



CITY OF SALEM, MASSACHUSETTS

Kimberley Driscoll
Mayor

February 22, 2018

Honorable Salem City Council
Salem City Hall
Salem, Massachusetts 01970

Ladies and Gentlemen of the City Council:

I am very pleased to appoint Annie Scott, of 36 Endicott Street, to the Salem Beautification Committee to fill a vacant seat for a three-year term to expire February 22, 2021.

Ms. Scott a decade of landscape design work and currently works as the founding partner and lead landscape designer for Thrive Design, a firm that specializes in residential, commercial, and public landscapes that feature native plantings. She earned her Master of Arts in Landscape Design from the Conway School of Landscape Design and a B.A. in Visual Arts from Bradford College. As a graduate student she worked on the Griswold Master Plan for Turners Falls and the Town of Leicester's Open Space and Recreation Plan. She is a member of the Society for Ecological Restoration and a volunteer with the Community Design Collaborative.

I strongly recommend confirmation of Ms. Scott's appointment to the Beautification Committee. We are fortunate that she is willing to serve our community in this important role and lend her expertise and dedication to the committee and its work.

Very truly yours,

A handwritten signature in blue ink that reads "Kim Driscoll".

Kimberley Driscoll
Mayor
City of Salem



CITY OF SALEM, MASSACHUSETTS

Kimberley Driscoll
Mayor

February 22, 2018

Honorable Salem City Council
Salem City Hall
Salem, Massachusetts 01970

Ladies and Gentlemen of the City Council:

I appoint, subject to Council confirmation, Nick Angeramo to the Youth Commission for a one-year term to expire May 12, 2019. Nick Angeramo will be replacing the seat held by Samuel Hoang whose term expires May 12, 2019. Samuel Hoang will participate as an Associate Youth Commission Member.

Nick is a freshman at Salem High School and president of his class. An honor roll student at Salem High School. He is part of the marching and jazz bands, sings with Witch Pitch?, plays on the golf team, and is involved in the theater arts. Nick has taught singing at the North Shore Idol summer camp and designed sound for dance productions at A Performing Arts Academy and the Greater Salem Ballet Company.

Mr. Angeramo has been and will continue to be a great asset to the Salem Youth Commission.

Sincerely,

A handwritten signature in blue ink, reading "Kim Driscoll".

Kimberley Driscoll
Mayor
City of Salem



CITY OF SALEM, MASSACHUSETTS

Kimberley Driscoll
Mayor

March 8, 2018

Honorable Salem City Council
Salem City Hall
Salem, Massachusetts 01970

Ladies and Gentlemen of the City Council:

I reappoint, subject to City Council confirmation, Mr. Peter Copelas, of 40 Warren Street, to the Salem Zoning Board of Appeals for a term of five years to expire March 8, 2023.

I enthusiastically recommend confirmation of his reappointment to the Zoning Board of Appeals and ask that you join me in thanking him for his continued dedicated service and commitment to our community.

Very truly yours,

A handwritten signature in blue ink, reading "Kim Driscoll".

Kimberley Driscoll
Mayor
City of Salem



CITY OF SALEM, MASSACHUSETTS

Kimberley Driscoll
Mayor

February 22, 2018

Honorable Salem City Council
Salem City Hall
Salem, Massachusetts 01970

Ladies and Gentlemen of the City Council:

I reappoint, subject to City Council confirmation, Mr. Paul Viccica, of 35 Broad Street, to the Salem Zoning Board of Appeals for a term of one year to expire February 22, 2019.

I enthusiastically recommend confirmation of his reappointment to the Zoning Board of Appeals and ask that you join me in thanking him for his continued dedicated service and commitment to our community.

Very truly yours,

A handwritten signature in blue ink, reading "Kim Driscoll", is written over the printed name.

Kimberley Driscoll
Mayor
City of Salem



CITY OF SALEM, MASSACHUSETTS

Kimberley Driscoll
Mayor

February 22, 2018

Honorable Salem City Council
Salem City Hall
Salem, Massachusetts 01970

Ladies and Gentlemen of the City Council:

I reappoint, subject to City Council confirmation, Ms. Jane Turiel, of 238 Lafayette Street, to the Salem Historical Commission for a term of two years to expire February 22, 2020.

I enthusiastically recommend confirmation of her reappointment to the Historical Commission and ask that you join me in thanking her for her continued dedicated service and commitment to our community.

Very truly yours,

A handwritten signature in blue ink, reading "Kim Driscoll".

Kimberley Driscoll
Mayor
City of Salem



CITY OF SALEM, MASSACHUSETTS

Kimberley Driscoll
Mayor

February 22, 2018

Honorable Salem City Council
Salem City Hall
Salem, Massachusetts 01970

Ladies and Gentlemen of the City Council:

I reappoint, subject to City Council confirmation, Mr. George Barbuzzi, of 17 Preston Road, to the Salem Council on Aging for a term of three years to expire February 22, 2021.

I enthusiastically recommend confirmation of his reappointment to the Council on Aging and ask that you join me in thanking him for his continued dedicated service and commitment to our community.

Very truly yours,

A handwritten signature in blue ink, reading "Kim Driscoll", is written over a faint, larger blue ink signature.

Kimberley Driscoll
Mayor
City of Salem



CITY OF SALEM, MASSACHUSETTS

Kimberley Driscoll
Mayor

February 22, 2018

Honorable Salem City Council
Salem City Hall
Salem, Massachusetts 01970

Ladies and Gentlemen of the City Council:

I reappoint, subject to City Council confirmation, Mr. Bart Hoskins, of 22 Larchmont Road, to the Salem Conservation Commission for a term of three years to expire February 22, 2021.

I enthusiastically recommend confirmation of his reappointment to the Conservation Commission and ask that you join me in thanking him for his continued dedicated service and commitment to our community.

Very truly yours,

A handwritten signature in blue ink that reads "Kim Driscoll".

Kimberley Driscoll
Mayor
City of Salem



CITY OF SALEM, MASSACHUSETTS

Kimberley Driscoll
Mayor

February 22, 2018

Honorable Salem City Council
Salem City Hall
Salem, Massachusetts 01970

Ladies and Gentlemen of the City Council:

I reappoint, subject to City Council confirmation, Mr. Tyler Glode, of 2 Heritage Drive #36, to the Salem Conservation Commission for a term of three years to expire February 22, 2021.

I enthusiastically recommend confirmation of his reappointment to the Conservation Commission and ask that you join me in thanking him for his continued dedicated service and commitment to our community.

Very truly yours,

A handwritten signature in blue ink, reading "Kim Driscoll", is written over the signature line.

Kimberley Driscoll
Mayor
City of Salem



CITY OF SALEM, MASSACHUSETTS

Kimberley Driscoll
Mayor

February 22, 2018

Honorable Salem City Council
Salem City Hall
Salem, Massachusetts 01970

Ladies and Gentlemen of the City Council:

I reappoint, subject to City Council confirmation, Mr. Thomas Campbell, of 23 Olde Village Drive, to the Salem Conservation Commission for a term of three years to expire February 22, 2021.

I enthusiastically recommend confirmation of his reappointment to the Conservation Commission and ask that you join me in thanking him for his continued dedicated service and commitment to our community.

Very truly yours,

A handwritten signature in blue ink, reading "Kim Driscoll".

Kimberley Driscoll
Mayor
City of Salem



CITY OF SALEM, MASSACHUSETTS

Kimberley Driscoll
Mayor

February 22, 2018

Honorable Salem City Council
Salem City Hall
Salem, Massachusetts 01970

Ladies and Gentlemen of the City Council:

I reappoint, subject to City Council confirmation, Dr. Jeremy Schiller, of 14 Broad Street, to the Salem Board of Health for a term of three years to expire February 22, 2021.

I enthusiastically recommend confirmation of his reappointment to the Board of Health and ask that you join me in thanking him for his continued dedicated service and commitment to our community.

Very truly yours,

A handwritten signature in blue ink, reading "Kim Driscoll", is written over a faint, larger blue ink signature that appears to be "Kimberley Driscoll".

Kimberley Driscoll
Mayor
City of Salem



CITY OF SALEM, MASSACHUSETTS

Kimberley Driscoll
Mayor

February 22, 2018

Honorable Salem City Council
Salem City Hall
Salem, Massachusetts 01970

Ladies and Gentlemen of the City Council:

I reappoint, subject to City Council confirmation, Mr. Damian Johnson, of 25 Ocean Avenue, Marblehead, to the Salem Board of Assessors for a term of three years to expire February 22, 2021.

I enthusiastically recommend confirmation of his reappointment to the Board of Assessors and ask that you join me in thanking him for his continued dedicated service and commitment to our community.

Very truly yours,

A handwritten signature in blue ink, reading "Kim Driscoll".

Kimberley Driscoll
Mayor
City of Salem



CITY OF SALEM, MASSACHUSETTS

Kimberley Driscoll
Mayor

February 22, 2018

Honorable Salem City Council
Salem City Hall
Salem, Massachusetts 01970

Ladies and Gentlemen of the City Council:

I reappoint, subject to City Council confirmation, Ms. Sara Fiore, of 21 Summit Avenue, to the Salem Beautification Committee for a term of three years to expire February 22, 2021.

I enthusiastically recommend confirmation of her reappointment to the Beautification Committee and ask that you join me in thanking her for her continued dedicated service and commitment to our community.

Very truly yours,

A handwritten signature in blue ink, reading "Kim Driscoll", is written over the typed name.

Kimberley Driscoll
Mayor
City of Salem



CITY OF SALEM, MASSACHUSETTS

Kimberley Driscoll

Mayor

February 22, 2018

To the City Council
City Hall
Salem, Massachusetts

Ladies and Gentleman of the Council:

Enclosed herewith is a request to transfer Eighty Thousand Nine Hundred and One Dollars and Forty-Eight Cents (\$80,901.48) within the Capital Outlay Renovations & Repairs account (20003-584618).

This transfer is necessary to cover additional costs at 90 Washington Street by the Building Department.

I recommend passage of this accompanying order.

Sincerely,

A handwritten signature in cursive script that reads "Kimberley Driscoll".

Kimberley Driscoll
Mayor



CITY OF SALEM

In City Council,
February 22, 2018

Ordered:

That the sum of Eighty Thousand Nine Hundred and One Dollars and Forty-Eight Cents (\$80,901.48) is hereby appropriated within the "Capital Outlay Renovations & Repairs" account (20003-584618) to be expended for additional costs at 90 Washington Street by the Building Department in accordance with the recommendation of Her Honor the Mayor.



KIMBERLEY DRISCOLL
MAYOR

CITY OF SALEM PUBLIC PROPERTY DEPARTMENT

120 WASHINGTON STREET ♦ SALEM, MASSACHUSETTS 01970
TEL: 978-745-9595 ♦ FAX: 978-740-9846

Funding Request Letter

February 15, 2018

RE: New Annex – Revised Costing, Electrical & Interior Signage

Mayor Driscoll,

Please find the attached funding request for floor plan changes, exterior electrical revisions and interior signage for the New City Hall Annex project at 90 Washington Street. Specifically, the request includes:

- Revisions to Human Resources layout, Engineering Department office revisions MIM and staff area revisions.
- Electrical and lighting revisions.
- Interior directional signage at entry lobby and Department informational signage.

The amount being requested is *Eighty Thousand Nine Hundred One Dollars and Forty-Eight Cents* (\$80,901.48).

If you have any questions regarding this submittal please contact my office.

Respectfully,

A handwritten signature in blue ink, appearing to read "Thomas St. Pierre".

Thomas St. Pierre
Building Commissioner and Zoning Enforcement Officer

Cc: file

CITY OF SALEM
Capital Outlay Expenditure Request Form

To: MAYOR

From Department:

Public Property

Date:

2/15/18

Expense Line To : 20003-586018 - Equipment

Amount:

Description:

90 WASHINGTON ST (NEW INVOICES)
DESIGN REVISIONS, ELEC REVISIONS & INT. SIGNAGE

Expense Line To : 20003-584618 - Renovations & Repairs

Amount:

80,901.48

Description:

See above

For Finance Dept and Mayor's Use Only:

☐

City Council Approval

Recommendation:

☐

Approved

☐

Denied


Finance Director

Mayor

Processed: Date: _____

By: _____

CO # _____

JE# _____

Trans # _____



CITY OF SALEM, MASSACHUSETTS

Kimberley Driscoll
Mayor

February 22, 2018

Honorable Salem City Council
Salem City Hall
Salem, Massachusetts 01970

Ladies and Gentlemen of the City Council:

The enclosed Order appropriates \$250,000 from our short-term Capital Improvement Fund in order to replace both elevators in the Museum Place garage.

As you may be aware, the elevators in the garage are now passing their anticipated useful life and, over the last two years, have had an increasing frequency of maintenance issues. Since 2015 we have spent over \$70,000 on repairs to the elevators and, if they are not replaced, we anticipate exceeding that rate in the next few years. Replacing these elevators now is not only financially responsible, it will also ensure these heavily utilized components of our main downtown parking garage are safe for those who make use of them. These elevators are critical to the many thousands of residents, employees, and visitors who use the garage each month. As the existing elevators have reached the end of their lifespan they have begun to fail in ways that increase the risk to public safety, which is not acceptable. It is time for them to be replaced. With increased parking revenues we have seen in the last few months, I believe this cost is also fiscally manageable.

In order for this work to be bid and underway toward completion as close to October as possible, I encourage adoption of this appropriation Order no later than your March 22nd regular meeting at the very latest.

Very truly yours,

A handwritten signature in black ink that reads "Kimberley Driscoll". The signature is written in a cursive, flowing style.

Kimberley Driscoll
Mayor
City of Salem



CITY OF SALEM

In City Council,
February 22, 2018

Ordered:

That the sum of Two Hundred and Fifty Thousand Dollars (\$250,000.00) is hereby appropriated within the "Capital Outlay Renovations & Repairs" account (20003-584618) to be expended for the replacement of the two elevators in the Museum Place Parking Garage in accordance with the recommendation of Her Honor the Mayor.



City of Salem, Massachusetts

Traffic & Parking Department
120 Washington Street, 3rd Floor
Salem, MA 01970
www.salem.com

Kimberley L. Driscoll, Mayor

Matthew Smith, Traffic & Parking Director

February 16, 2018

The Honorable Kimberley L. Driscoll
Mayor of Salem
93 Washington Street
Salem, Massachusetts 01970

RE: Request for Funding: Museum Place Parking Garage Elevator Replacement

Dear Honorable Mayor Driscoll:

This request is for a Council Order to provide \$250,000 of "Short-Term Capital Outlay" to be used for the replacement of the two elevators in the Museum Place Parking Garage.

The two elevators in the Museum Place Garage are over 40 years old and have reached the end of their useful life according to our elevator service contractor. Elevators typically have a useful life of 30 years, which can be extended through regular, ongoing maintenance. The Parking Department has actively maintained and upgraded systems over the years; however, maintenance requests and expenditures have increased over the last three years, exceeding \$70,000. These costs are expected to increase as they continue to age. For reliability, safety and cost perspectives, the time to replace them is now before conditions worsen and one or both become inoperable.

The cost to replace the two elevators is estimated at approximately \$250,000 and will take 20 weeks to complete the full project once the order is placed. This includes an 8 week delivery time, and 6 weeks to replace each elevator. For the parking facility to remain accessible, one elevator will be repaired at a time.

By approving the funding request now, the replacement of the elevators could possibly be completed by mid- to late summer prior to the busy fall tourism season when the elevators are most used.

Thank you.

Sincerely,

Matt Smith
Traffic and Parking Director

CITY OF SALEM
Capital Outlay Expenditure Request Form

To: MAYOR

From Department: Traffic and Parking Date: February 16, 2018

Expense Line To : 20003 - 584618

Amount:

Description: Replacement of the two 40+ year old elevators in the Museum Place Garage.

Expense Line To :

Amount:

Description:

For Finance Dept and Mayor's Use Only:

☐ City Council Approval

Recommendation:

☐ Approved ☐ Denied

Finance Director

Mayor

Processed: Date: _____ By: _____

CO # _____ JE# _____ Trans # _____



CITY OF SALEM, MASSACHUSETTS

Kimberley Driscoll
Mayor

February 22, 2018

Salem City Council
93 Washington Street
Salem, MA 01970

Ladies and Gentlemen of the City Council:

I am writing to respectfully request that you authorize a tax increment exemption (TIE) agreement between the City of Salem and 65 Washington Street, LLC. The partners of the LLC comprise the development team that was selected by the Salem Redevelopment Authority (SRA) to redevelop the property that houses the former Salem District Court at 65 Washington Street. A TIE is an instrument enabled by the Commonwealth through its Housing Development Incentive Program (HDIP) to allow for development projects consisting of at least 80% market rate residential units to, pending an agreement with a municipality, forgo paying all or a portion of property taxes on the increment resulting from a completed project. Essentially, this is the same concept as a TIF, which we have approved numerous times for commercial projects.

As you may recall, in April 2017 the City Council approved an HDIP Zone and Plan that includes six parcels in downtown Salem. One of these parcels is 65 Washington Street. The HDIP program allows eligible projects to seek tax credits from the State, but in order to do so, the developer of such projects must enter into a TIE agreement with its sponsor municipality. Therefore, this is a necessary step for the developer of the District Court to pursue state tax credits. The City has negotiated a TIE agreement with 65 Washington Street, LLC for the minimum allowable tax abatement and length of time; 10 percent over five years.

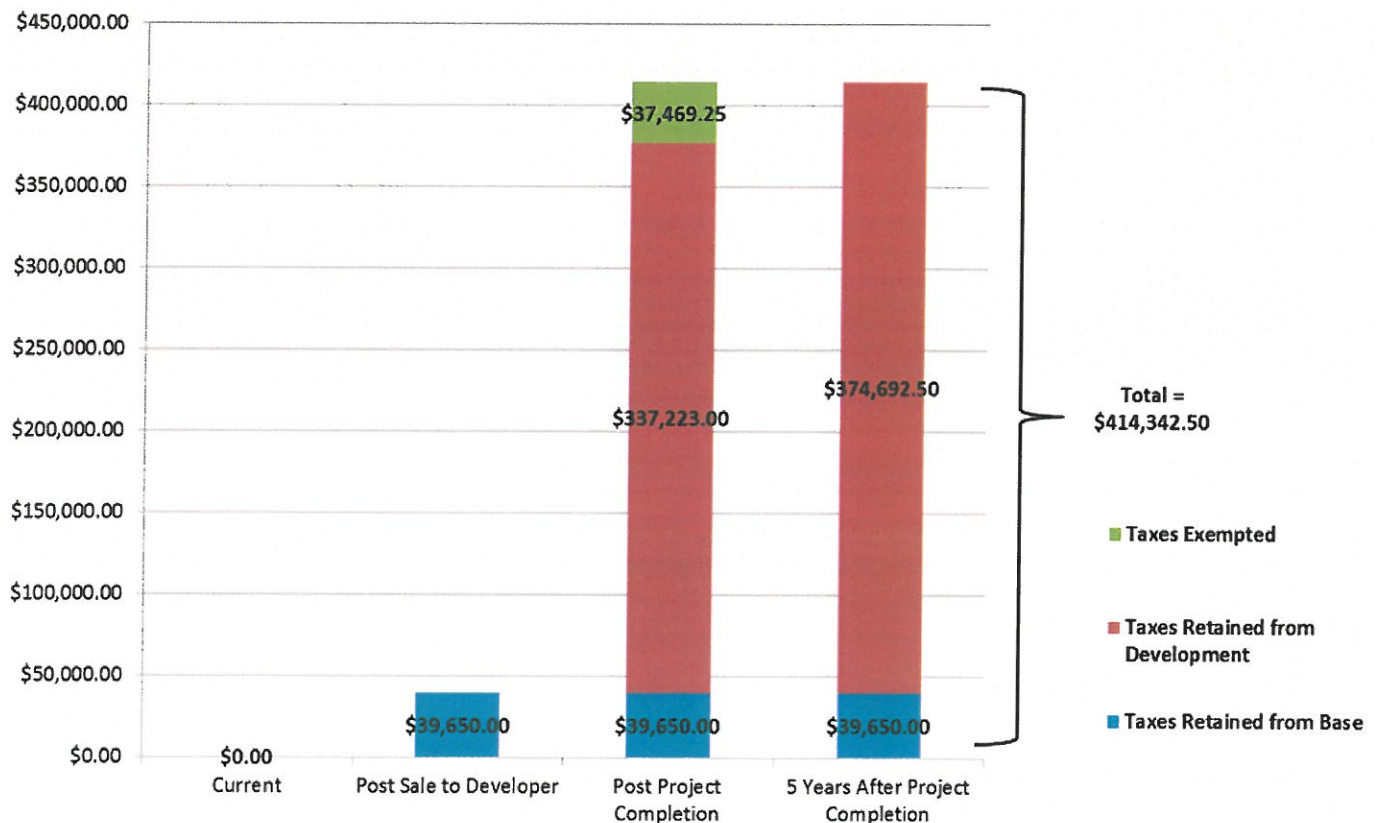
In August 2017, the SRA approved the schematic design of the proposed development project which includes 61 condominium units (of which six will be affordable), approximately 3,000 square feet of ground floor retail space, and on-site parking that includes one space per unit, plus additional tandem spaces and parking stackers that will be offered to future residents. The project is currently being reviewed by the Planning Board.

The Assessor estimates that the base value of the property with the building post-sale will be \$2.5 million. She further estimates that the anticipated investment in the building will increase the property value by \$23,625,000. The TIE, over five years, would provide a tax exemption of a projected \$187,346.25 on this incremental assessed value according to the following schedule:

Term Year	Exemption	Incremental Assessed Value	Exempted Property Taxes	Estimated Property Taxes	Estimated Base Tax Bill	Total Annual Taxes Paid
1	10%	\$23,625,000	\$37,469.25	\$337,223.25	\$39,650.00	\$376,873.25
2	10%	\$23,625,000	\$37,469.25	\$337,223.25	\$39,650.00	\$376,873.25
3	10%	\$23,625,000	\$37,469.25	\$337,223.25	\$39,650.00	\$376,873.25
4	10%	\$23,625,000	\$37,469.25	\$337,223.25	\$39,650.00	\$376,873.25
5	10%	\$23,625,000	\$37,469.25	\$337,223.25	\$39,650.00	\$376,873.25
6	0%	\$23,625,000	\$0.00	\$374,692.50	\$39,650.00	\$414,342.50
		Total	\$187,346.25		Total	\$2,298,708.75

As you will see, we will collect approximately \$2.3 million in total over a six-year period. When the TIE expires after five years, the City will collect approximately \$414,000 per year in taxes from the property.

Annual Property Taxes Generated From 65 Washington Street



I believe that this is a good investment for the City of Salem and will ensure that a high quality project gets built on a currently dormant, yet prominent site. We know that we need more housing in Salem and this project will provide that at a location that is one block away from our MBTA station. For your benefit I am attaching a document produced by SRA staff that covers more information about the project, the HDIP, and why a TIE is a worthy investment for the City. I ask that you join me and the SRA in supporting the proposed TIE agreement, and also that you authorize me to execute it on the City's behalf. Thank you for your consideration.

Sincerely,



Kimberley Driscoll
Mayor
City of Salem

Attachments:

- TIE Agreement
- Resolution
- Information from SRA on Salem District Court Redevelopment Project



CITY OF SALEM

In City Council,

Resolved

WHEREAS, the City of Salem has been in negotiation with 65 Washington Street, LLC regarding a development consisting of 55 units of market rate housing, six units of affordable housing reserved for families earning less than 80 percent of median area income, and ground floor retail at 65 Washington Street;

WHEREAS, 65 Washington Street, LLC has applied for certification under the Massachusetts Housing Development Incentive Program created by Chapter 40V of Massachusetts General Laws;

WHEREAS, the project proposed by 65 Washington Street, LLC meets the minimum requirements of the Housing Development Incentive Program and the local objectives of the City of Salem's Housing Development Zone Plan;

WHEREAS, the proposed project is located at 65 Washington Street, Salem, MA, which is within the boundaries of the City of Salem's designated Housing Development Zone;

WHEREAS, the City of Salem has agreed to offer 65 Washington Street, LLC a Tax Increment Exemption Agreement. Said agreement is hereby approved by the City Council;

WHEREAS, 65 Washington Street, LLC is investing \$27 million to create 61 total units of housing;

NOW, THEREFORE, BE IT RESOLVED that the Salem City Council hereby approves the Certified Project Application of 65 Washington Street, LLC and forwards said application to the Massachusetts Department of Housing and Community Development for its approval and endorsement.

Further, the Salem City Council authorizes the Mayor to execute the Tax Increment Exemption Agreement between the City of Salem and 65 Washington Street, LLC. Said agreement will provide for an exemption on property taxes based on the growth portion in assessed valuation of the property for a period of five (5) years, beginning the first full fiscal year after the final residential Certificate of Occupancy is issued for the new building at 65 Washington Street, and in accordance with the schedule below:

Term	Exemption %
1	10%
2	10%
3	10%
4	10%
5	10%

Said exemption being in accordance with the requirements and regulations established, which govern the implementation of such Tax Increment Exemption Agreements.

Salem District Court Redevelopment Project

The project to redevelop the District Court parcel at 65 Washington Street is advancing as evidenced by the project receiving approval of its schematic design from the Salem Redevelopment Authority (SRA) and the project going before the Planning Board for consideration of a Planned Unit Development (PUD) special permit. The developer of the project, 65 Washington Street LLC (comprised of Diamond Sinacori LLC and Urban Spaces LLC), will seek to execute a tax increment exemption (TIE) agreement with the City in order to support the financial feasibility of the project and ensure a high quality final product.

There are several reasons why the District Court project is an advantageous one for the City, and why the City should endorse the use of a TIE to support it. These reasons include but are not limited to the following:

1. Generation of New Taxes:

- Currently the property generates \$0 per year in property taxes. The project, as proposed, will eventually net the City a projected \$414,343 per year in property taxes. If the proposed TIE is agreed to and approved, the City will forgo \$187,346 of a total of \$2,071,713; a small relative price to pay to ensure that a high quality project proceeds.
- In addition to new property taxes, the project will provide a retail location that will generate taxes (potentially meals taxes if it is a restaurant). The people living in the building will strengthen the market for downtown retail and restaurant establishments.

2. New Housing Units:

- The project provides much needed new housing units. The city currently has an undersupply of housing, especially in the downtown. This project provides a variety of unit types including three bedroom units and deed restricted affordable units. The project also takes advantage of being in close proximity to the MBTA station which aligns the project with "smart growth" principles.

3. Vibrancy of Downtown:

- The vacant court building is a blight on a major and visible street corner in downtown Salem. This is one of the first sites one sees when driving down Washington Street or walking from the MBTA station. Having a new mixed-use project at this location instead of the vacant building that currently stands there is in the best interests of adding to the vibrancy of the downtown environment.

4. Salem Should Ensure that HDIP Funds Support Local Projects:

- State tax credits available through the Commonwealth's HDIP program are limited and only available to eligible projects in Gateway Cities (Salem is a designated Gateway City as defined by the Commonwealth). If projects in Salem, such as the District Court project, do not apply for and/or receive state tax credits through this program, projects in other Gateway Cities will encumber the funds. The City should support efforts to direct these limited resources to projects in Salem.

HDIP / TIE Agreement

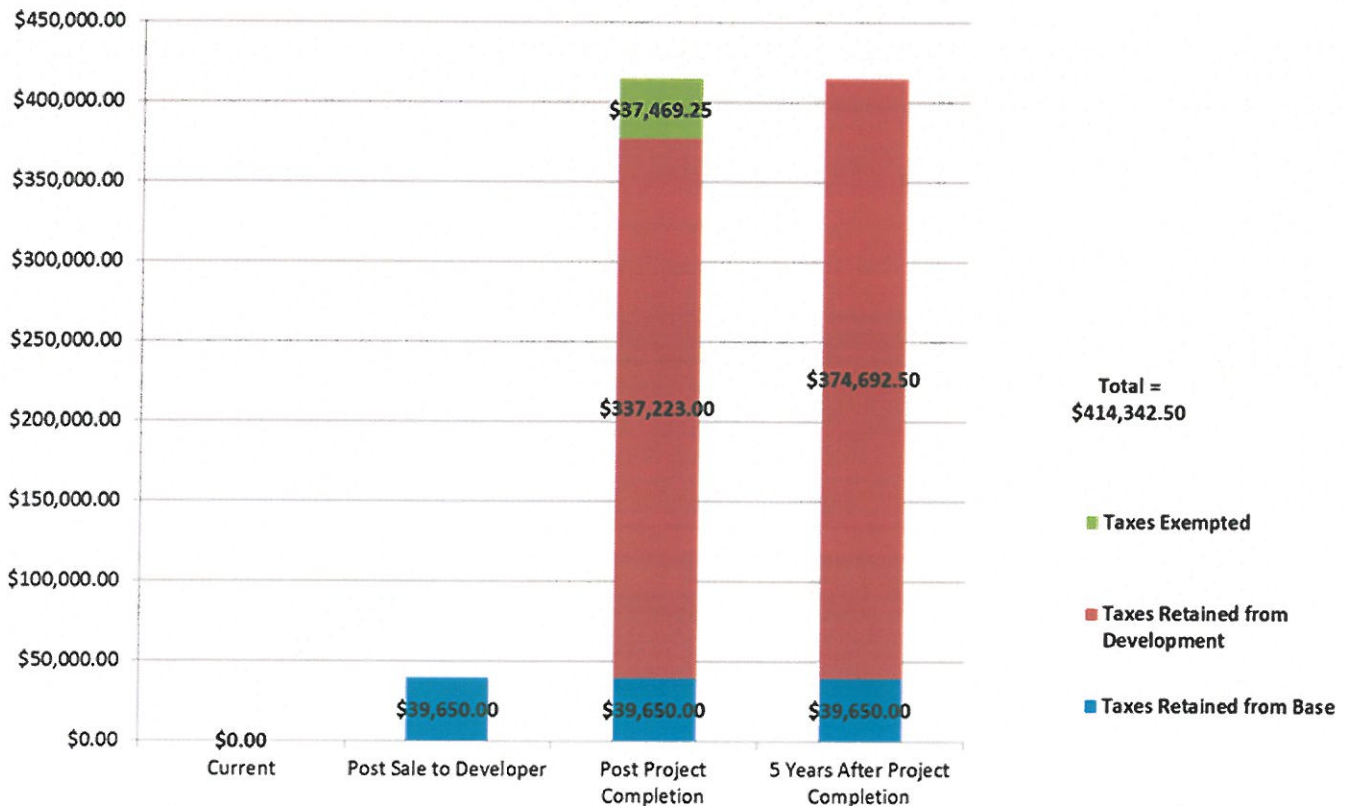
In April 2017, the City of Salem approved an HD Zone for select downtown parcels, including the District Court parcel. A property owner that proposes a multi-family housing development that contains at least 80% market rate units in an HD Zone parcel may enter into a tax increment exemption (TIE) agreement with the sponsor municipality, and then proceed to apply for state tax credits worth up to 25% of qualified construction costs or a maximum of \$2 million.

The District Court project team will seek a TIE agreement for the minimum abatement of taxes over the minimum allowable length of time as dictated by State statute. This amounts to a discount of ten percent off of the new property taxes owed as a result of the project being completed (the increment) over a period of five years.

As shown on the graph below, the property currently generates no property taxes. After the property is acquired by the developer, the base property value will begin to generate \$39,650 per year. Once the project is complete, it will generate an additional \$374,693 per year for five years, \$37,469 of which will not be collected per year over that period of time. The property will continue to pay out the full complement of the base value property tax. After completion of the project and the TIE period, the owner will pay a total projected \$414,343¹ per year in perpetuity.

The City Council will need to approve the TIE agreement by majority vote, as well as authorize the Mayor to execute it on the City's behalf. Likewise, 65 Washington LLC will need to receive approval from the Commonwealth's Department of Housing and Community Development (DHCD) in order to receive state tax credits.

ANNUAL PROPERTY TAXES



Background

¹ It should be understood that this figure and the others cited herein are projections based on the current residential property tax rate and a projected assessed value of the project by the City's Assessor. In all likelihood, the tax rate will fluctuate and the ultimate assessed value of the project will differ from year to year, which affects the amount of property taxes that will be collected.

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 called for a mixed-use building with 61 residential condominium units of which six (6) would be affordable and 14 would be three-bedroom units, a building height of 69 feet, 71 on-site 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 worked through the following major milestones:

- April 28, 2016: SRA and developer execute a final amended letter of intent outlining terms and details of a path forward for delivery of the project;
- October 24, 2016: The City, on behalf of the SRA, receives a memo from its environmental consultant Tighe & Bond essentially substantiating the contention of Diamond Sinacori that approximately \$850,000 in removal of hazardous materials from the District Court building would need to occur prior to demolition of the building, which was discovered over several weeks of due diligence investigations coordinated by the developer;
- January 31, 2017: SRA and developer execute a land disposition agreement (LDA) that lays out all terms for the project up to closing on the property;
- April 13, 2017: City Council votes to approve a Housing Development Zone (HD) and Housing Development Plan for select parcels in downtown Salem, including the District Court parcel. The Housing Development Incentive Program (HDIP) program allows the developer of the District Court project to enter into a tax increment exemption (TIE) agreement with the City and apply for up to \$2 million in tax credits from the Commonwealth for the production of market rate housing units;
- June 1, 2017: SRA and developer execute an amended LDA;
- August 9, 2017: Proposed project receives approval of its schematic design from the SRA.

Early in 2017, the original proponent of the project (Diamond Sinacori, LLC) joined with an additional financing partner (Urban Spaces, LLC of Cambridge). The two partners are now working cooperatively to complete the project.

As it stands now, the project still calls for 61 units with six affordable units and a height of 69 feet. The configuration of the ground floor and parking has changed. This change is a result of soil contamination and the developer opting to not excavate for underground parking. Doing so would be cost prohibitive. The retail space has been reduced, and the number of three bedroom units has changed from 14 to 10. On the following page is a summary table of changes in the project from the original to current design proposed.

	<u>Original Proposal</u>	<u>Current Design</u>
Number of Units	61	61
Total Parking spaces	71	88
Standard and Compact	71	61
Tandem		6
Stackers		21
Bicycle Storage		30 spaces
Building height	69 ft.	69 ft., 6 in.
Total Building Square Footage	125,410 s.f.	109,534 s.f.
Total Retail Space	8,463 s. f.	2,806 +/- s.f.

Design

As mentioned in the background section, the project received approval of its schematic design from the SRA in August of 2017. This was after three meetings to refine the design with the Design Review Board (DRB), resulting in a recommendation for schematic design approval.

At that time, the DRB, SRA, and developer acknowledged that there was work still to be done to improve the project's design. This work continues as the project continues its review before the Planning Board for a Planned Unit Development (PUD) special permit. In particular, there are design challenges for how to treat the ground floor along Federal Street and a portion of the façade that wraps around to Washington Street. The developer has committed to significant landscaping along Federal Street and the use of public art as a means to address the façade at these areas of the buildings. In regards to public art specifically, the developer hired an art consultant and has engaged in a series of meetings with City staff, including the Public Art Planner, as well Montserrat College of Art President Steve Immerman, on various iterations that could be feasible for the project. The public art component of the project is not yet finalized, but this level of engagement on the issue demonstrates the developer's interest in producing a high quality result.

The project stands at 69 feet tall, which is allowable by-right in the downtown's B-5 district. By comparison, the Derby Lofts building is 78 feet and nearby 10 Federal Street is 58 feet to its roofline.

The use of retail on the ground floor, wrapping the corner at Washington and Church Street, will serve to continue the retail presence along both of these streets. The DRB worked extensively with the developer to make this space as transparent as possible, so as to be able to see into and through the space for sightlines and activity.

Local Permitting

Beyond needing the SRA's approval of the schematic design, the project needs a Planned Unit Development (PUD) Special Permit and Site Plan Review from the Planning Board. It is in this process that the Planning Board determines an appropriate number of parking spaces and other parameters for the project. The Planning Board began its review of the project on December 7, 2017.

The project will also require review and approval of its final design. It will seek a recommendation from the DRB and final approval from the SRA. It is at the conclusion of this process that the project will achieve "100% design development," which will then allow for the developers to seek bids from contractors who will vie to construct the project.

**HOUSING DEVELOPMENT INCENTIVE PROGRAM
TAX INCREMENT EXEMPTION AGREEMENT**

between

CITY OF SALEM, MASSACHUSETTS

and

65 WASHINGTON STREET, LLC

This Agreement is made this ____ day of ____, 2018 by and between the City of Salem, acting through its Mayor Kimberley Driscoll ("Municipality"), with a principal address of City Hall, 93 Washington Street, Salem, MA 01970 and 65 Washington Street, LLC ("Sponsor") a Massachusetts Limited Liability Corporation with a principal address of 75 State St. Boston MA 02109, c/o Hemenway and Barnes, LLP

Section 1 – Agreement

The Municipality and the Sponsor, for good and valuable consideration of the covenants and agreements herein contained, hereby make this agreement regarding a Tax Increment Exemption ("TIE") pursuant to the Housing Development Incentive Program (HDIP), M.G.L. c. 40V and the regulations promulgated thereunder at 760 CMR 66.00 ("HD TIE"), with respect to the Property as herein defined.

Section 2 – Definitions

Each reference in this Agreement to the following terms shall be deemed to have the following meanings:

<i>Act:</i>	M.G.L. c. 40V as may be amended from time to time.
<i>Completion:</i>	Temporary or permanent certificates of occupancy have been issued for the entire Project.
<i>DHCD:</i>	Department of Housing and Community Development
<i>Event of Default:</i>	An "Event of Default" as defined in Section 5 below.
<i>Final Certification:</i>	Determination by DHCD that the Sponsor has completed the construction of the Property, consistent with the Construction Plans, including 61 residential condominiums, 55 of which will be defined as Market Rate Residential Units ("MRRUs"), as set forth in the Act and the Regulations, and six (6) will be deed restricted affordable.
<i>Fiscal Year:</i>	An annual period of July 1 through June 30.
<i>HD Project:</i>	A Certified Housing Development Project as defined in the Act and the Regulations.
<i>HD Zone:</i>	The Housing Development Zone adopted by Salem City Council on the 13th of April, 2017 and approved by DHCD as evidenced by a Certificate of Approval

dated 7th of June, 2017 and recorded with the Southern Essex District Registry of Deeds, Book 35972, Page 153.

MRRU: Market Rate Residential Unit(s) as defined at Section 3.B.1.

Property: 65 Washington Street, Salem, MA 01970 as shown in Exhibit 1 "Map of Property" and further described in Exhibit 2 "Legal Description of Property."

Regulations: 760 CMR 66.00.

Construction Plans: The materials submitted for Conditional Certification pursuant to 760 CMR 66.05(3)(a) and approved by DHCD.

Sponsor: 65 Washington Street, LLC with an address at 75 State St. Boston MA 02109, c/o Hemenway and Barnes, LLP, its successors and assigns.

Section 3 – Sponsor’s Covenants

A. New Construction of the Property: Sponsor will undertake the new construction of the Property in accordance with the work and schedule set forth in the Construction Plans.

B. Market Rate Residential Units: There shall be a total of sixty-one (61) condominiums in the Project comprised of thirteen (13) one-bedroom condominiums, thirty-eight (38) two-bedroom condominiums and ten (10) three-bedroom condominiums of which fifty-five (55) shall be Market Rate Residential Units with all MRRUs priced consistently with the market.

C. Marketing: Sponsor shall cause the MRRU to be marketed in a manner that is consistent with the strategies, implementation plan, and affirmative fair housing efforts set out in the Construction Plans.

D. HD Project Certification: Sponsor shall take all actions reasonably necessary to obtain Final Certification of the Property as an HD Project including but not limited to submitting applications to DHCD for Preliminary Certification, Conditional Certification, and Final Certification consistent with the requirements of the Act and the Regulations.

Section 4 – Tax Increment Exemption ("TIE")

Municipality agrees to grant the Sponsor an exemption to the real property taxes due on the Property pursuant to G.L. c.59 according to the following terms:

A. Base Value: Salem Assessor’s Office lists 65 Washington Street with a FY2018 value of \$2,309,200.

B. MRRU Percentage: Ninety Percent (90.2%) of the sixty-one residential condominiums on the Property will be designated as Market Rate Residential Units (MRRUs). Fifty-five (55) of the sixty-one (61) condominiums will be marketed as MRRUs. The MRRU Percentage shall be confirmed as required in paragraph F, below. Six (6) condominiums shall be designated as affordable housing units set aside for families earning an income of no more than 80% of AMI.

C. Exemption Percentage: Commencing on the Effective Date as defined in Section 6(a) below, the Exemption Percentage shall be as follows:

Year 1	10%
Year 2	10%
Year 3	10%
Year 4	10%
Year 5	10%

D. The Increment: As defined at 760 CMR 66.06(1)(b)(2).

E. Calculation: For each Fiscal Year during the term of this Agreement, the HD TIE shall be determined by applying the Exemption Percentage to the property taxes on the Increment.

F. Confirmation or Amendment of Calculation: Upon Completion, and prior to applying for Final Certification of the Project, the Sponsor and Municipality shall file a "Tax Increment Exemption – Confirmation of Calculation" in the form attached as Exhibit 3 ("TIE Confirmation"). To the extent that the dates or figures in the TIE Confirmation differ from those set forth in this Agreement, the contents of the TIE Confirmation shall control and shall be deemed to have amended this Agreement.

Section 5 – Default

A. Event of Default: An "Event of Default" shall arise under this Agreement upon the occurrence of any one or more of the following events:

1. Breach of Covenant Prior to Final Certification: Subject to the limitations set forth in the Regulations at section 66.05(4)(b), Sponsor defaults in the observance or performance of any material covenant, condition, or agreement to be observed or performed by Sponsor pursuant to the terms of this Agreement, and the continuance of such default for sixty (60) days after written notice thereof from the Municipality; provided, however, that if the curing of such default cannot be accomplished with due diligence within said period of sixty (60) days, then Sponsor shall have such additional reasonable period of time, not to exceed sixty (60) days, to cure such default provided the Sponsor shall have commenced to cure such default within the initial sixty (60) day period, such cure shall have been diligently prosecuted by the Sponsor thereafter to completion.

2. Breach of Covenant Subsequent to Final Certification: Subject to the limitations set forth in the Regulations at Section 66.05(5), and as determined by DHCD, Sponsor's conduct is materially at variance with the representations made in its Rehabilitation Plans; such variance is found to frustrate the public purposes that Final Certification was intended to advance, and continuance of such default for sixty (60) days after written notice thereof from the Municipality; provided, however, that if the curing of such default cannot be accomplished with due diligence within said period of sixty (60) days, then Sponsor shall have such additional reasonable period of time, not to exceed sixty (60) days, to cure such default provided the Sponsor shall have

commenced to cure such default within the initial sixty (60) day period, such cure shall have been diligently prosecuted by the Sponsor thereafter to completion.

3. **Misrepresentation:** Any representation made herein or in any report, certificate, financial Statement, or other instrument furnished in connection with this Agreement shall prove to be false in any material respect.

B. Rights on Default

1. **Prior to Final Certification:** Upon the occurrence of an Event of Default prior to Final Certification, then this Agreement shall become null and void.

2. **Subsequent to Final Certification:** Upon the occurrence of an Event of default subsequent to Final Certification, then:

a. **Revocation of Certification:** Pursuant to the terms of the Act, the Municipality, may, at its sole discretion, request that DHCD revoke the Final Certification of the Project, such revocation to take effect on the first day of the fiscal year in which DHCD determines that a material variance commenced.

b. **Termination of Agreement:** Upon revocation of certification, this Agreement shall become null and void as of the effective date of such revocation.

c. **Recoupment of Economic Benefit:** Upon revocation of certification, the Municipality may bring a cause of action against Sponsor for the value of any economic benefit received by Sponsor prior to or subsequent revocation.

Section 6 – Miscellaneous

A. **Effective Date:** The effective date of the HD TIE shall be July 1st of the first Fiscal Year following Final Certification of DHCD's Final Certification of the HD Project pursuant to the requirements of the Act and regulations, which date is anticipated to be in 2021. The Effective Date shall be confirmed as required in Section 4 Paragraph F above.

B. **Terms of Agreement:** This Agreement shall expire upon the Municipality's acceptance of the annual report, as required below, for the final Fiscal Year for which the Municipality is granting the TIE.

C. **Reporting:** Sponsor or the Condo Association, in the event that Sponsor delegates this responsibility, shall submit reports to the Municipality no later than thirty (30) days after June 30 of each fiscal year for the term of this Agreement. Each report shall contain the following information:

1. Until Completion, the status of construction in relation to the schedule contained in the Construction Plan;

2. Until Completion, the status of marketing in relationship to the Construction Plans; and
3. For each condominium, the number of bedrooms in the unit, whether it was sold as of the most recent fiscal year and the sale price.

D. Assignment: The Municipality and the Sponsor agree that, following the sale of the Property or the sale of the final condominium, or earlier pursuant to the Property's condo documents, the Sponsor shall transfer ownership and control of the Property to the condominium association to be organized and formed in the future. The rights and obligations of this Agreement shall inure to the benefit of any entity succeeding to the interests of the Sponsor by sale or merger.

E. Notices: Any notice, request, instruction or other document to be given hereunder to either party by the other shall be in writing and delivered personally or sent by recognized overnight courier, receipt confirmed or sent by certified or registered mail, postage prepaid, as follows, and shall be conclusively deemed to have been received and be effective on the day on which personally delivered or, if sent by certified or registered mail, three (3) business days after the day on which mailed or, if sent by overnight courier, on the business day after delivered to such courier.

1. Municipality: _____

2. Sponsor: _____

3. Copy to DHCD: All such notices shall be copied to DHCD at:

Department of Housing and Community Development
100 Cambridge Street, Suite 300
Boston, MA 02124
ATTN: HDIP Program Coordinator

4. Change of Address. Either party may change the address to which notices are to be sent to it by giving them written notice of such change of address to the other party in the manner herein provided for giving notice.

F. Modifications: No modification or waiver of any provision of this Agreement, nor consent to any departure by the Sponsor therefrom shall in any event be effective unless the same shall be in writing, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No failure or delay on the part of the Municipality, in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall a single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any right, power or privilege.

IN WITNESS WHEREOF, the Sponsor has caused this Agreement to be duly executed in its name and behalf and its seal affixed by its duly authorized representative, and the Municipality has caused this Agreement to be executed in its name and behalf and its seal duly affixed by Mayor Kimberly Driscoll as of the day and year first above written.

CITY OF SALEM

65 Washington Street, LLC

Kimberley Driscoll, Mayor

Merrill Diamond

Duly Authorized

EXHIBIT 1

MAP OF PROPERTY

65 Washington Street Salem, MA 01970



EXHIBIT 2

LEGAL DESCRIPTION OF PROPERTY

65 Washington Street, Salem, MA 01970

Beginning at the northwest corner of the Property at the intersection of Washington Street and Federal Street (the Point of Beginning) and running:

N 80° 15' 05" E, 143.86 feet by Federal Street;

Thence turning and running:

S 09° 44' 55" E, 71.21 feet by land now or formerly of ISAY Realty Trust; and,

S 11° 50' 54" E, 94.97 feet by land now or formerly of 30 Church Street, LLC;

Thence turning and running:

S 80° 08' 31" W, 18.12 feet by Church Street;

Thence turning and running:

N 06° 21' 17" W, 49.68 feet;

S 82° 50' 21" W, 10.23 feet;

S 83° 24' 40" W, 39.91 feet; and,

S 06° 34' 28" E, 52.43 feet, by land now or formerly of East India Group, LLC.

Thence turning and running:

S 80° 08' 31" W, 45.99 feet; and

S 82° 23' 12" W, 44.52 feet by Church Street; and,

Thence turning and running:

N 05° 49' 34" W, 165.06 feet by Washington Street to the Point of Beginning

Subject to and with the benefit of the following:

1. Confirmatory Taking by Salem Redevelopment Authority dated as of February 18, 1970 and recorded with Essex South District Registry of Deeds, Book 5668, Page 220.
2. Taking by the Salem Redevelopment Authority, pursuant to eminent domain taking document dated September 2, 1970 and recorded with said Deeds, Book 5713, Page 239.
3. Right-of-way to Church Street set forth in a deed from the City of Salem to the Salem Redevelopment Authority dated April 14, 1975, recorded with said Deeds, Book 6176, Page 553, and as further defined in a deed from Salem Redevelopment Authority to the County of Essex dated August 28, 1975 and recorded with said Deeds, Book 6176, Page 556.
4. Discontinuance of public rights in Federal Street by the City of Salem, pursuant to City Council Order dated July 24, 1978, and recorded with said Deeds, Book 6545, Page 656, as affected by Layout of Federal Street by the City of Salem by instrument dated July 24, 1978 and recorded with said Deeds, Book 6245, Page 659.

5. Discontinuance of public rights in Church Street by the City of Salem, pursuant to City Council Order by instrument dated March 8, 1979 and recorded with said Deeds, Book 6576, Page 790, as affected by layout of Church Street as a public way pursuant to City Council Order by instrument dated March 8, 1979 and recorded with said Deeds, Book 6576, Page 794.

EXHIBIT 3

TAX INCREMENT EXEMPTION – CONFIRMATION OF CALCULATION

In connection with the Tax Increment Exemption Agreement dated _____, 20____ by and between the City of Salem, and 65 Washington Street, LLC, a Limited Liability Corporation with an address at 75 State Street Boston, MA 02109, with respect to the property at 65 Washington Street Salem MA 01970 (the "Agreement"), the parties hereby confirm the following elements of the Agreement. Unless otherwise stated, capitalized terms have the meaning set forth in the Agreement.

1. The effective date of the Agreement is: _____
2. The MRRU is: _____
3. The assessed value of the of the residential portion of the Property upon Completion is: _____

To the extent that the dates or figures in this "Tax Increment Exemption – Confirmation of Calculation" differ from those set forth in the Agreement, the contents of this document shall control and shall be deemed to have amended the Agreement.

MUNICIPALITY

SPONSOR

By: [CHIEF EXECUTIVE OFFICER]

By:

By: [LEGISLATIVE BODY]

By:

Dated: _____