, will be attending the next AHTF Board meeting in July to provide an overview of a planning grant for Lee Fort Terrace.

- B. Overview of the North Shore Community Development Coalition (NSCDC) Projects**

Mr. Northcutt provides an overview of the NSCDC's portfolio. Slide deck of the presentation is attached to the minutes.

The NSCDC has had a lot of growth in the last few years. Portfolio are deed restricted affordable apartments that are permitted, built and occupied. Pipeline are new developments that are in various states. He is going to explain a little bit about each project that make up the pipeline which will illustrate priorities.

Income Tiers are shown. Mr. Northcutt explains this is a breakdown of the income tiers of NSCDC's projects both in the portfolio and in the pipeline. He feels there is a deeper understanding in Salem of what these income levels mean. Roughly a quarter 30% area median income (AMI) units, quarter 50% AMI units and fifty percent 60% AMI units. They would do deeper affordability if they had enough subsidies to do so. The project that was approved by the Planning Board last week is the first NSCDC project to include market rate development. There is one live in manager who lives in a project with 27 studios.

There are 39 homeless set asides are apartments in the portfolio (not additional units) they are units in the portfolio that are reserved for people exiting homelessness. Of the 39 units, 16 are for formerly homeless youth the remaining are for formerly homeless families. No one would ever know which units are for the households existing homelessness, they are mixed throughout the developments. If a formerly homeless family moves out the unit will get filled with a new family who is exiting homelessness.

Special populations mean formerly homeless youth but it also includes lots of other set asides. For example, in the 1970s when the state deinstitutionalized mental health hospitals they

created a capital fund that allows affordable housing development to apply for funds to build housing to exchange for apartments that are reserved for dept of mental health clients, we know dept of mental health clients have a tougher time finding an apartment. NSCDC has had a great relationship with the Department of Mental Health (DMH) and we should all be housing folks of all walks.

Projects under construction:

Gloucester- the former Cameron's site. Started in January. Mr. Northcutt explains they are lucky they started in January because they were able to get ahead of the shock of COVID. They are only a week delayed and contractors have come up with a whole new set of policies and procedures to comply with social distancing. 30 apartments little less than half at 60% then some at 30% and 50% with retail on the ground floor, this will be complete a year from now.

Lighthouses in Salem- this is the next project to be built. It is two buildings, one on Peabody Street and one on Congress Street, both on prominent locations each across from a park. Both were permitted in 2017 by the City, and the NSCDC has been applying for funding ever since. There is an application pending before the state right now. They will find out between July and September whether it is funded. If it is funded this year they construction would start next spring or summer.

Former Religious Schools in Salem- each building has its own permit, the Planning Board voted last week to approve them. Between the two both buildings will have apartments at various income tiers. St. James on Federal Street will be for seniors 55+. The NSCDC is very excited about these projects, they are beautiful buildings. In fact, the first time Mr. Northcutt came to Salem he parked in front of that former Immaculate Conception building and remembers it from over 20 years ago. The auditorium in that building will have some type of quasi-public space, they would like people to be able to get in and see the space. He estimates it will be no less than 3 years before that starts, depending on funding. Mr. Northcutt explains that the NSCDC tries to design great projects that the state will want to fund.

The NSCDC have 14 existing buildings a total of 79 apartments, while these are not new buildings it is really important work. Of the 79 apartments, 61 units in 11 buildings have been owned for a long time where 18 units within the 3 buildings that were recently bought. The three new buildings are next to the ones they have been owned for a long time, on purpose that is part of the strategy. The newer buildings need a lot of work. Most are brick, multifamily and eligible for historic credits because the neighborhood is a national historic district. That means they get more money to renovate, a lot of the money goes to exterior work. They have to build to a higher standard, to national park service standards for contributing properties in a district. They have already renovated about 19 buildings in the last 5 years. So taken collectively with the end of this project (renovations of the newly acquired buildings) they will have renovated everything the NSCDC owns with about 35 buildings done with historic credits, which is exciting as it is significant it is a critical mass. Before they started this there were no plaques in the neighborhood, now they have beautiful trilingual point historic plaques. It is a point of pride for the neighborhood and quality of life for not only the residents in the buildings but collectively. Where there is landscaping they tried to make good solid sustainable improvements.

They also have a project in the Town of Merrimack. It is a tricky redevelopment site with environmental issues due to site contamination. They worked with MassDevelopment on brownfield cleanups and soil remediation. When remediated they are going to design about 40 family apartments, 100% affordable.

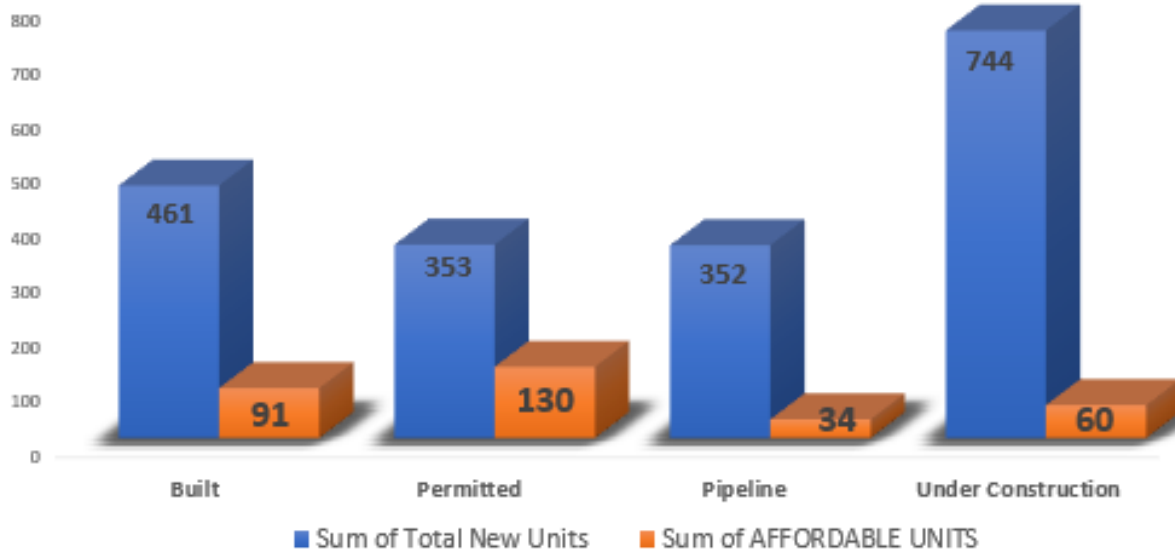
In 2011, the NSCDC relaunched and went through an internal and external planning process. The goals of the NSCDC are to modernize and bring in sustainability. The NSCDC wanted to acquire important troubled properties for a transformative effect. New investment was identified as a priority. Also, the NSCDC was never designed to exclusively work in the Point Neighborhood, so they are extremely excited to work in the downtown (on the schools). They have another conceptual project in the downtown, and they want to expand beyond Salem and Beverly so are excited to be working in Gloucester and Merrimack.

Mr. Zamborlini asks about timing for the projects in the pipeline, does he have an estimate on when they will be turnkey. Mr. Northcutt says it depends on funding when the finances come in. The next project will be the Lighthouses. The historic credits are extremely valuable, by the time 35 buildings are renovated in the point just in historic credits will be close to 10 million. For projects like the schools the Department of Housing and Community Development (DHDC) only accepts projects once a year and they only consider 1 project per developer and per community. So the notion that we could have three developers doing what the NSCDC does in Salem is not realistic. Boston is the outlier but for every other city is one bite a year, so it is important that anyone doing this work talk to each other and coordinate. So once the lighthouses get funded the schools will be the next funding round. These things take years but over the course of a decade a couple of hundred units can be built. Considering that the NSCDC is a small organization, this is a good amount of housing going on. The renovations are not as exciting as new development but it is really important work, and really exciting for the people who live in the buildings and for the folks who live next door. The investment and momentum is important to build trust that we are doing something. Mr. Northcutt also explains that it helps that the Mayor is really good ally and a leader when it comes to affordable housing and it helps things move faster because we have good local support and good projects. That helps things move forward.

Councillor Morsillo expresses her congratulations to getting the school projects permitted, both her kids went to St. James she is familiar. Mr. Northcutt responds that he would like to do tours and would have loved to have done open houses if we were not in this unusual situation. The Mayor explains that the City is not in the business of building houses, we need good partners, we are lucky to have the NSCDC as a partner.

- C. Amanda Chiancola provides an overview of housing production, shown in the chart below. Blue shows total units orange show affordable units. In the past decade 461 units have been built, the term “built” means a certificate of occupancy has been issued. 353 units have been permitted in the past decade. Permitting does not mean that all the permitting is complete, but at least one land use board has permitted the project. The pipeline units are being reviewed by a board, under construction means a building permit have been issued but not a certificate of occupancy. The caveat is some of the units were permitted before 2010 but built after 2010.

New Housing Units Since 2010



In the past five years, Salem has permitted 519 net new units as enumerated by year in the chart below. The housing production meets the criteria to be a Housing Choice community which will give the City the ability to apply for capital fund grants and provide the city extra points on many State grants, including MassWorks and PARC grants.

Year	Net Gain (by building permits issued)
2015	30
2016	66
2017	70
2018	25
2019	328
Grand Total	519

OLD BUSINESS

A. Priority Discussion

Mr. Northcutt says he thinks that a housing production plan is a good framework, it is rooted in reality and tied to actual housing systems with solutions. Mayor Driscoll says it might be an opportunity to think about bloom zones too, e.g. South Campus and Highland Avenue, which will eventually be redeveloped.

Councillor Morsillo notes that with the 2020 Census coming out this is good timing to have a housing production plan. With senior housing she would like to what people mean when they say senior housing, a senior housing forum would be first step to get ready for the housing production plan.

Mr. Zamborlini explains that a housing production is important to understand the needs and demands of the city. He also suggests that a healthcare linkage could be part of the housing production plan. There is significant health data that demonstrates where you live impacts your health. So we could develop a housing production plan that addresses the needs of Salem residents and those that want to come in and those who left and want to return home. It could be a robust positive plan that we could point developers to.

Mayor Driscoll asks Mr. Zamborlini if he has seen a housing production plan that has had a health integration linkage. Mr. Zamborlini has done research and has not seen this done before, at least not in Massachusetts so we could be opening up a pathway for other cities to follow our work.

Mr. Northcutt recommends developing a policy or ordinance that require the City to consider the development of affordable housing as a high priority in the disposition of public land and buildings. That would be a great thing for this group to look at. It should be seriously prioritized and considered. He has always heard the affordable housing prioritized that way but it should be a set priority. Ms. Curran explains that is Chapter 30B, the land and buildings can be disposed of differently (less than fair market value) if it serves a public process which affordable housing is. Mr. Northcutt says there should be a heightened requirement, for example, the former senior center wasn't considered by the NSCDC because they knew they could not compete with market rate developers. The City could have said we want to prioritize affordable housing. The reason he suggests this is because the City will dispose of future properties and buildings in the years and we will have future Mayors, and this will ensure the affordable housing is prioritized. Because if the administration is not supportive, we wouldn't be able to have a conversation. Ms. Curran explains you can have comparative criteria, so it is not just the dollar amount. Mr. Northcutt explains he has a strong moral opposition to selling public land and buildings for market rate, luxury housing, especially in New England. The Mayor explains that we do not sell that many assets, sometimes we sell assets to invest in other community assets, we have sold properties to the Salem Housing Authority. For example, the former senior center was sold the assets from that are used to support the cost of the new Community Life Center (CLC). We've talked about the existing public works facility, if we were to build a new one, we would need to sell the current facility we would need to sell it to pay for the new facility. Those resources are needed to offset the cost of some other public accommodation which may not be housing but could be something else to serve the community. The CLC is a good example of that and potentially the public services yard which we are still examining. There are investments that need to be made sometimes so we would need something that takes that into consideration. Mr. Northcutt explains that affordable housing developers pay serious money for buildings, e.g. the NSCDC paid \$900,000 for the Cameron's site. So the city would still receive assets, it would just be less. The City could still say they want the project that provides more money, but it should be having the conversation on that cost differential and what is gained by taking the project the offers less. The Mayor notes that any market rate development is required to have an affordability component. Mayor Driscoll agrees with Mickey that there is opportunity there but wants to be mindful that there are multiple needs and does not want something that is too rigid. Ms. Curran suggests the complete street model which is a policy that suggests everything if feasible but does not bind you, we could look at that model. Mr. Northcutt feels that this requires some study and it is probably separate from the housing production plan. Mayor Driscoll says it makes sense to look into this as a policy.

B. Update on the Accessory Dwelling Unit Ordinance

Ms. Chiancola informs the AHTF Board that staff has recommended edits to the ADU ordinance, specifically to include a rental cap at 75% of the established fair market rents that are set by HUD. Ms. Chiancola notes that rent control is not legal, so to set the rent cap below fair market rent, the City must subsidize that gap, the tax exemption on the ADU would cover that requirement. Mayor Driscoll notes that she likes the ordinance even more now that it has the rent cap. She explains that we did not think we would be allowed to do this but have found an example in Wellfleet.

C. Update on the Inclusionary Zoning Ordinance

Ms. Chiancola informs the AHTF Board that the Planning Board unanimously voted to recommend that the City Council adopt the Inclusionary Housing ordinance. No changes were proposed by the Planning Board. The City Council referred the Inclusionary Zoning Ordinance to the Ordinance License and Legal Affairs Subcommittee.

PUBLIC COMMENTS

- Steve Kapantais asks whether the rent cap would be part of the main ADU ordinance or part of the tax exemption and asks if this requires a by law change, and asks for clarifications on what is required for the bylaw. Mayor Driscoll responds that the 25% below market rate cap would be part of the ADU ordinance and part of the tax exemption. The tax exemption requires the special act. The Mayor clarifies that bylaws are used by Towns whereas a city's have ordinances. The Wellfleet bylaw was referenced because Towns are required to have their bylaws reviewed by the attorney general before adoption. Thus, the model we are using has passed muster with the attorney general. Ms. Chiancola notes that the proposed ordinance can be viewed at www.imaginesalem.org.

ADJOURNMENT

Motion to adjourn by Mickey Northcutt, seconded by Councillor McCarthy—passes unanimously by roll call vote.

Meeting adjourned at 7:24 p.m.

Approved by the Affordable Housing Trust Fund Board on 7/7 /2020

Know your rights under the Open Meeting Law M.G.L. c. 30A § 18-25 and City Ordinance § 2-2028 through § 2-2033.