

**Affordable Housing Trust Fund Board**  
**Approved Meeting Minutes**  
**July 7, 2020**

A meeting of the Salem Affordable Housing Trust Fund Board was held on Tuesday, July 7, 2020 at a Remote Zoom meeting at 6:00 p.m.

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

Guest Speaker: Cathy Hoog

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

**OLD BUSINESS**

**A. Executive Director of the Salem Housing Authority, Cathy Hoog, is in attendance to provide the AHTF Board an overview of a planning grant for Lee Fort Terrace.**

Ms. Hoog explains that DHCD put out a notice of funding availability (NOFA) opportunity for housing authorities last year. It was a large, exciting funding opportunity referred to as the public housing innovations program. The program the Salem Housing Authority applied for is referred to as the partnership to expand housing opportunities (PEHO). The PEHO goal is to develop and promote innovative cost-effective ways for housing authorities to modernize public housing and preserve it for the long term by way of creative partnerships to potentially leverage non state resources to redevelop a site (in this case, Lee Fort Terrace) and not develop so heavily on public resources. It was a complex NOFA but in short required the Housing Authority to put out a request for proposals (RFP) to potential developers that informs developers we are looking at the program, note we have a site we are looking at and calls for developers who are interested in partnering with the City on redeveloping the site. The grant does not work like my grant opportunities. It is a unique grant in that if we find a potential developer that is interested and qualified, we would submit an application to the state for planning funding. The planning portion of the grant is to tease out whether the partner is the right fit, are the concepts they are proposing concepts that make sense? That is when you go through the financing and community discussions to understanding whether the project is something that would work. If after going through that process it looks like a feasible project, then there is a substantial amount of money available. The Salem Housing Authority has gone through the process of issuing an RFP. Initially there were four developers interested, two developers responded, and Beacon was ultimately chosen as the developer that was most qualified. The Housing Authority in conjunction with Beacon put together a preliminary concept that was submitted to the State. At this point the Housing Authority is waiting for the State to determine whether this is a viable partnership, if the concepts are feasible and if it is worth further exploration.

Mayor Driscoll notes that the units are in rough shape in need of capital investment, leaving them the way they are now is not an option. This grant give us an opportunity to partner with the private sector to update the units. Mayor Driscoll asks Ms. Hoog to provide an overview of LeeFort Terrace for those who are not familiar with the site. Ms. Hoog responds that LeeFort was the property the Housing Authority decided to advertise as the potential

development with the most potential in terms of size and location. It is off Fort Avenue. It is currently 50 garden style 1-bedroom apartments. While it has been maintained, the inventory is old. It has had no substantial renovations since it was built in 1958. The layout of the property is reminiscent of how larger developments were built in the 1950s so the use of the land is poor, there is no accessibility, they are small 350 square foot units. It is close the water and the bike path improvement. The property is in need of a complete overhaul. Ms. Hoog explains that the Housing Authority would never be able to afford the upgrades that this property needs. To look at the needs of the property and the potential of the property and what we could achieve given how much land is available there is a lot of opportunity.

Ms. Curran asks what the concept for the development is, how many units etc.? Ms. Hoog explains that the 50 affordable units would stay (be replaced with new affordable units) plus an additional 15 new affordable units at 60% of the area median income (AMI) and 159 new market rate units to cross subsidize the cost of replacing the current units and adding. Ms. Hoog says that it is very conceptual so what is being considered now could change going forward, with the exception of a minimum 1:1 replacement of the units, meaning there cannot be a net loss of affordable units.

Councilor Hapworth asks what the developer presented in terms of climate change mitigation. Ms. Hoog says it is a concern for the Housing Authority given the location and it is area that DHCD is committed to addressing. At this point Beacon is striving for the parking to be at the ground level with living area raised up, they are exploring a couple of options depending on how much land there is to utilize. The materials would have to be sustainable to the environmental conditions. There are a lot of requirements that go along with this, every step of the way the state has to approve, in addition energy efficiency, e.g. onsite energy generation has to be considered as part of this process. Councilor Hapworth asks for a clarification on the unit breakdown. Ms. Hoog says that there will be a total of 65 affordable units (50 existing will be replaced plus 15 new units) and 159 new market rate units to subsidize the affordable units.

Councilor Morsillo asks for a clarification on the City land that is being considered. Mayor Driscoll responds that it is an odd shaped rectangular lot between the bike path and where the lobster traps are setup. It is known as Szetela Lane. There is some contamination and spots, at one point we looked to dispose it. Ms. Hoog says it made sense to approach the City about the Szetela Lane site because the more room the more they can spread the development out and make it prettier. They are looking at two possibilities one without the City land and one with the City land. Without the City land the developer would probably be 5 stories but with the City land the buildings would be lower and spread out more with more green space.

Mayor Driscoll explains that we wouldn't want to see anything too tall on that land given the surrounding neighborhood but the opportunity to partner with City owned land that isn't serving a purpose right now and create some affordable housing. Mayor Driscoll says she also thinks that these numbers are premature and these were analysis developed to respond to a grant opportunity there's a lot of work that still has to occur on design, technical aspects of the parcel need to be analyzed before anything gets laid out in terms of how the space of the land will be utilized and what the massing and height will look like. We also have huge waiting lists for subsidized senior housing, this site is a somewhat of a ticking time bomb in that it

needs capital upgrades. The Housing Authority only has limited funding so if it is not partnered with a development it is a problem that is need of a solution.

Mr. Zamborlini asks Ms. Hoog for her presentation. He asks about the project schedule noting that the estimated start date on the application is 7/1/2022 with occupancy in 2024. He asks what is envisioned for the folks who are currently residing in the units to ensure they are not displaced. Ms. Hoog says there are a couple of options, depending on how much land is available to use, they could phase the project and have a portion of the new development built without altering the current units then allow for the current households shift to the new development when it is complete. Also explored the possibility to relocate folks to other units available in the Housing Authorities housing stock. Sometimes there are opportunities for mobile vouchers to allow households to temporality relocate or permanently with a voucher if they choose. Ms. Hoog explains that not only is it a priority of the Housing Authority to allow the households to comeback, it is also an obligation. Mr. Zamborlini asks if there is a ratio goal that we could think of, looking at 159 market rate units and 15 new affordable units, also for the affordability level, what is the pie in the sky goal. Ms. Hoog says they are committed to the 60 affordable units. The 50 replaced units will likely remain below 30% AMI. There is a lot that goes into this to make the numbers work. Ms. Hoog's hope is that the number of units will go up a little. It depends on how many market rate units we need to make the project work it pencil out. Ms. Hoog explains they are also looking at Low Income Housing Tax Credits. Mayor Driscoll says there is a lot of work to do in running numbers and understand the cost of construction, how can we drive down the cost of building this and increasing affordability, and what works on the space with the streetscape.

Councillor Morsillo asks about ownership, how would the management of the subsidized units work? Ms. Hoog responds that there is a number of a different ways they could handle the management as Beacon has experience with affordable units as well. The subsidized units could be managed under the Housing Authority and they are open to continue to manage the property or at the minimum handle the tenant selection since that is their specialty.

Councillor Hapworth asks when public comment will be taken noting that a member of the public has raised his hand. Mayor Driscoll suggests taking public comment at the end which is what they usually do since there are only a few additional items on the agenda, there are no objections. Mayor Driscoll asks Ms. Hoog to provide a status update on the Housing Authority projects that received Community Preservation Act (CPA) awards, i.e. rental assistance and the Phillips house. Ms. Hoog says she is very happy to be supported on both of these efforts. The Housing Authority partnered with the Council on Aging Board to offer a subsidy to seniors who are getting priced out of the market due to price increases as well as folks struggling due to the public health pandemic. The Housing Authority also applied for funding for the Phillips house, which is downtown on the common, the old Phillips school. There is some substantial water infiltration causing issues with the brick, the CPA funds will help with that. The Housing Authority receives formula-based State funding, but it is never enough for all their properties so to be able to apply for additional funds is important and they are grateful for the support.

**B. Update on the Accessory Dwelling Unit Ordinance.**

The Accessory Dwelling Unit Ordinance is tabled at the City Council. Mayor Driscoll explains that we put a cap on rents but there does not appear to be enough support to get this over

the goal line. If there is no action by August 2<sup>nd</sup> the ordinance will die. It is unlikely that this will move forward.

**C. Update on Inclusionary Zoning.**

The ordinance is currently before the City Council, there is a committee meeting tomorrow night. City staff is working with MAPC on running various scenarios through the model, looking at different configurations that might work. Amanda Chiancola shows a couple variations shown in the chart which will be shared in a letter to the City Council.

**Table 1: MAPC Variations on Inclusionary Zoning Requirements**  
(Changes from the current draft are shown in bold in gray cells.)

Variation on Requirements	Affordable Units Required	Target Income Level	Density Bonus	Fractional Payments
0. Current draft ordinance	10%	60% AMI	25%	Yes
1. 12% Affordable units and increased density bonus	<b>12%</b>	60% AMI	<b>40%</b>	Yes
2. 12% Affordable units and no fractional payment	<b>12%</b>	60% AMI	25%	<b>No</b>
3. 15% Affordable units and increased density bonus	<b>15%</b>	60% AMI	<b>60%</b>	Yes
4. 15% Affordable units, increased density bonus, no fractional payment	<b>15%</b>	60% AMI	<b>45%</b>	<b>No</b>
5. 15% Affordable units and higher income level	<b>15%</b>	<b>70% AMI</b>	25%	Yes
6. Reduced density bonus	<b>15%</b>	<b>70% AMI</b>	<b>10%</b>	<b>No</b>
7. No density bonus	<b>5%</b>	60% AMI	<b>None</b>	Yes
8. No density bonus and no fractional payment	<b>8%</b>	60% AMI	<b>None</b>	<b>No</b>

**D. Update on Priorities**

Councillor Morsillo is pleased with the way the Senior Housing discussion is going and is looking forward to the opportunity of the Tufts grant.

**NEW BUSINESS**

**A. Race and Housing Disparities**

Mayor Driscoll explains that the City has recently established a race and equity taskforce with the goal of looking at inequities and racial disparities that exist and what is our role in breaking the cycle. That includes law enforcement, healthcare, education, housing and there might be more topics. The taskforce is hoping to have a kickoff meeting next week and we are hoping to work with a partner to review data set goals and benchmarks and finding this tension between action now and finding things that will be sustainable that we need to continue to work on. The taskforce is the guiding group but this is everybody’s work we are going to need a lot of input and help.

**PUBLIC COMMENTS**

- A. Steve Kapantais: 23A Wisteria Street, Salem MA. Regarding Fort Lee Terrace, if the City is going to give up land then he hopes this board pushes for a higher percentage of affordable housing than 8 percent, at least 15%.
- B. Alice Merkl: Asks about the 159 units at Lee Fort Terrace, would they be owners or rentals. Cathy Hoog explains they are open to exploring to homeownership, but the majority of units would be rentals. She would also like the affordable units to be increased to at least 15%.
- C. Councillor Dibble has his hand raised, before he speaks Councillor McCarthy notes that Councillor Dibble will need to be cautious of his comments in the event that he is on a standing committee with Hapworth and Morsillo as it could be a violation of open meeting law if the three of them make up a quorum and he asks specific questions or has comments. Councillor Dibble says thanks the Council President for clarifying that. Council Dibble says he has pointed out that on 40B the developer gives 25% affordable units back to the City and he says he has asked about 25% of affordable units being required for public property. For Leefort Terrace he believes it should be at least 25%.

#### **APPROVAL OF THE MINUTES**

*Councillor McCarthy makes a motion to approve the June 2, 2020 Affordable Housing Trust Fund Board meeting minutes, seconded by Councillor Hapworth and the motion carries unanimously.*

#### **ADJOURNMENT**

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

Meeting adjourned at 6:55 p.m.

Approved by the Affordable Housing Trust Fund Board on 8/4/2020

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