

Affordable Housing Trust Fund Board  
Approved Meeting Minutes August 4, 2020

A meeting of the Salem Affordable Housing Trust Fund Board was held on Tuesday, August 4, 2020 at a Remote Zoom meeting at 6:00 p.m.

**Members present:** Mayor Kim Driscoll, Ben Anderson, Mickey Northcutt, Councilor Patricia Morsillo, Filipe Zamborlini, Councilor Ty Hapworth, Robert McCarthy, and John Boris.

Chair Mayor Kim Driscoll called the meeting to order at 6:05 p.m.

**UNFINISHED BUSINESS**

A. Ms. Chiancola provides an update on the Inclusionary Housing and Accessory Dwelling Unit ordinances, both of which did not become adopted.

Mickey Northcutt notes that the Planning Board has been asking developers to require 10% of units at 80% area median income and wonders if they can just take it upon themselves to require the units at 60% area median income requirement. Mr. Northcutt asks if the Affordable Housing Trust Fund Board should send the Planning Board a letter to recommend this. Ben Anderson says sending a letter from the AHTF Board to the Planning Board makes it more official and could be put into the record and be brought up for discussion among the Planning Board. Mayor Driscoll notes that this something that staff is looking at, if we cannot make it an ordinance change how do we make it a policy change but explains that the ordinance included a 25% density bonus. Councillor Hapworth says from his perspective the goal was to try to get something that would get still allow a project to pencil out by trading that density bonus for affordable units but it was not the end all be all, it was a nice first step towards affordability but if it doesn't come back it doesn't come back. However, ADUs were a giant miss and notes that we all take responsibility for that, but it has to come back. So perhaps the board could have some discussion on if we cap the density bonus to make it more palatable for those who were concerned with the bonus. Councillor McCarthy says that we are all in agreement that the 80 percent of area median income affordability requirement does not work for Salem but he cautions everyone that these projects go through the planning board and although this is an accepted practice but a lot of developers come in basing their units on 10% because that is what communities are trying to maintain to keep their Subsidized Housing Inventory above 10 percent and if we were to start changing that without legislation behind it or teeth, someone will sue the city, he is fine with changing it but is concerned with litigation down the road, he understands the numbers and that 80% area median income but also does not want to put it on the Planning Board to impose something that is not an accepted norm. Mr. Anderson notes that before the project gets the Planning Board, developers meet with the city to discuss needs and wants and hopes that negotiation would work before the project even gets to the board. Mayor Driscoll says she hears there is a desire to maximize affordability without an ordinance by policy and put this in a letter to the Planning Board. Councillor Hapworth asks if whether than requiring it as a mandate could we give it as an option with an incentive, if you build the affordability then we will offer streamlined permitting within so many amounts of days. Mayor Driscoll responds that it begs the question that can we work towards a streamlined process through policy rather than through ordinance, and make sure that the projects still comply. We can tease out what a preference would look like. Councillor Hapworth asks if streamlined permitting could be a policy or if it has to be a zoning ordinance, noting it could give an opportunity to push affordability.

Ms. Chiancola says that 80 percent has been working because the delta between the affordable unit at that level and the market rate unit is close enough for a project to still be financially feasible. She also notes that the site plan review is a by right permit so if the AHTF Board is going to send a letter they should look at it through the view of a special permit, specifically a planned unit development which could be a good way to get the 60% area median income. Mayor Driscoll explains we will tease this out, have conversations with Planning Board and will come back with some draft recommendations.

B. Update on the Urban Land Institute Technical Assistance Panel. Mayor Driscoll says we have been working with the Urban Land Institute (ULI) on a technical assistance panel (TAP). This is not the first time we have had ULI work with us on a TAP process which is bringing in a collection of land use experts to look at a particular site and issue that we are teasing out concepts and position reuse or development. We did a TAP looking at the Church Street lot and downtown northern Washington Street a several years ago that helped us think about the surplus courthouse designation. These are things you need to request and be selected for. Ms. Chiancola says we were planning on holding the TAP in April but had to push it due to the public health crisis. ULI came up with a hybrid tap, the panel will come out to the site for a socially distanced tour of the property to see how it is used and see the topographic issues at the site. Then the rest of the tour will be held remotely. There will be remote stakeholder interviews, we are looking to hold this at the end of September, it will be a three day session. Normally it is a one day session but since it will be virtual it will be spread out. On the last day the panel will share what they learned and provide recommendations to the City by way of a public meeting. Ms. Chiancola asks if the Affordable Housing Trust Fund Board would be willing for this presentation to be held at an Affordable Housing Trust Fund Board meeting. The board agrees to this. Ms. Chiancola says she will move forward with that plan then, it will either be at the October meeting or a special meeting in September.

C. City land update. Ms. Chiancola says the next steps for 56 Memorial Drive are to complete the survey which has been stalled. After the survey is complete the plan is to run a feasibility study to see if it would be possible to build affordable homes at the site. Ms. Chiancola notes that this is a challenging site with a lot of ledge, overhead wires adjacent to it and it is dedicated park land. Another site being looked at is behind Witchcraft Heights Elementary School. The City is collaborating with the Massachusetts Housing Partnership (MHP) to study this site. MHP will have their house doctors survey the site. Once we have timelines for surveying, we will let the know when the survey will take place.

Mayor Driscoll gives an update on Lee Fort Terrace. She says that the Salem Housing Authority is partnering with a non-profit housing developer, Beacon, to look at opportunities to redevelopment Lee Fort Terrace. It is very much in the planning stages. DHCD has approved the planning grant. It is just the beginning of the discussion; all the units are occupied, and we sent out correspondence to the neighborhood it is important that the people who are living there know they will always have a place to live. Councillor McCarthy notes that Salem Housing Authority is not a City entity. They follow state rules, not the City, so they are exempt from zoning. He also explains that no one will be thrown out of their home, some folks were concerned they would be displaced. If this project were to be moved through the permitting phase, we would try to lessen the scale but partnering with the city land next door to increase their green space and parking so they can spread out on their property. But by right they can do anything they can get permitted on their site. Mayor Driscoll says the site was built in 1958 it has 50 units; they are very small. We are hoping the new housing will better accommodate the current residents and accommodate new residents. This will be universal design standards with resiliency efforts. How many, how big, how tall, the layout- that is what this planning grant will help figure out. We

are pleased that we received the grant, it was a competitive proposal. Mr. Zamborlini says there is potential for a park near the road around the backside of the Lee Fort Terrace. He asks if that could be part of the scope of this analysis. If we are trying to make the area better, we do a good job thinking about housing structure but often times we build beautiful infrastructure but forget about the exterior, such as the connectivity how people will use the sidewalks and bike lanes perhaps this could be an opportunity to create a park for the residents. Is there another area we can beautify for residents to access? Mayor Driscoll responds that this site is juxtaposed between Memorial Park, Bentley a new city bike path and mixed in property owners. How they interconnect is important and should be looked at, potential upgrades should be identified even if not part of the scope of the project we can identify where we want the upgrades. Councillor Hapworth asks what the Memorial Drive and Frederick site are zoned. Ms. Chiancola replies they are zoned R1, it is unlikely that an affordable homes as single family detached units would pencil so it would likely need a zoning amendment or 40B but 40B's are tough- these sites are probably not large enough to support the number of units needed for a 40B.

Ben Anderson asks about the letter submitted to Tufts. Ms. Chiancola responds that the City is partnering with the Friends of the Salem Council on Aging on a grant effort to support a senior housing forum, she maps out the timeline.

Mickey Northcutt asks in the context of the sale of public land he wants to raise that the Salem Redevelopment Authority is considering the sale of the land by the MBTA station and says it is important that this board weigh in with the SRA to request/demand a higher percentage of affordable homes at that location, if not all affordable homes. His understanding is that the three firms who responded are proposing 10% of the units at 80% area median income. Mr. Northcutt notes that while the Planning Board does not have carte blanche to require deeper affordability of market rate property given that 99% of all property that is owned privately. But what is happening here, the city is about to sell the most valuable piece of land in the City's repertoire when it comes to residential housing and will sell it with 90% of the units being high end housing-that will be the welcome to Salem. He recommends having this board weigh. Mayor Driscoll says that it is not the City, it is the Salem Redevelopment Authority (SRA) is considering proposals for the redevelopment of the courthouse buildings. She shares the desire to maximize affordable housing, she also notes the complexity of renovating historic buildings in accordance with Section 106 standards, they are huge money losers, there are challenged with the historic rehab. The reason this was put together as a package was to try to make it an attractive development proposal for reuse. Mr. Zamborlini thanks Mr. Northcutt for bringing this up, he asks if the property being discussed is it just the triangular looking lot next to the train station- Mickey confirms that is the lot. Mr. Zamborlini notes that some cities have uses air rights, and wonders if part of the conversation is partnering with the state to find a way for the construction to be over the other area as well by providing air rights access to make it an even more attractive procurement, that way we are not talking about just one building we are talking about a building that is connected to public transit that could replace some of the lost parking and might be able to create more affordable units. Mr. Northcutt says the designs have not been made public yet, but he believes the plan is to for them to present sometime between mid-August. The next SRA meeting is next Wednesday on August 12th at 6pm. If you want to provide comments you can do that as individuals as well as providing comments as a board. Also, he believes the plan is for them to review presentations of the proposals in October and accept one in early October, so now is the exact time we should weigh in on it. Based on the initial proposals at least one of the teams have already assumed air rights. Mr. Northcutt explains that he feels so strongly about this because there are so few opportunities to build affordable housing downtown- the only new construction affordable project he knows of is Lafayette Street across from the park which was built by a non-profit. The North Shore CDC (NSCDC) will be

redeveloping the schools but those are a few years away. He wants to be clear that the only reason that the NSCDC could compete with the schools and make them primarily affordable is because it was a lease and not a sale. Land cost is more of an issue than zoning. As much as zoning will permit affordable housing to be built it will also permit market rate. In this case it is one of the few precious opportunities to put a meaningful contribution towards the affordable housing stock. This is the third property in the last few years that have been sold in the last few years that will be market rate units-he doesn't understand the public benefit of having market rate condos built on public land. This is the kind of board that should be sending a letter saying enough is enough. This parcel is very important, the gateway to Salem, we all know there is an affordable housing crisis and way more acute than it was before we are about to enter the worst economic period in recorded history, knowing that people are suffering, this is not the time to be building market rate on public land. The SRA holds all the power, what goes through the planning board is dictated by what the SRA approves, if the SRA approves 10% of the units at 80% AMI, the planning board will say they can't require more affordability than what the SRA required so it is on the SRA in this case. He understands the issue with getting the courts renovated, the NSCDC cares a lot about historic preservation, but the developers are going to make money on this project. He encourages everyone to listen to the developers proposals, he cringes that they will be putting in luxury restaurants. It will turn to A+ commercial space to be rented.

Mickey Northcutt makes a motion to send a letter to the Salem Redevelopment Authority asking them to support 100% affordable housing on the sale of the crescent shaped lot, seconded by John Boris.

Motion under discussion: Councillor Hapworth says he would like to support what Mickey has said, he understands that it is a financial handicap, but he thinks we should push hard because the city has so little control over most developments. But we have some control here. So, although 100% sounds great-unlikely but if any board is going to recommend that this board should. Mr. Anderson asks Mickey Northcutt if he thinks 100% affordable could be feasible on that site. Mr. Northcutt says he would be happy to walk through an affordable budget compared to a market rate development, any affordable project has public subsidies. The affordable housing community would apply for local money through CDBG, HOME, CPA etc. then compete for subsidy at the state level. With a good application it is a question of when you get funding, not if. So is it possible to build 100% affordable housing at that site-yes it is, especially with it being public land which is a huge cost. While he does not oppose market rate development, it is good to have growth but if we can't control what market rate developments do, we can and should control what happens on public land. Mayor Driscoll says the SRA is not going to make a decision before the AHTF Board's next meeting. She recommends having Tom Daniel come in to talk about the parameters of the project to weigh in on what may and may not be feasible before taking a vote. A ton of effort has been put into the preserving the courthouse buildings to make this development plausible. As an AHTF Board we should go into this with eyes wide open and have an understanding the RFP process, Tom could provide that. Mr. Northcutt says that they are meeting on August 12th to lay out their process during executive session, if we wait, they will say they have already set forth their process. The SRA is looking at all sorts of things I am just talking about the affordability component- our lane is affordable housing. All three of the proposal will be 10% affordable probably at 80% area median income because the city hasn't told them otherwise. Mayor Driscoll suggests that we shouldn't take a position that the sale of land have 100% affordability without understanding the context, from her perspective would be lacking information useful to the board members here. The Mayor says she is fully on board with sending a letter recommending that the SRA maximize affordability, she separates out the SRA from the City, it is owned by the SRA not the City, which is a separate entity that has the power to bond and sell property without approval from the City. They have

done a really thorough vetting process, they pay attention to details and would probably love to hear feedback from the AHTF Board, but it would be unwise to recommend 100% affordability without hearing about the RFP, if we are one board offering a recommendation to another board it would be useful to be informed of what the project is, what it entails what the goals of the SRA were when setting out the RFP. IF it is just a letter that says maximize affordable housing and inviting Tom Daniel to attend, the Mayor says she would support that, but if it is picking a number with no context feels a little uninformed. Councillor Morsillo agrees with what the Mayor just said and she also agrees with Mr. Northcutt's suggestion urge to increase affordability, especially at that site, but she asks whether if waiting until our next meeting would be too late, would it be wise to send a letter before their upcoming meeting to say we would like more than 10%, the goal is 100% we want to maximize affordable units on that site without picking a percentage yet, the goal of this group is to increase affordable units in Salem. Mr. Northcutt says if we suggest that they require 100% affordability, ultimately the SRA is an independent body and they can simply negotiate something different. The point is why are we not doing 100% affordable housing on A+ land. We are making the point at a values level it should be 100% affordable. It is so hard to achieve in the market, the market does not produce affordable housing, affordable housing developers do not get a deal when buying land. The cost of land is the hardest part, not zoning. We need growth but affordable housing requires intervention, he believes it is way too late to wait until the next meeting. I was told they are trying to make a decision by October, they want to move quickly which is understandable but that is an argument for us to weigh in now. Mr. Zamborlini says he hears an agreement between what Councillor Morsillo and Mickey are saying. There is a middle ground between all the thoughts proposed here to invite them to join us at the next AHTF Board meeting to provide a reasonable feasibility as to why they can or cannot require 100% affordability, we would just weigh in to suggest to the best of their ability require 100% affordability, and if not why not, and offer them suggestions. They might say X number is feasible and we can provide feedback for them to consider and come up with creative solutions between the two boards to come as close as possible to 100%. So Mr. Zamborlini suggests it would be wise to send a letter that is both an invitation and a request for maximizing affordability to get a full and complete picture. Mr. Anderson asks if they would have to relist the RFP if there are substantial changes at this point. Mayor Driscoll responds that is why she suggests inviting the City Planner and SRA to talk about the RFP. We want to support and maximize affordable housing but to send a letter suggesting it has to be 100% without an opportunity for the principals working on this to share insight seems like it is not how boards treat each other, it would be more constructive and collaborative to understand the underpins here. Mr. Anderson says he has been disconnected from this parcel and this project and would need to understand more about the process how the RFP was issued before sending a letter with a specific recommendation, such as what were the guidelines of the RFP, and use that as a learning process for future RFPs if we feel something could change. Mr. Northcutt says he would be happy to invite the SRA to join the AHTF Board to discuss the sale of the land. It is more important that we have a conversation about this before they select a developer.

Mr. Northcutt revises his motion to: send a letter to the Salem Redevelopment Authority recommending that they maximize affordability as they approach reuse and invite them to a joint meeting seconded by Filipe Zamborlini. Motion passes unanimously.

## **PUBLIC COMMENTS**

Cindy Jerzylo 17 Bayview Avenue asks whether the public land on Szetela Lane City of Housing Authority owned land? Mayor Driscoll responds that it is City land.

## **APPROVAL OF THE MINUTES**

John Boris makes a motion to approve the July 7, 2020 Affordable Housing Trust Fund Board meeting minutes, seconded by Councillor McCarthy and the motion carries unanimously.

## **ADJOURNMENT**

Motion to adjourn by Councillor McCarthy, seconded by Filipe Zamborlini—passes unanimously.

Meeting adjourned at 7:25 p.m.

Approved by the Affordable Housing Trust Fund Board on 9/1/2020

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