

City of Salem, Massachusetts



**"Know Your Rights Under the Open Meeting Law, M.G.L. c. 30A ss. 18-25 and  
City Ordinance Sections 2-2028 through 2-2033."**

The City of Salem Committee on Administration & Finance co-posted with the COW met in the City Council Chambers on Wednesday, December 7, 2022, at 6:00 P.M.

for the purpose of discussing the matters(s) listed below. Notice of this meeting was posted on

November 22, 2022 at 9:02 A.M. Notices were also posted in the newspaper on November 23, 2022, and November 30, 2022.

(This meeting is being recorded)

**ATTENDANCE:** Present were Chair of the Committee C. McCarthy; members of the A&F Committee C. Merkl, C. Watson-Felt, C. McClain, C. Hapworth via Zoom. All votes will be made by RCV

**ABSENT WERE:** C. Dominguez

---

**SUBJECT(S)**

Urban Center Housing Tax Increment Financing for Lee Fort Terrace.

---

At 6:20, Chair McCarthy opened the meeting by reading the Agenda. He acknowledged invited attendees Tom Daniel and Amanda Ciancola from the Planning Department, Cathy Hoog from the Salem Housing Authority, Stephen Cortes, Director of Assessing, and Courtney Koslow from Beacon Properties. Amanda gives a slide presentation of the UCH-TIF (this presentation is on file in the City Clerk's Office. Chair McCarthy recognizes C. Riccardi participating via Zoom. Also present are Council President Morsillo, C. Prosniewski, C. Merkl, C. Cohen, and C. Varela. Chair McCarthy opens the floor to Councillors for questions.

C. Watson-Felt (C.W-F): Thanks Chair McCarthy. Asks why Bentley School and other commercial properties are included as part of the area?

Amanda Ciancola (A.C.): To show commercial use around Lee Fort Terrace (LFT)

C. W-F: Speak to implications of future development on those sites.

A.C.: No future developments as of right now.

C. W-F: Is there any incentive for anyone in the future to seek a TIF?

A.C: No incentive to redevelop those sites.

C. W-F: Incentive because of potential TIF? Data supports developers seeking to purchase properties.

Tom Daniel (T.D.): Explains Housing Development programs and TIFs. Salem supports both commercial and residential development.

C. W-F: references past conversation re disposition of public land for affordable housing.

T.D.: If there were a determination that a school was no longer needed, an assessment would be made to see if site could be redeveloped. Lots of “ifs”.

C. W-F: Waiting to see the results of resident survey. Any notes from the Conservation Commission meeting on November 15<sup>th</sup>?

T.D.: Con. Comm. Is complete.

C. W-F: Revised version had 25 units at no more than 30% of income; 50 1-bedroom for guarantee for return after construction. Any change at the end of the 15-year agreement to the MOU?

A.C.: Housing Authority can speak on number of units.

C. W-F: Asks Chair McCarthy for leeway in discussion.

Chair McCarthy: Clarifies that discussion is about UCH-TIF. Recognizes Cathy Hoog from Salem Housing Authority (SHA). Asks if at the end of the 15-year agreement, would the developer pay taxes.

Cathy Hoog: At the end of the 15-year TIF agreement, developer is to pay taxes.

Courtney Koslow, Beacon Properties: There is a layering of restrictions. Affordability continues.

C. W-F.: Thank you.

C. Merkl: Do newly designated areas change process for development in general aside from TIF?

A.C.: No changes to development.

C. Merkl: Thank you.

Chair McCarthy recognizes C. Hapworth.

C. Hapworth: Thanks. Chair McCarthy. Asks if 40% of units are set aside for income based rents of 30% or lower

A.C.: Referencing SHA vouchers. Residents must be at 30% of median income or below.

C. Hapworth: That applies to this project?

A.C.: SHA has priorities identified in the plan. Salem resident and Veterans get first preference.

C.H.: Explains layering of numbers/ Currently choose 40% of waitlist at 30% AMI or below.

C. Hapworth: Will there be more residents at 30% or lower after this project?

C.H.: More than likely, yes.

C. Hapworth: 50 units restricted to 121B for only elderly and disabled?

C.H.: SHA agreeing to hold 50 units as “Public Housing” units in perpetuity; always public housing.

C. Hapworth: How long is the waitlist?

C.H.: LFT has a separate project-based voucher waitlist.

C. Hapworth: Who will own the property?

C.H.: MOU states 99-year Ground Lease: SHA owns the land; Beacon owns building.

C. Hapworth: Why focus on AMI?

C.H.: For clarity of language and to protect residents.

C. Hapworth: Thank you for the information.

C.H.: Ensures that residents currently there will be protected and qualify to return.

C. McClain: To the SHA re 99-year Ground Lease term. Who retains ownership of land? Why using “lease” instead of “in perpetuity”? That could open up to another developer to get rid of 50 affordable units and turn them into regular housing units.

Cathy Hoog (C.H.): defers to Courtney Koslow from beacon Properties who states that after 99-year lease, land reverts back to SHA unless they enter into another agreement with a different company.

C. McClain: Is it necessary to include schools and H&H Propeller to strengthen case of commercial area?

A.C.: No intention to redevelop school. Needs to be a mix of commercial use to meet statute.

C. McClain: Term of 15 years seems aggressive rate of forgiveness. No taxes right now; low current assessment. Prorated tax payments during construction. Can term be lowered? What is Salem getting out of this agreement?

A.C.: Defers to Beacon.

Courtney: Explains complexities of TIF.

McClain: Makes suggestion to term in TIF for section D, #4. City has option to turn down if developer isn't complying with agreement. Change wording to “The City ‘shall’ pursue remedy...”

Chair McCarthy: Tom (Daniel), any response?

T.D.: Beacon is comfortable with “Shall”.

C. McClain: Motion to amend language in aforementioned section.

C. W-F.: Seconded

Chair McCarthy: Page 6, section D, #4 “May” to “Shall”

Chair McCarthy: RCV: McClain – Y, Merkl – Y, C. W-F – Y, Hapworth – Y, Chair McCarthy – Y. 5 members voting; 5 affirmative; matter carries. Received two (2) communications (filed with City Clerk's Office); reads letters. One from Richard Stafford of 30 Boardman St, one from Stephen Kapaintis, 23 Wisteria St.

C. W-F.: References a third letter from Judith Reilly of 20 West Ave. #3; reads letter.

Chair McCarthy opens the floor to public comment.

Mayor Neil Harrington, 61 Weatherly Dr.: Do TIFs create jobs? 40B restricts developers' margin of profits?

Teasie Riley-Goggin, 9 Wisteria St.: Asks for clarification of affordability and vouchers. Wants to know who owns property. Is the land surplus?

Gabe Fields (G.F.), United Front Against Displacement: Commenting on disorganization of developers. Against “Gentrification”.

McCarthy: Keep comments specifically to TIF and no attacking anyone.

G.F.: Who is the financing partner; the majority owner?

C. Cohen: Say name and address at podium.

Tia Wheeler from Boston: Grouping land areas together may negatively affect residents at LFT.

Stacia Kraft, 140 Federal St.: Concern for tenants through this process. Concerned that area is in a flood zone. Member of “Not For \$alem”.

C. McCarthy: Keep comments to Financing agreement.

Frank Kulik, 3 Allen St.: Referencing trauma LFT residents may feel TIF may be referencing mor commercial like Highland Avenue rather than Power Plant, which is also under a tax agreement.

Justin Whittier, 10 River St.: Project holds much controversy. No need for multi-unit properties in this area. Couldn't access meeting via phone as he intended. Asks Council to vote against project.

Chair McCarthy: No applause. Dian-in is active.

Joseph Doyle, Lee Fort Terr.: Several changes to plan for development. Asking for all to remain as is. 100% percent of homeowners don't want project. 80% of LFT don't want it.

Flora Tonthat, 30 Northey St.: Supports LFT development.

Chair McCarthy: Asks if has issues with TIF?

F.T.: No issues.

Shannon Bailey, 32 Lee Fort Ter.: Pres. of Lee Fort Terrace Tenants Association. There is a contradicting common theme/ assumption that all LFT residents are old and infirm. Has worked in favor of redevelopment project. Current residents prioritized first if choose to return.

Cindy Jerzlo, 17 Bay View Ave.: Did anyone get at Settlers Way get abutters notice?

Chair McCarthy: Not rezoning. Defining geographic area around development that defines boundary.

Pam Broderick, 28 Federal St.: TIF problematic. "Cart before the horse". More residential area than commercial. It is a good idea to prioritize our public housing, land we already own.

McCarthy: Recognizes League of Women Voters for comment.

Lorelee Stewart, 7 Barnes Rd.: Signed into wrong account. In favor of giving TIF because there is a need for affordable housing.

Chair McCarthy: Please raise hand or dial \*9 to comment.

Sarah Libby, 48 Memorial Dr.: Wants full details of agreement between SHA and Beacon. TIF seems huge when looking at footprint. This case if need to include school to assert commercial zone. Worried about future of area.

Chair McCarthy: No one else to comment online. Asks A.C. to answer questions.

T.D.: TIF does not have a job creation requirement. 40B profit restriction and project complies.

C. W-F.: More about project restriction.

T.D.: 10% per year.

Courtney: Complies with 40B.

Chair McCarthy: Will you adhere?

Courtney: Yes, will adhere.

Chair McCarthy: How long do vouchers last?

Courtney" These are project-based vouchers. If residents move to another home, voucher stays with property. 20 years max, per HUD.

Chair McCarthy: HUD is only 20 years. Asks C.H. who owns LFT.

C.H.: SHA owns LFT. SHA is its own quasi-government. Agency separate from City.

Chair McCarthy: Not in City budget.

C.H.: City is a partner.

Chair McCarthy: Still affordable going forward?

Courtney: Clarifying 50 public housing units; protected. Will stay public housing in perpetuity (30% AMI).

Chair McCarthy: 17-25 public housing units minimum to qualify for State funding. Asks someone to speak to timeline and notification to residents. Must relieve concerns. What outreach?

Cathy Hoog (C.H.): Understands concern. Started several years ago with meetings and memos to notify residents. Will use specialized team to relocate residents.

Chair McCarthy: Cost?

C.H.: No cost to residents.

Chair McCarthy: Agreed upon with residents?

Courtney: Using government funds to relocate residents.

Chair McCarthy: Pay to relocate; and if they choose, pay for them to return?

Courtney: Yes.

C. W-F.: Application process to return? 50 residents have "Right to First Refusal". Is the application process to get their information?

C.H.: Yes; just need to get their information. First refusal to return. New files for new development.

Courtney: Low-income tax credit development. Need this to collect rent from residents.

Chair McCarthy: Asks for clarification if school is included in area.

Courtney: Area must be contiguous. Too small without school as required by DHCD. Only for affordable housing, not for commercial use.

Chair McCarthy: Asking A.C. if typical to include school or park in TIF.

A.C.: Yes; typical. Educational use is considered commercial under State guidelines.

Chair McCarthy: Notification in newspaper?

Courtney: Required to notify by newsprint.

C. McClain: Will creation of TIF have future impact on AMI calculation?

Courtney: No impact. AMI based on Census.

Chair McCarthy: How did you come up with \$41,000 as baseline?

Stephen Cortes (S.C.), Dir. Of Assessing: Overview of Assessing Department duties. Evaluate current conditions of LFT and rent.

Chair McCarthy: Per State guidelines?

S.C.: Yes. Based on income.

Chair McCarthy: City given TIFs for various things over the years, especially if making investment in City or jobs. Usually 5-10 years; this is 15. Investment of housing that is 100% affordable. Asks for explanation of importance of length of agreement. More of a commitment of City regarding 40B.

Courtney: Low-income housing tax credit: DHCD gives funding. Need to see 15 years of stability to maintain affordability.

Chair McCarthy: Why the increase from \$69 Million to \$79 Million?

Courtney: Always getting real-time estimates. Utilities costs have gone up. All-electric building.

Chair McCarthy: Richard Stafford has a question (remote)

Perla Peguero, 30 Boardman St. (Richard Stafford's wife): Will Beacon still be getting market rate for rent?

Chair McCarthy: Spoke with Cathy at SHA and asked how we get rents. State approval of rates. Residents still only paying 30% of their income.

C.H.: Housing assistance payment determined by HUD. Remainder, after rent, paid for by Federal Government.

C. Cohen: Project exceeds expectations for sustainability and resiliency. Universal design and fully accessible to those with disabilities.

C. Prosniewski: Design not attractive; “socialistic”. Doesn’t fit Salem; not old Salem. Other projects very nice and with other communities in mind. Needs to fit Salem.

C. McClain: Any looming timeline or restrictions to consider?

Courtney: Mid-January approval for funding. Having approval now would make it easier to go forward.

C. McClain: Clear confusion in some commentary. Lack of clarity with some parts of proposal especially TIF and MOU. Would have been helpful to have explanations earlier. Not sure where I land on this.

C. W-F: Seconds C. McClain.

C. Merkl: Member of Committee. Appreciate all info and comments. Much of this is really solid; need affordable and accessible housing. Supports TIF.

Chair McCarthy: Status of project?

A.C.: Zoning Board of Appeals passed appeal period.

Chair McCarthy: Status of other commissions, such as Conservation Commission?

T.D.: ZBA passed appeal period, Con. Comm. Still a few days more.

Chair McCarthy: Time is 9:05 P.M.

C. Hapworth: Thanks and support for TIF.

Chair McCarthy: Acknowledges Cindy Jerzylo. According to TIF, calls out parcels as part of park land. Couldn’t leave out school as part of the parcel/ area to be contiguous.

A.C.: Proposed area considered contiguous even if you cross the street.

Chair McCarthy: State considered area contiguous even though it is the width of the street.

A.C.: Correct.

Chair McCarthy: Parks protected. Must be replaced with equal or greater value if approved to be sold as surplus.

A.C.: Correct.

Chair McCarthy: Acknowledges Memorial Park not part of school; by itself as park land. Has its own restrictions.

C. W-F: What is design review status?

A.C.: Went through comprehensive permit. All local permitting through ZBA. ZBA invited Planning to the meeting to comment.

Chair McCarthy: Council Order 656 UCH-TIF Area; Council Order 657 UCH-TIF Agreement as amended.

Motion to refer to full Council or remain in Committee. If in Committee, referred to a Date Certain because it was advertised twice in newspaper. Would have to be in January, 2023.

A.C. Continue with Date Certain would not need new advertisement.

C. Merkl (a member of Committee): Motion to remove from Committee to full Council with no recommendation to give everyone opportunity to vote tomorrow.

Chair McCarthy: Motion: To refer 656 to full Council with no recommendation. No Second. New Motion: To either refer to full Council with no recommendation or continue to Date Certain in January.

C. Hapworth: Happy to recommend to full Council. Happy to also continue under discussion.

Chair McCarthy: Need to be either January 5, 9, 10, or 11. Would still be on Agenda for January 12<sup>th</sup>.

A.C.: Continue public hearing?

Chair McCarthy: Yes. Committee either January 9, 10, or 11. Full Council on January 12. Acknowledges C. McClain.

C. McClain: Motion to continue to Date Certain of January 5, 2023 to see the MOU which clarifies agreement between SHA and Beacon. Want to see list of unit designations. Expiry dates of everything. 6P.M. co-posted with Committee of the Whole. Documents as early as possible.

Chair McCarthy: C. McClain makes a motion to keep hearing open to January 5, 2023, at 6 P.M.

C. W-F: Second

Chair McCarthy: Under discussion.

C. W-F: Should we have specs of costs?

Chair McCarthy: FAQ sheet. Caution it is only TIF and area. Asks A.C. to expand on information.

A.C.: Reaffirm in writing what was stated today?

Chair McCarthy: Yes, as acceptable to State's level in how they interpret UCH areas. Motion: Council Order 656 regarding UCH-TIF by C. McClain refer public hearing to a Date Certain of January 5, 2023 at 6 P.M. Second by C. W-F.

RCV: C. Hapworth – Y, C. McClain – Y, C. Merkl – Y, C. W-F – Y, Chair McCarthy – Y. 5 members voting; 5 affirmatives; zero negative. Matter continues to January 5, 2023, 6 P.M.

Council Order 657 UCH-TIF as amended. C. McClain order to correct "May" to "Shall". Moving 657 to January 5, 2023 at 6 P.M. Moved by C. McClain; seconded by C. W-F.

RCV: C. Hapworth – Y, C. McClain – Y, C. Merkl – Y, C. W-F – Y, Chair McCarthy – Y.

C. W-F: Motion to adjourn.

RCV: C. Hapworth – Y, C. McClain – Y, C. Merkl – Y, C. W-F – Y, Chair McCarthy – Y

On the motion of C. Watson-Felt, Chair McCarthy adjourned the meeting at 9:27 P.M.

---

(Chairperson)