

**Affordable Housing Trust Fund Board Meeting
Meeting Minutes
September 12, 2023**

A meeting of the Salem Affordable Housing Trust Fund Board was held on Tuesday, September 12, 2023, at a Remote Zoom meeting at 6:30 p.m.

Members present: Chair Filipe Zamborlini, Councilor Jeff Cohen, Council President Megan Stott, Councilor Caroline Watson-Felt, Mayor Dominick Pangallo, Vice Chair Chris Malstrom, James Willis, Lynda-Fairbanks Atkins, Jack Butterworth

Members absent: none

Members arriving late: Jack Butterworth (*rejoined after roll call, approximately 6:40pm, due to technical difficulties*)

Members leaving early: None

Staff present: Senior Planner Elena Eimert, Deputy Director of DPCD Amanda Chiancola

Chair Zamborlini called the meeting to order with a roll call at 6:31 p.m.

Amanda Chiancola introduces Elena Eimert, the new staffer to the Affordable Trust Fund Board.

NEW BUSINESS

A. Presentation from Lifebridge/Harborlight Homes on the redevelopment of Lifebridge – Item heard second.

Ms. Eimert introduces Jason Etheridge of Lifebridge and Andrew DeFranza of Harborlight Homes. At the request of the Trust, they are here to give an informational presentation to the Trust about the affordable housing components of the proposed redevelopment of Lifebridge's Margin Street campus. No action is being asked of the Trust at this time.

Andrew DeFranza of Harborlight Homes gives a brief overview of its history as an affordable housing developer and operator and mentions their two buildings of supportive housing on Boston Street in Salem, which serve formerly homeless individuals and have been operating for about 5 years.

DeFranza reviewed the original proposal and then described how it has changed in response to community input gathered at a community meeting at the Council on Aging Building in August 2023 and subsequent conversations. The revised proposal removes the senior housing development of 36 units that was proposed on Pratt Street, which would have required the relocation of the existing park and removal of trees. DeFranza notes they are working with the City to explore other possible locations for senior housing.

In place of the existing Lifebridge facility, they are now proposing a 4-story building which will increase shelter capacity by 10 beds and provide new ground floor space for the Christopher Columbus Society (CCS) and the Lifebridge Thrift Shop, currently operating on Canal Street. This

is a reduction of one story from the previous proposal. The current location of CCS would be used as parking area with 15 spaces for use of staff and customers of the thrift shop, in response to resident concerns.

The façade of the neighboring St. Mary Italian Church would be preserved, and the new structure would include 40 studio units for formerly homeless individuals, with on-site services. This is a reduction of 10 units and one-story from the building as was proposed at the August meeting. DeFranza states that the reduced scope still enables them to meet their project goals, which include creating housing for formerly homeless individuals to reach independence, improving quality of life for Lifebridge residents and improve Lifebridge's ability to advance their mission, and creating a place for CCS that economically feasible for them.

DeFranza shares a site plan and floor plans and renderings of the proposed project, presentation is [available here](#).

The building proposed to replace the existing Lifebridge Shelter would have four floors. Ground floor (not pictured) would be lobby, Lifebridge Thrift shop, and the CCS space with a separate entrance. CCS would have about 2100 sqft and conversations with the club are ongoing, including how best to feature significant design elements like the bell. Second floor would be non-congregate shelter space, with cubicles without doors, providing shelter tenants some privacy, dignity, and safety. Third floor is group meeting and dining facilities. Floor four would be additional programming space, including for workforce development, and staff office. The façade has been revised, has a clapboard and shake siding with mansard roof.

The building that would replace St. Mary Italian Church would feature 40 units across four stories of supportive housing. The façade, including the peak of the Church, would be preserved. Also open to offering interior features for community purposes to celebrate the neighborhood and church. DeFranza states that supportive housing with services on site, like what is being proposed here, is how people get off the street and into permanent housing. These are "small, independent studios" and there are case managers and shared space within the building. Façade has stayed consistent as previously proposed concerning materials, but Church peak more prominently featured with the one-story reduction. Mr. DeFranza notes this is the current design but they are still exploring other option and expect to have another community meeting.

Amanda Chiancola asks that the team speak to zoning process and next steps. Chair Zamborlini reminds members of the public that all comments are taken at the end of meeting.

DeFranza clarifies this is an informational presentation to the Trust to communicate information and seek feedback from the Trust. The path forward for this project will likely involve the creation of a 40R district, which is a zoning overlay district and requires a vote of City Council and review by the state. That multi-month process has multiple opportunities for public input. The purpose of this and other public forums is to improve the design before advancing to that stage. Should the 40R district process be successful, the project then would need to undergo local permitting, which also has opportunities for public participation.

Councilor Stott states that the Trust should refrain from any discussion on zoning and focus instead on the affordable housing components.

Chair Zamborlini asks about income restriction on the supportive services units. There is a discussion as to the sources supporting the project and related affordability. DeFranza states all supportive services units will be affordable to persons under 60% AMI and they will utilize as many mobile vouchers as the state and federal entities will award, as that allows for units to be offered at the 30% AMI level.

Chair Zamborlini asks for details on local preference. DeFranza states that the maximum allowable local preference is 70%. This means at the lottery for first occupancy, local preference would apply at a rate of 70%, so individuals who indicated in their applications that they are locals would have a significant statistical advantage. The state must grant approval of local preference at that high proportion, but DeFranza said in his experience, the state will typically grant it provided there will not be a resulting discriminatory effect (like the perpetuation of historic segregation patterns). Local preference cannot apply on ADA units. The requirement that the applicant seek approval for maximum local preference would be codified in local permitting approvals.

Chair Zamborlini asks about the connection of the shelter to the supportive units. DeFranza states the goal is to create flow, as the shelter is not meant to become residential. There is a need for long-term affordable housing for shelter residents to build stability. There is a conversation about supportive housing and community partners. Jason Etheridge states that Lifebridge has existing relationships with Seeds of Hope Housing which works in the Continuum of Care model to help formerly homeless individuals achieve stability and independence. Etheridge clarifies that while shelter residents can participate in the lottery for supportive housing units, they will not have a statistical advantage outside of local preference where applicable. They also plan to assist users of the day center to participate in the lottery process.

Councilor Stott asks when the next public meeting will be held. Mr. DeFranza states that nothing has been scheduled yet, as they just got the new program drawings and want to provide adequate notice. They are looking toward October.

Councilor Watson-Felt asks how many of the supportive housing units will be accessible. Mr. DeFranza states that the building will be 5% (2 units) accessible to building code requirements. There is the possibility of additional units being functionally accessible, but they would not need to be code compliant.

There is discussion about the relationship between rental voucher origin and local preference. DeFranza states that local preference can apply to state vouchers but not to vouchers funded by the federal government. The “gold standard” would be to obtain vouchers for all 40 supportive housing units to offer them to residents at the 30% AMI level, though DeFranza notes this is subject to state discretion and competitive funding applications. They will be seeking project-based vouchers.

Councilor Watson-Felt asks about expected turnover. DeFranza states that there is some attrition in first group while building community forms but otherwise expect near upper 80% retention. Etheridge states at Seeds of Hope building they have retention rate in 90% and up and discusses the observed need for affordable, supportive senior housing for older residents.

B. Future Items

Jack Butterworth stated that he saw an article in the Boston Globe about Habitat for Humanity and that they are now working in ADUs construction. Staff will ask them to touch on this when they appear before the Trust at its October meeting.

Chair Zamborlini would like to check in on Housing Roadmap goals and ascertain what progress has been made on what items.

UNFINISHED BUSINESS

A. Presentation of Findings on Inclusionary Zoning from MAPC

Chair Zamborlini recuses himself from the item, citing his employment with the Executive Office of Housing and Livable Communities. Vice Chair Malstrom chairs this item.

Ms. Eimert introduces Alexis Smith, of MAPC, who has been working to update the financial feasibility assessment which will underpin the City's Inclusionary Housing zoning ordinance, building upon the work that was done on the previously proposed ordinance in 2019/2020. The policy at that time was 10% of units at 60% AMI city-wide.

Smith shares her screen and gives overview on the project. The goal of inclusionary zoning is to provide maximum affordability without dampening development. To meet this goal, and to be compliant with the Section 3A/MBTA Communities Zoning Law, Salem must complete an economic feasibility analysis (EFA), as the hope is to provide deeper affordability than would otherwise be allowed – target is 10% of units at 60% AMI while state limit is 10% at 80% unless EFA can demonstrate no negative impact on development that is not otherwise offset.

Intent of appearance tonight is to review the findings of the analysis and get input of the Trust on the recommendations for the ordinance. Goal of adoption by Council by end of 2023.

Smith gives overview of local housing market context. Information was collected from construction and real estate industry sources and interviews with developers participating in the local market. Construction costs have increased moderately, while both rents and financing costs have increased significantly.

Given these findings, Smith found that for larger projects (above 20 units), the policy as proposed in 2019/2020 remains feasible, as increases in rents were sufficient to offset increases in construction and financing. In projects of 20 or fewer units, the feasibility was less certain. As such, the recommendation is an allowance of 8% of units at 60% AMI for small projects.

Other elements of the policy, retained from 2019/2020 proposal, include: no allowance for off-site units, no in-lieu fees, fractional payments required, housing bonus (25% increase in amount of units than can be built provided it complied with height requirement of underlying district), parking reduction (developments within ½ mile of commuter rail).

Councilor Watson-Felt asks if the Trust will receive details of analysis. Smith responds that she will be providing a thorough memo that outlines the input assumptions and feasibility analysis. Councilor Watson-Felt voices a desire to see this write-up tie into the Housing Roadmap.

Amanda Chiancola notes that this presentation will be shared on Imagine Salem and reiterates the adoption timeline, with goal of full adoption by end of 2023. Trust will not see the ordinance before it is submitted to Council but staff will provide updates as to its progress.

B. Discussion of Trust Funds

i. Housing Stability Update

Neighborhood Stability Coordinator Lori Stewart offered an update to the Trust regarding her hopes to seek funding from the Trust to support a tenant association/advocacy program, to support tenant organizing, previously discussed before the board at the June meeting. The ask of the Trust is to set aside \$25,000 to support this effort and is working with the City Solicitor to confirm that ARPA funds can be used for this type of programming before creating a formal proposal for the Board's consideration.

Councilor Stott voices her support, as does Councilor Watson-Felt and the Chair. Staff will stay in contact and invite her to appear again when proposal solidifies.

ii. Draft Notice of Funding Application – Item taken out of order, heard first.

Councilor Cohen notes the urgency of the item and concern for keeping quorum. As such, Cohen makes a motion that the application item be taken out of order and reviewed first. Motion seconded by Vice Chair Malstrom. Motion passes unanimously.

Ms. Eimert reminds the board and members of the public that the application before them tonight is the result of revisions to an application used by the City of Worcester and previous commentary from the Trust, the working group, and staff review. She provides an overview on changes made since the board last saw the document include adding criteria related to the City of Salem's housing goals (and including scores from the scoring rubric approved by the Trust at its August 2023 meeting), commitment deadlines required by the City for ARPA funds, and some reorganization of the application itself. She notes that application has received preliminary Legal and Finance review so that if the Board is satisfied, it can make a motion for conditional approval at this meeting, meaning that once those two departments offer final approval the application can go live without needing further approval by the Trust. Ms. Eimert proceeds to screenshare the draft and review for Trust input.

Chair Zamborlini asks if only projects within the identified Qualifying Census Tracts are eligible for funding under this application. Amanda Chiancola states that no, it is only that projects located within them are presumed to be eligible given their location.

Ms. Eimert notes that concerning schedule for funding, the Finance Department recommended that all funds under this application need to be committed by June 30, 2024, to be in line with other City ARPA allocations. This allows the City to reclaim and reallocate uncommitted funds before the Federal claw back in December 2024. Ms. Eimert notes Finance Department also suggested retaining all language related to Reporting Requirements within the application, so

applicants do not need to cross reference other City and ARPA requirements to determine if they have the administrative capacity to comply.

Ms. Eimert asks for the Trust's input on the Maximum Grant Award. Staff recommended \$125,000, as a starting point for discussion. Chair Zamborlini notes that amount would likely fund only one unit and would rather see no cap. Councilor Cohen concurs on having no cap and states this as the position of the Working Group as well. Mayor Pangallo states that in his experience with other ARPA funding, projects tend to apply for the maximum amount available, so no cap in this case could result in the Trust funding only one project. Chair Zamborlini states that in the case of no cap, Trust would want to see a budget that outlines costs supported by grant funding. Councilor Watson-Felt concurs that if no cap, scope of budget is required for assessment purposes. Amanda Chiancola notes that the application asks for a copy of the OneStop Application, for any projects that are seeking funding through the state, and this includes a full budget. Councilor Stott this should be described as a cap of \$500,000. Partial grant awards are possible. Language stating the grant award can comprise up to 25% of development costs is stricken by the Trust.

Chair Zamborlini confirms that Trust can make a motion for conditional approval tonight, pending changes requested by the Trust at this meeting.

Staff note we are seeking Finance Department to offer City definition of "direct hard costs," for consistency across all ARPA-funded City efforts.

Ms. Eimert comments on the term of affordability restriction required by this grant program. Staff recommendation is 30 years, as it will likely be subsumed by longer terms on larger projects utilizing state and federal funds. Chair concurs.

Ms. Eimert raises the item of time for completion of projects receiving funding under this grant program, with completion designated by receipt of Certificate of Occupancy. Staff proposed 3 years for Trust consideration. Mayor Pangallo confirms June 30, 2024, as the last date a project receiving funding for this project can submit an invoice for reimbursement. Trust retains staff recommendation.

Ms. Eimert introduced Part III, which is the body of the application that applicants would submit to the Trust. Staff edit at the Trust's behest. There was conversation as to the likelihood of rehabilitation projects seek funding through this application – decision was to retain rehabilitation as eligible for grant funding.

Staff review project scoring rubric that allocates points for a project's alignment with City priorities, as allocated by the Trust at the August 2023 meeting. Amanda Chiancola asks if the Trust has established a minimum affordability requirement. Ms. Eimert notes that staff recommendation for this item is 10% of units at 60% Area Median Income (AMI), to be in line with the current City affordability enforced for Local Action Units. Mayor Pangallo is in favor the minimum as recommended; Chair concurs.

There is a conversation about Applicant Capacity by the Chair. Councilor Cohen states that projects which have already received local permitting have likely addressed this question elsewhere and will have a good handle on what is expected.

Trust discusses application element that asks the number of units at different affordability levels to be developed by the project. Trust consensus is to change table to include four distinct buckets: no. units for formerly homeless individuals, units for households <30% AMI, units for households at 31-50% AMI, and units for households 51-60% AMI. This is to communicate Trust's intention to support deeply affordable housing.

Trust confirms minimum threshold of 67% for grant funding.

Councilor Cohen makes a motion of conditional approval, with modifications discussed and pending final Legal and Finance approval. Second by Lynda Fairbanks-Atkins. Motion passes unanimously.

iii. Remaining Funds

Councilor Stott suggests Trust defer this discussion the October meeting. Chair concurs, with ask that staff be prepared to update the Trust on what City programs and funding streams are available for rehabilitation.

STAFF UPDATES

A. Condo Conversion Ordinance and Home Rule Petition update

Chair Zamborlini notes that he has heard from Rep. Cruz' office that this item (the Home Rule petition, H. 3722) will be referred for a hearing before the Joint Committee on Housing and that only written testimony will be considered.

Staff will prepare support letters for the review of the Trust. In the event the hearing is scheduled for prior to the next Trust Meeting, the Chair can review and approve on behalf of the Trust.

A motion is made by Jack Butterworth and seconded by Lynda Fairbanks-Atkins. Vote is unanimous.

B. Habitat for Humanity

Staff advise that the Executive Director of Habitat for Humanity will appear at the 10/3 Trust meeting to share with the board about some of their programming, most notably their Critical Home Repair program (see flyer [here](#)).

C. Municipal Affordable Housing Trust Fund Operations manual – updated August 2023

MHP has released an update to the MAHT manual, which is available [here](#). Staff encourage the AHTF Board members to review the manual.

D. Draft Consolidated Annual Performance and Evaluation Report (CAPER) - Available for public review

Amanda Chiancola, Deputy Director of DPCD, was present to provide an update as to the Consolidated Annual Performance and Evaluation Report (CAPER). The document includes information on programs conducted and expenditures of Community Development Block Grant (CDBG) funds for the period of July 1, 2022, through June 30, 2023, including Economic Development, Housing, Neighborhood Improvements, Public Services and Planning and Administration activities. It also includes significant information as to what rehabilitation efforts have been funded by the City with CDBG.

Given the Trust's desire to hear more about rehabilitation efforts at the October meeting, Amanda asks the Trust if they might hear this item at the October meeting as well and the Chair concurs, after confirming the Trust has no role in approving the CAPER.

1. Approval of the Minutes

Motion was taken to approve minutes with the following revisions: correcting attendance to note that Lynda Fairbanks-Atkins was not present, motion made by Councilor Stott. Seconded by Chris Malstrom.

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|--------------------------------|---------|
| Filipe Zamborlini | yes |
| Christopher Malstrom | yes |
| James Willis | present |
| Lynda Fairbanks-Atkins | yes |
| Jack Butterworth | yes |
| Councilor Megan Stott | yes |
| Councilor Caroline Watson-Felt | yes |
| Councilor Jeff Cohen | yes |
| Mayor Dominick Pangallo | yes |

Motion carries.

PUBLIC COMMENTS

Michael Maloon of 10 Pratt Street, concerning Lifebridge redevelopment. He states that he feels favorably about the changes. Expresses desire to see the project be in line with R2 Zoning. Wants to know more about the access into the proposed parking area and the 40R process.

Christine Madore, of 10 Federal Street, Unit 8, concerning the construction grant application/NOFA. Feels that the application as written will limit the participation of smaller developers and that the reporting requirements are too onerous. Concerned that this will likely only fund a small number of projects led by larger developers. Would like to see it reworked to include smaller grant amounts with a lower level of detail required to enable participation of smaller developers working at neighborhood scale.

ADJOURNMENT

Motion to adjourn by Jack Butterworth, seconded by Mayor Pangallo. A roll call vote was taken the motion passed unanimously.

Meeting adjourned at 8:57 p.m.

Approved by the Affordable Housing Trust Fund Board on X/XX/XXXX.

Respectively submitted,
Elena Eimert
Senior Planner

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