

**Administration & Finance January 5, 2023**  
**Urban Center Housing Tax Increment Financing Program Leaf Fort Terrace**

City council committee on Administration and finance co-posted with the committee of the whole will hold the continuation of a public hearing on January 5th, 2023, at 6 pm to establish the urban center housing tax increment financing program Lee Fort Terrace

**Attendance:**

C. Hepworth, C. Merkel, C. Watson felt, joining us from the committee of the whole we have C. Cohen, C. Varela, C. Dominguez, C. Morsillo, C. Prosniewski

**Chair McClain:** our representatives from Beacon I see our planning director. I believe we will open with a presentation from Amanda Giancola from the planning department committee meeting that the committee had asked for three things from staff to come back with and that's what was identical what was provided in that letter the first item is a written response from the Department of Housing and Community Development. Included as an attachment confirmation that dhcd has reviewed the plan and determined that and that they it meets the program requirements as drafted the area for the tip is included right in the plan so it's on page two and then reference throughout the plan the second item that the committee asked for is a copy of the memorandum of understanding between the Salem housing authority and Beacon Community Services so that was provided and then I try to excerpt out the section that we referred to at the last meeting and that's regarding the 51 bedroom housing units that will be subject to chapter 121 B for the 99-year proudly. The third item that the committee asked for was this top sheet of affordability. that just outlines the units the depth of affordability how it's regulated.

We build documents that require affordability and so that is identified. on page two of the letter and Beacon's going to go over that in more detail. I'm going to hand it over to Beacon to go over a brief presentation and these numbers and if you have any questions or staff Danville will be available for questions excuse me thank you.

**Courtney:**

Good evening, I am Courtney Koslow with Beacon communities here tonight to provide additional information on the Lee Fort Terrace Tiff agreement. Request that we have before you so I'm going to share my screen we have a very condensed version of the larger information packet that we sent you but we felt that it was useful since we're all coming to this conversation with various exposure all of you I know have been involved in and seeing this project but we thought we'd just give a little bit of background that we believe reflects some of the nature of the questions that we had heard thank you.

We're talking about the details of a tax increment financing request but really what we're aiming for is the evolution of Lee Fort Terrace into a new chapter. So not to belabor this but it is 50 units that are obsolete financially and physically and do not have any accessibility or space for the residents to really live there in the way that they need to and in its place. We are proposing here that we will have 124 units 100 affordable deed restricted for 99 years. It is intergenerational, accessible and universally designed we've had a huge focus on sustainability and climate resilience from the beginning this will be a passive house all electric with solar panels on the top. It'll be built with residential units well above the 2070 floodplain levels we have an open space a public open space in the front along Collins Cove at 1.25 Acres. A lot of wonderful amenities in the courtyard for residential use in addition we have a strong number of wonderful amenities within the building for the residents Community Center Fitness Center wellness office, resident service coordinators and this isn't a wonderful location these residents deserve to have access to all that Salem offers. Both as a wonderful City and all the services that are there so just remind us of that, thanks. Then, I also wanted to talk for just a moment on why public Parliament Partnerships and remind us of who we are here, as Beacon, a Boston based mission-driven for-profit affordable housing developer manager and long-term owner. We have a focus on Living Well by Design and that means both the way the buildings operate and the way that the people who live there can Thrive. We have a lot of focus on quality and being long-term owners that is important to us. We have a large presence in Massachusetts as well as in 13 states and have 19 000 apartments that we own and manage. Then public-private Partnerships this is the way that public housing gets redeveloped today the government no longer invests in public housing. New public housing there is a huge backlog and so the Salem housing authority took this initiative to find a way to save and rescue the existing unit. These units here as well as utilize their resources to provide even more affordable housing that is needed for the community. Beacon in this work that we do we have the expertise we have access to low-income housing tax credit investment that the Housing Authority could not do on its own. We can provide large guarantees that are required to do this type of affordable housing development. We know how to stick have compliance long term with income restrictions that are needed to maintain, as well as all the inspections that are required with government subsidized affordable housing. I also want to reiterate that this process with the community has been going on since the fall of 2020, so over two years. Meeting with the residents of Lee Fort Terrace and the tenant association, especially in regular conversation with Shannon Bailey, the president there who has been an amazing advocate for the residents. Making sure this is something they all will be able to enjoy and thrive. Community conversations in person and we've met with 75 individuals of all members of the community had an open space Planning Group. We have had large community meetings, met with local groups as well and then public hearings, there have been eight public hearings between zoning, Conservation Commission not including the several here so that's about 10. time for conversation we've we have made changes as a result over this time, not everything that everybody

has asked for has come about but we have made the building smaller lower size condensed. It switched from mixed income to 100 affordable we've adjusted the architectural designs made it an International intergenerational Development. Then I know people have been concerned to make sure that the residents are being taken care of during this temporary relocation, which we understand is anxiety provoking for people, it does have an impact on their lives, and we are going to do all that. We can minimize that some of which is required by law so the fund that we receive triggers the federal uniform relocation act that require allows the right to return for all residents in the first selection of the units, and there will be no cost of residence that's required by law. We have gone above and beyond that by hiring a relocation specialist to work directly with residents and their rent will be the same 30% of their income as it is now throughout this whole time. We also have major inspections. We have huge maintenance and operation teams that make sure that the affordable housing related inspections go well. And then there are prevailing wages and construction that are triggered by our financing and their design features. Like larger unit sizes that Department of Housing and Community Development is required because previously units at 361 square feet that were allowed were not really livable, so they have different guidelines, which add cost additionally. Leaf art Terrace itself does have added expenses the climate resiliency approaches, and passive house design do add marginal, but a cost to it a publicly accessible open space doesn't have its own financing. We have to make that work here and this extended and prolonged Community process. All of the Architects and consultants that we've had in all those meetings that does add to the costs as well and then a reminder just of what it is here that we are requesting on the left is a chart that object I'll start in the middle um the blue bars the dark blue bars on the bottom where it says 41814 is what the Somerville Salem housing authority would pay today if they pay taxes which they don't that's based on today's assessed value that amount stays throughout this 15-year Tiff term. The gray bar represents what the new value will be of Lee Fort Terrace when it's renovated, newly constructed. We are proposing that over those 15 years the first year 100 of that incremental cost gets exempt so we're only paying that forty-one thousand eight fourteen the first year, and then each year as you see on the left the exemption decreases, and the amount of taxes we pay increases until we're at the full taxes total taxes paid in that time is 2.7- 2.8 million which is 2.8 million more than the city gets today in taxes for Salem. It's an exemption of about three million dollars less so we would have to otherwise have to pay then what that means for the project here. This is our financing stack so at top are the federal low-income housing tax credit investor Equity this is private money that comes in Via, an incentive of tax credits that will be allocated through funding rounds with the state. The chunk of federal and state that you'll see below is most of our financing the 20.1 million is a permanent mortgage before the Tiff so that's all we can afford to be based on the rents and incomes and operating costs that's all we could afford but as you can see doesn't clearly doesn't cover the costs they're local state and federal affordable housing loans and Energy Efficiency rebates. There is a deferred developer fee which is the maximum that we're allowed to defer per IRS rules and then the 3.9 million at the bottom is what we that three million dollars in the Tiff leverages. We are

able to get a larger loan the permanent mortgage will actually increase 21- 20.1 million plus 3.9 is a permanent mortgage we'll be able to get because our operating expenses will be lower and it allows us to take on a larger loan. The 15 years of the Tiff are the low-income housing tax credit investors are part of the deal for 15 years and as a part of that they require that essentially comes down to that that they need to show these that this is consistent over that period of time, in order for us to be competitive to get the equity that that we need and this Tiff has been sized to that minimum amount that they need to see for 15 that 15-year period. Those 50 existing leaf or units the public housing units be protected so we as was mentioned by Amanda have a memorandum of understanding between Beacon and the Salem housing authority to undertake this work and that is written what's here in italics that those that 51 bedroom public housing units for 99 years will remain public housing units and residents will pay no more than they are now essentially. So that is currently in our MOU and it is also stated in the MOU that will become a ground lease is a disposition agreement and that is what keeps the ground owned by the land owned by the housing authority and the development will be owned by Beacon. But this will underlie it for I believe 450 replacement units, so that's repeated here on that top the top of the graph so the public housing replacement units the legal document is a record ground lease and a disposition that will be recorded currently it's mou in addition when we apply and which we're in the process of doing right now. For the tax credits to for the Department of house Housing and Community Development in order to get those, we have to sign and record before we get the funds tax credit regulatory agreement and in that is where we have what we've been describing where no 20 at least 25 units will have incomes of 30 percent of Ami or less and the balance will have incomes at or below 60 percent of Ami or less, so I want to emphasize or less if you're anyone under 60 includes people who make 10 Ami we just have to demonstrate at least 25 well and we know they will because we know most of not all of the 50 at Lee Ford currently are under 30. But those same people are still under 60 so everybody is covered including the 50 replacement units and then on top of that I have my last slide here to talk about the rent subsidies so on top of all of that we the unit rent will be subsidized through Section 8 project-based vouchers. Primarily Section 8 project-based vouchers from the Salem housing authority and a few through the Department of Housing and Community Development so I'm going to refer to those as PBV (project-based vouchers), PBV require income requirements are no more than 50 percent of Ami so effectively all units are 50 or Ami or less so whatever income someone comes to up to 50 or down to nothing will be out if they're otherwise eligible and will be here and this is recorded this documented through a housing assistance payment contract. A hap contract that will have as I've mentioned HUD only allows those to be 20 years but within the document it has a renewable, and that would be our intent so that is what I wanted to share with you thank.

**Questions:**

**Councillor Hapworth:**

Courtney, are you able to just talk through the list and the way that residents are placed on there? I just wanted to just throw the public's information for the council you're talking about the wait list for the project-based vouchers.

**Courtney:**

Yes, so the Salem housing authority has 108 project-based vouchers that they'll be providing here and their administrative plan HUD requires that a project that project-based vouchers be the waitlist be managed by the Salem by the Housing Authority. Who's authorizing that is in the regulations. I could actually pull up the slide if you like but I have a documented towards the back of the larger presentation there's a specific CFR that governs that and it states that the waitlist must be managed by the housing authority and then further that the Housing Authority will have a could have a specific Project based wait list for the project-based voucher so Lee fort will have its own wait list and all of that will be the Salem housing authorities administrative plan for Section 8. Which they exist then has further preferences for a strong local preference a strong very low-income preference so those will govern for those 108 units.

**Councillor Hapworth:** thank you so when we say 60 Ami and 30 Ami. I think it is fair to say these are not units that are hitting the open market, these are units that are going to be filled by the Salem housing authority wait list correct.

**Courtney:** there'll also be those eight other 16 units will have their own little wait lists as well, but the 108 units are through the Salem housing authority

**Councillor Stott:** So, would you summarize the partnership comes in that you have these numbers that you need to hit and meet in order to get your funding to complete the project with Salem housing authority can choose their own numbers and requirements for the units and projects that they want the residents to be in so if you have the 60 is like the ceiling Salem housing authority and Kathy might be able to speak to this better we'll have her own kind of like I don't know what the current requirements are for leave for terrorists and how it ended up as it is now but I'm assuming it was that's more Salem housing authority than Beacon would be involved in is that correct?

**Courtney:** correct, that is one of a few ways in which the partnership exists. But that is a significant one that the house authority's admin plan and wait list will determine which how to prioritize residents you know as like they have local and Kathy you may be able to speak to this, but local preferences and others that will govern here so in that way they have a significant impact on the nature of the residents who are there at the unit. they also have as a ground lease lessee they're a partner in that they own the land and will have obligations to them that we must uphold the things that we are saying that we're doing in the ground lease like those 50 public housing units being maintained that's another way the partnership is held.

**?Kathy:** I just wanted to add to Courtney's comments I would second that that is one of many ways in which we are partnering with Beacon communities through this project for sure and this is one of the areas that gets a little bit convoluted. So, I'll try to explain it as best as I can the project-based vouchers are operated through a different type of program than Lee Fort currently is at the present time. So Lee Fort is a state-funded Housing Development project-based vouchers are a federally funded housing subsidy program. So the Housing Authority would be responsible for overseeing that those project-based vouchers are issued. According to Federal Regulation we'd be responsible for managing the wait list for those project-based vouchers and assuring that people on the wait list are qualified for them and you know offering those qualified applicants to Beacon as units become available and they need to fill them so that would be you know a continued kind of piece of our partnership ongoing for certain.

**Chair McClain:** Thank you, any other questions, from the Committee?

**Councilor Hapworth:** thank you chair McLean just one other thing Courtney, are you able to just talk through someone moving into a unit that was 60 Ami or deed restricted for 60 Ami? How would we determine what they would pay?

**Courtney:** We would our compliance team, both the Housing Authority would do their own income certification. They would also send them on to Beacon who will be managing the property, we will look at that and once we've gone through and certified that the income is in fact what they say it will be set at 30 percent of their income including utilities will be paid for by the landlord here.

**Councillor Hapworth:** Thank you so, no matter what they what they are what they're making the key thing to remember is the 30 Ami or I'm sorry 30 of their income the income that they're paying.

**Courtney:** Correct. The project with the project-based vouchers the subsidy itself covers the difference between that and the fair market rent.

**Councillor Hapworth:** Thank you, yes.

**Councillor McClain:** any other questions or comments from members of the committee?

**Councillor Dominguez:** I want to thank president for a great presentation good information on it I had a couple of questions that I wanted to ask my first question is in regard if you can you elaborate a little bit more in what type of plan you had to inform the assistant residence on how they're going to be replaced, relocated back to the normal place? That's my first question.

**Courtney:** yeah, so we will be starting the process now of actually putting in writing, relocate our resident relocation plan. So, we'll be working as I've said a few times at the housing opportunities on unlimited who specializes in affordable housing relocation because it is governed by a lot of regulations, and we want to make sure to do it correctly. So, we'll be evaluating the available one-bedroom units within the Salem housing authority's portfolio. Kathy will be working with the public housing side of dhcd to hold units vacant in their existing portfolio to start holding Lee Fort or units vacant in their portfolio and then HOU will meet with residents and learn their specific needs to figure out what the best placement is. They'll also likely need to find given how many one bedroom the how few one bedroom's there are in this housing authorities portfolio, will need to find other locations ideally within Salem where we could temporarily move residents to.

**Councillor Dominguez:** Thank you, if I make that means you already have a plan in place and you already started to present it to the tenants, I suspect that it's been done in bilingual as you know there's many Spanish speaker. Tenants at that location which sometimes lack of communications, where you had that in mind.

**Courtney:** absolutely, actually HOU is, has 12 different languages that their employees speak its women owned and run primarily by women who are Latin American and um they so there's a very strong Spanish speaking employee base for that within HOU. In addition to the other languages and we've always been translating all of our heavy interpreters and translations of our meetings in both Spanish and our median because there are Armenian speakers at Lee Fort as well so we've as absolutely a friend of mine to make sure everyone and actually the federal uniform relocation act does require that as well. So, we're very much on top of it.

**Councillor Dominguez:** thank you, I have two more questions. If I made my second question is, there is any preference system that you will put in place for salem and residents not only for the 50 Universe for the entire project? So, and how can we be reassured to the poorly that's in case this has been approved or the prices went through selling residents will have some alleviation in the housing crisis that we have that we saw College internal.

**Courtney:** So, I'm going to pull up again the slide that I had just kind of shown, but not actually spoken through. These are some of the key priorities that the Salem housing authority currently has in their admin plan which will apply to Lee Fort Terrace so the first ones you will see is a local priority for those who live or work in Salem OR are veterans. So those 108 units so that almost all of the units will have a local priority in addition to here just to say again a priority for even lower income. You know 40 rent burdened so that that will be in place for those units

**Councillor Dominguez:** Thank you, my last and final question is at this moment, which might automate you the one that we made that answer me or answer the public these

general question that I want to ask if we put this in a very prospective way why do we need a whole zone change for this project what is the reason why we need a whole song change to implement this? tips that we are talking about here tonight

**Courtney:** could you say that again I couldn't catch one of that?

**Councillor Dominguez:** why do we need a whole new Zone proposal in order for us to go through move forward with this project?

**Courtney:** Sure, and I want to clarify Amanda said this, but I just want to because not everybody was at the UCA urban center housing Tif program is a state program to help afford support affordable housing developments specifically. It allows for a city a town to ex create a plan that identifies an area for which this Tiff can be applied and then if there's a project within that area that has a tip. They'd like to request at the same time we could put as we are today putting our agreement forward the guidelines for UC HF the state program are such, that the Tiff area has to have meet certain designations certain restrictions qualifications commercial is part of it so but it is only for affordable housing. So, we had to create a Zone as it's not I just want to be clear we're not rezoning anything, it's an overlay area that designate with before it is a part of which makes us qualify for this affordable housing tool. Nothing else within that zone actually qualifies for the tool. There's nothing that could be it's just to create a Zone as part of the plan that dhcd agreed, as Amanda said, our area meets the definition of the program area and Lee Fort Harris could therefore put forth this Tiff agreement. So, it does and as Amanda said Just Like H dip the whole city is an actual air H depth which is a mixed income tax increment financing tool the whole city is the area it started small, but it could apply for it if you want and so if in the future yeah, this area is only really able to be for a Lee Fort.

**Councillor McClain:** Thank you yeah do we have any other questions Councillor Cohen

**Councillor Cohen:** Thank you chair McClain. Not being a member of the committee if I could ask a question to you to Kathy Hogue and that would be, I do believe that one of the previous meetings, there was discussion about the value of these types of vouchers that they remain with the property and not follow someone so that it would keep the number at the highest level possible.

**Cathy Hoog:** so, I can answer that if that's okay chair McLean

**Chair McClain:** yes, please.

**Cathy Hoog:** So, we did mention at the last meeting that the way project-based vouchers work is they're attached to a particular development they are not a mobile voucher. The housing Choice voucher is a different type of voucher that can travel with someone really anywhere across the United States, a project-based voucher is assigned

to a specific development so these vouchers will stay with Lee Fort Terrace and that's why they have their own very specific wait list as well. Because they stay with this particular development since payment it's attached to the voucher that goes to the landlord is based on the fair market rent of the area and that's determined on an annual basis by Hud, it's a federal determination based on Fair market rents in the area and Salem is lumped in with the Boston Cambridge Metro area. So annually we would get a determination on what the fair market rents are, that's how the Housing Authority determine the housing assistance payments and the payment standards.

**Chair McClain:** Thank you, Kathy. Any follow-ups Council Cohen

**Councillor Cohen:** No thank you, chair McLean.

**Chair McClain:** Any other questions or comments for members of the council? Okay that being said, I believe we will open up to public comment at this time. We have some members of the public as attendees at home and some members of the public here in the room with us. I think what we'll do is I think we will start on the far-right hand side of the room and kind of work our way around for those who might like to offer comment tonight and I will mix in some of the folks at home who have their hands raised so that they don't have to wait the entire time. I would just like to remind members of the public who are commenting tonight to restrict their comments to the issue that is before us, which is the establishment of this tax increment Zone in Salem and then passing the subsequent financing.

**Mr. Kapantias:** Thanks. I remember attending an affordable housing trust fund meeting in First Alert of this proposal back then it was different. It was 224 units, after that the CD sent out let us to the residents said we're looking at replacing 50 units with 50. So, there was the first miscommunication that we had on this project subsequent to that when they presented the project the first time, they put forth a plan that had 8.2 percent affordability. Then when we called them out on it and challenged them, they said we have to agree to disagree on how you're calculating percentage. So, if you if you think that we're upset part of this comes from then when we come to the council and we ask them, we asked the questions and believe the answers, how can I believe the answers under that precedent that we're going to change the rules of something that was established 2 Years Ago by ancient Romans on how to calculate percentage. So, if you think that we may question some of the things that we hear next we have 50 units there currently three are empty 46 of the 47 families earn less than 30 percent in the 47th can't really be determined because that last range had a range from like 30 000 to 450 000. So, to make the statement that this family's there above 30 percent, I don't know how a developer would know that unless there was personal information shared but, in all sense, we have 50 units we will not we may have 50. We may or may not have 50 is the way this is being presented by them and it's the way the council is speaking, I listen. As I hear one Council will say we need to provide affordable housing at all levels at all levels from 30 percent up to 100 or even from zero percent up to 150 percent of Ami.

Whatever that is. Right? But it can't be at the demise or degradation of current units, we have 50 units we need to maintain the 50. I have councilors that have made statements either in emails or on social media in public meetings. Well, we very well may have more than 50 or they use terms like virtually guaranteed. What is virtually guaranteed? Almost guaranteed what I want what I expect from this Council regarding this is that we get the best in return for the 3 million or the 2.8 million and it will be more read the information that has been submitted they have already said they will need additional money from the city from the state and from the feds. I don't have an issue with additional money, I'm the first guy that said maybe perhaps we should start our own fund and pay for our own affordable housing. Maybe the best deal is we don't give them 2.8 you have to give them 3.8 million and then they've put all of this information

**Chair McClain:** I will take a comment from the land of Zoom I see Pat Kozemba with their hand raised I thought you should be able to talk.

**Pat Kozemba:** Thank you counselor McClain, I appreciate it. Good evening I'm Pat Kazemba, I live at 17 Sutton Ave Salem Willows. I am also co-chair of Safe Salem Alliance for the environment. I want to underscore that since the beginning of this project. So, Alliance for the environment has been a strong supporter, we note with the great joy that this proposed project is one of the most sustainable and resilient projects that will exist in the City of Salem. We congratulate everybody who's been who's been working on this. I want to say also at the outset that seniors low-income and physically challenged folks deserve great places to live and Fort Lee Fort Terrace will be a gym environmentally. I think economically for so many people in our city the project has gone through all of the appropriate City boards and now reaches you asking for support for the tax increment financing. I think I want to say that I support this wholeheartedly using an instrument such as the Tiff to make the economics of a project that is as resilient and environmentally Advanced as this one is just a great Use. I know I believe in the past that tips have been used to support like AJ Kings, tropical products and others and this is the first time that it'll be used for a public housing project in our city. I think this is a fantastic use of that in that financial instrument and I want to encourage the city council or Council to create this instrument in Salem and to go ahead and support it because our neighborhoods deserve great projects like these and I hope that the environmental standards that this project reaches will become a new kind of standard for the City of Salem.

**Chair McClain:** Thank you very much. Who is the next Resident who would like to speak to the right approach the podium name and address for the record

**Shannon Bailey:** Please hi again my name is Shannon Bailey I live at 32 Lee Fort Terrace and I'm president of the local tenant organization there at the Lee Fort Terrace tenants Association. I was here last time, and I spoke very verbally about people believing because we're elderly disabled community that we're a bunch of idiots and don't know what's going on here and we're blind to what's going on. I beg to

differ; I am the youngest living resident there I've been living there since I was 25 years old and that was 21 years ago. So, pretty much I'm a lifelong resident there because I'm severely disabled. I'm going to speak upon the Tiff and the benefits it's going to have, but I do want to make some assurances that I've been in constant contact with Beacon throughout this entire process, not just me but the whole. We've had meetings with them, we've had meetings with residents that have shown up for those meetings and I'd like to refute any claims that Beacon has not tried to reach out to residents at Lee Ford Terrace because they have tried many have come many have not come some showed up with the whole Entourage of people. It was on private property which Salem housing authority is it is not by law a member of the City of Salem from which I verified with Kathy Oak, Myself, the entire Street the whole property is its own entity. I've been working hard for the residents, it is unsafe, just last week our whole street was flooded, you couldn't see the sidewalks. I actually took pictures, if anybody would like to take a look at them later on my car got stuck in the flood zone. It's a severe problem and I don't think anybody's actually taken into consideration that what you don't realize is in 10 to 15 years and this is the projection those 50 units are gone bye-bye. They will no longer be livable if not just by the flooding issues but by the degradation the floors go like this at a slant if I sit in my wheelchair not a wheelchair but you know what I mean a wheeled chair in my office lift my feet up I roll right to the wall and it's not even ma joke. I can show you myself because the foundations are cracking now housing and public housing and the government can't afford to keep up with this. I understand a lot of the residents here are worried about the moving and whatnot, that I'm not going to be alive in 10 to 15 years. I don't care, well what about me what about the future people that are coming in is that fair from my job as the president isn't to listen to one two three four five voices it's what's best for the residents living there. I would not be standing here in favor of that if that wasn't the if I wasn't doing that if I just wanted to listen to everybody who wanted to complain about this project. Then sure, I would do it but that's not my job my job is to protect the rights of my citizens and we now have an attorney her name is Elizabeth Ross. She is at a Boston she has worked with Beacon before and she is getting an mou between us the tenants housing and Beacon so we're in the process of doing that now from which we have a stipulation that Beacon is going to be paying all of legal expenses for it and putting up beyond the scope that if this project fails or if we need future legalization legal help they will cover that as well. To extend that scope so to sit here and say that Beacon is not doing and putting their best foot forward. Now I will tell you we had an invitation to go to Boston to see one of their newly developed projects called Old Colony in Boston, It was beautiful.

**Chair McClain:** Thank you. We're going to hear all members of the public that are here with us tonight and here in the audience, but I do want to urge people to really do their best to stick closely to the issue at hand we're about 15 minutes into our comments and we've heard from three folks that we could be here for quite a while if anybody participating remotely would like to make a comment please raise your hand

**Justin Whittier:** 10 River Street um all right so first I just want to say that echoing Steve Kapantias, here we're putting his heart before the horse we're talking about this financing fondly. Fort Terrace without first deciding whether this whether the uchtiff is even appropriate for this area whether it meets the criteria that are laid out in Massachusetts 760 CMR 58 which as you know I have sent to all the council. In doing so I've given you a number of reasons to believe that this doesn't meet the criteria laid out there, I'll just fight a couple this that this uchtiff is intended for areas quote which are predominantly commercial with higher business or commercial use again an area used primarily for Commerce or for business. A commercial center for the need for multi-unit Residential Properties it also has to Provo to satisfy section 60a number one which is about encouraging increased commercial growth of manufacturing facilities which have been town for not less than two years. Maybe H and H and the power plant a zone. Second as councilor Domingo correctly pointed out tonight what we're doing is creating a Zone, this isn't just about lead Ford Terrace Mass cost low tonight misstated this is not just about Lee Fort Terrace this is a Zone in which each property within that zone would then become eligible for similar treatment. It incentivizes that development and I will also just mention that in Miss Kozlow's presentation she herself said that quote it incentivizes affordable housing development now aside from that on the merits of this particular project I just again I want to agree with Steve Kapantias here that we have yet to hear any guarantees and I want to emphasize guarantees that all current residents will be able to return at a rate they can afford. That is not what we've heard tonight we've heard about project-based vouchers which are administrated by the federal government's which is different from how it's being done now so we don't have certainty there. We need to have certainty I hope you as a council will have certainty before you approve anything like this. It's important that you remember that whether or not you support the Redevelopment of Lee Fort Terrace this usage tip zone is a separate question it encompasses other properties decidedly for Family School the park the power plant in areas of the neighborhood this is much bigger than that and so far, tonight we haven't addressed that at all that's a big problem there are other methods of Finance to help support you know affordable development there are numerous ones and I have yet to hear anyone explore whether or not they have satisfactorily determined that none of those other avenues are available.

**Chair McClain:** further comment in the room tonight please approach the podium just your name and address for the record please

**Susan Kirby:** I live at Morency Manor at 45 Saint Peter Street in Salem. Thank you Morency Manor is part of the Salem housing authority I'm speaking to express my support for the urban center housing tax increment Finance program and tax increment financing that you are voting on this evening.

**Chair McClain:** thank you thank you for your assistance comments anybody participating remotely would like to raise their hands make comment you may do so. I

don't see any comments from the fields we'll move to the next comment in the room please approach the podium

**Stacia craft:** 140 Federal. So, we all agree Salem's a great place to live and we agree that we need more affordable housing, and we also agree that this is located in a flood zone. So, this I think that we just have different ideas about what we next should do my big question has been this is a flood zone we acknowledge why would we add more people to an area that we know is dangerous to live in now and is expected to be dangerous in 10 years. So, the questions that need to be answered are you know how long is this going to be viable?

**Chair McClain:** In the audience and zoom will continue to the next comment in the room we're just moving from right to left so please approach the podium name and address for the record.

**Cassie Hopper:** 3 Allen Street. My question is won't the city need the full taxation for prevention and Remediation of the flooding that's coming and we got a preview of that two weeks ago in Salem Bridge Street this area lee fort Terrace area and others why are we lowering taxes when I think we'll need that money and the other question is Beacon going to pull out of this project if we don't give them this tax break?

**Frank Kulik:** I live on 3 Allen Street, thank you. I'd like to reinforce Justin Woody's concerns about the zone. This is primarily if you dried up near Settler's Way it's primarily a residential area the criteria in order to create this zone is that it'd be a commercial area. It's clearly not a commercial area no matter how you look at it. Creating this Zone opens it up to new development, new development that if you look around the area is not compatible to a primarily residential area. There are concerns about the flood plain and all sorts of concerns. I think it's a real stretch of the English language to read the parameters and requisites for creating one of these zones to think that it's appropriate. for that primarily residential area thank you very much.

**Chair McClain:** thank you I'll remind members of the public participating in Zoom that you can raise your hand if you would like to make comments and in the meantime, we will continue with the commentary in the room.

**Joseph Doyle:** First place there were no meetings, no matter who submitted paperwork. Beacon says we talked to Residents nobody has talked to me. Shannon says she represents the community, she represents about six people. No one seems to want to deal with the truth, the gentleman will talk about Webb Street. The only consideration number one shouldn't be giving millions of dollars to a multi-billion-dollar Corporation out of Delaware in Philly who just opened an office in Boston. The number one consideration should be the 50 human beings that are living there in different degrees of stress that's the number one. and it seems to be the last consideration the gentleman thank you

**Chair McClain:** thank you I'll take a comment from Zoom Ellen Simpson you should be able to unmute.

**Ellen Simpson:** One Geneva Street. So, I'm very happy that we have this opportunity to create more affordable housing and sale in which we desperately need. I want other people to have the opportunity to be here with us in this great small City. Whether they work in one of our many restaurants or retail stores or they're a retiree on a fixed income and or are living with a disability. Each of us has had help in getting to where we are now in life, including all of the people who have spoken tonight. let's bring others along with us by creating opportunities for people who need it this is a beautiful development, and it not incidentally allows for rising sea levels and limits contribution to climate change this is a great opportunity for us to bring others along with us and I look forward to seeing it completed. Thanks so much thank you

**Chair McClain:** Seeing no further hands raised in Zoom or is there anybody else in the room with us who would like to comment? Please state your name and address for the record before you begin speaking.

**Gary Gill:** My name is Gary my middle name is Wayne my last name is Gill, 72 Flint Street. I think it's a beautiful design. I like the fact that it's a higher up for a flood zone. we live in an eight square mile that all of its Wetland it's all been filled in I think that you should take care of the 50 units that are there, they should get first priority.

**Chair McClain:** you tonight thank you.

**Richard Stafford:** I live at 30 Boardman Street here in Salem in the Lee Fort Terrace neighborhood. First this project has received all the necessary approvals from the City of Salem it requires, so that really isn't before the board tonight. What you're being asked to do is act on creating an area with special privileges and then devise a contract that will presume presumably enhance this project. So, the first thought I had been that there are a lot of questions with regard to whether this area will meet the requirements of the Department of Housing and Community Development. I would suggest if the council is confident that it will that it approve it, submit it to the dchd and see what their reaction is going to be rather than taking the next step which will also be submitting the agreement that the city will negotiate with the developer. If council doesn't approve this, is the impact going to be on the investors? what are the investor agreements called for is the impact going to be on the residents and are they going to lose Services? meetings over the last two and a half three years with Beacon Representatives with the board of appeals here in and Salem housing authority as well. At no time did Beacon ever say that it needed a tiff in order to make this project financially workable. My final comment would be that the financing on this is extraordinarily complex from my point of view I don't feel qualified to look at it and say whether or not it's appropriate whether or not it's in the best interest of the residents who are going to be served in the

future. Whether or not the three million dollars that the city is setting aside is going to wind up going to investors or going to the profit margin for Beacon. I'd much rather see those three million dollars that are coming in in tax revenue be set aside for future affordable housing needs that the City of Salem is clearly going to continue to have whether this project is approved or not. Thank you

**Bill Cass:** from 92 Columbus Avenue and I would simply like to follow some of the other or add to the previous comments about the applicability of the zone that they're talking about. Which to me you know in a straightforward reading that just plain doesn't add up it. I'd like to hear an explanation of how they find that that's an appropriate fit. We looked at the mass.gov site in the UCHTIF definition of the you know the requirements, it just plain doesn't fit, don't understand how they even get to this point with it. thank you thank you

**Chair McClain:** I'll remind members of the public participating remotely you can raise your hands and there we go

**Michael Martin:** Thank you for giving me the opportunity to do this via Zoom I have questions regarding the development at Lee Fort Terrace is I'd like to know who tracks down the questions that are being asked here? When will the answers to those questions be made available? and by who? Well, I have is a safety concern now. I live at 144 Bayview Ave Salem. Salem Willows is a peninsula and you're talking about putting a large structure building right at the Bottleneck. For getting folks out of that neighborhood if they needed to evacuate that neighborhood and I'd just like to see you know some kind of study that's been made. What impact that might have safety wise in the bottleneck that's the only way out of the neighborhood. So that's the point I'd like to make, I'd like to know how we get feedback from the questions that are asked and also in regard to the question that I'm asking. Has it been a safety study in regard to the bottlenecks of the neighbors getting out of the neighborhood? Thank you very much

**Chair McClain:** I will follow up on one of Michael's questions for myself and begin asking some of the questions that we've heard repeated here this evening. I think the first one will be for Courtney and it's a question that we've heard several times this evening. It asks about the applicability of the construction of the Zone. I think it would be good to hear that spoken to a number of folks have raised the question of is this appropriate is this going to meet the legal definition of the statute. How can we have those kinds of assurances? How do we know that Salem is entering into an agreement which is going to development.

**Tom Daniel:** The program has requirements and guidelines that need to be met it's administered through the Department of Housing and Community Development in order to come before the council with the proposed plan and the proposed agreement. GHCD needs to vet things before proceeding DHC doesn't want a community to embark on this process only to find out that what they're proposing is something that dhcd cannot

approve or will not approve. So many months ago, the city and Beacon met with the dhcd team that administers this program to talk about the project. Talk about the area that was being proposed as the Zone and distinguish that it's in a geographic area and so through that it was a conversation about you know what's required in terms of the area and the mix of sites. So, the dhcd team has reviewed this, they confirm that the draft of the plan that was submitted meets the program requirements. dhcd has been satisfied that the plan meets the requirements, that's why they said go ahead and proceed with your local approval process. There's been an issue dhcd would say would have not allowed us to advance to the to the council for this process.

**C. Watson-Felt:** comment made by Courtney earlier, not all of the other properties included in the plan, would qualify for further development for affordable housing. Can you speak to why that would be?

**Tom Daniel:** Just speaking about the program and area is defined and then specific projects within that area come before the body for consideration for a specific tax increment financing Agreement. The program allows for you know both the area and an agreement happen through the process contemporaneously, because there's an efficiency there or you know an area can be established and then over time someone can come forward and request to utilize the tool and have a specific tax income and financing agreement. So, I think you know within this area the only project that is being Advanced is the Lee Fort project with a specific agreement. Bentley school you know I think we talked about this last meeting. If in the future the city determined that it no longer needed that facility and if in complying with it's the city's disposition or incident was prioritizing affordable housing, then this would be a tool that future developer could seek to utilize. All those steps would require coming through the process here before you negotiate that specific agreement today.

**C. Watson-Felt:** Some of the areas not qualifying Courtney do you have anything to add

**Courtney:** what I meant was today's current underlying Zoning for and the current uses of each of those areas make it extremely difficult to become anything other than what they are now. Bentley school is a school to dispose of it is an enormous process it is needed as a school now there's no reason not to the city would need to make that decision. If you did then you'd have to change the zoning after that. So, I'm going to have to have a plan and then they would have to come here with the Tiff agreement just because a plan in place doesn't then say everyone else after this in there and that is just given a tiff agreement. They didn't have to come, and you have to decide many steps many years and a whole process that the city would have to decide if that's how you want to use your land. The park is a park, to make it not a park is extremely challenging. Not anything anyone I think would want to do. For housing to be on there, it's highly unlikely and again would come here. You all need to decide that's how you'd prefer to use the land on the other side of Lee Fort Terrace is a collection of underutilized Parcels, some of them are owned by the city. Some could be owned as

unclear who owns it. That land is contaminated, there's a sewer line that runs through it, a high-pressure power line. The only thing that can really happen there is a park, which I think is a great idea.

**Sally Cass:** I live at 92 Columbus Avenue in Salem I'm just well I'd like to ask the council members have any of you actually read the requirements for a uctif agreement have you. Okay, this site does not meet any one of those requirements I read the entire application process, and this site does not meet them.

**Chair McClain:** we are considering the creation of a uctif zone. That's how it's termed can you explain how this differs from sort of the common understanding of Zoning. Does this now create a situation where somebody can come in and do something different by right in terms of developing these properties does it create a condition where somebody can say "oh I'll go to the zoning board and try to get an exemption to build this". That helps clarify the difference of what's going on here. One of the other major points we've talked quite a bit about is this question of eligibility and appropriateness. We're going to renovate this property 50 units which are designated for public housing are going to become unavailable. well as under reconstruction and then the guarantee is that they're going to go back, and a number of people tonight have expressed skepticism about that. These 50 units are not coming back or maybe only 13 units are coming back and how do we know right what is the legally binding instrument that guarantees that these units are going to come back. Can you speak to that point please

**Tom Daniel:** I think Kathy Hogue might be the better person to speak to that because she is party to the deal. You know our role has really been looking at the tool of the uch Tiff. So, rather than misstating something I would defer to Kathy or to Courtney on that.

**Cathy Hoog:** provided the council members with a copy of the memorandum of understanding between the housing authority and Beacon. Part of what is outlined in in the memorandum is that through this process the 50 public housing units will remain public housing units and that folks will have the opportunity to return and pay the same rent that they're paying. Now which is 30% of their income. So that part is covered through our memorandum of understanding we've also kind of outlined in the cut sheet you know the number of years that each layer of subsidy is required, and we've indicated through that cut sheet as well that there is a 99-year ground lease. Folks will essentially be protected for a minimum of 99 years.

**Chair McClain:** So, the memorandum of understanding is this a legally binding document? Sill the execution of the eventual contract between lee Fort Terrace LLC and the City of Salem be determined by the contents of this document?

**Cathy Choog:** yes, it will. In order for us to proceed there will be a number of further documents that need to be signed through closing. We will have a number of legal binding documents in addition to the memorandum. but this is a general guide in how we were to proceed from the beginning. Essentially, kind of outlines the way our relationship will be established going forward, but there will be a number of additional legal binding documents that will also incorporate that language. Thank you

**Chair McClain:** any other questions or comments from members of the Council?

**Mike Martin:** So, after listening to the last comments, residents are guaranteed to get back there for 30 of their pay. But does that ensure that they won't have to pay additional fees that apply to living there? maintenance fees and other things that? Any guarantees and that that they're not going to put additional fees into living at that place other than the rent. Maintenance fees, parking fees?

**Chair McClain:** Question of the inevitable escalation of Crisis right, cost of housing which is likely to rise over time. How the likelihood of the per unit cost rising over time interacts with the availability of project-based vouchers and subsidies and whether those prices will impact the percentage of income that people will have to pay in order to live on this property.

**Cathy Choog:** the way the Federal Regulations govern a project-based voucher program is such that people will only pay a percentage of their income regardless of what the rent is. So, the housing assistance payments that go to the landlord are adjusted based on the fair market rent. Which is determined annually by the federal government however the participants in the project-based voucher program will still only pay 30 percent of their income. As a participant of a program such as this one the participants aren't allowed to be charged, any additional dollars outside the percentage of their income so it's an income-based subsidy and that's essentially what they pay is the percentage of their income which is 30 percent.

**C. Marcelo:** The contract is between Beacon and the Salem housing authority correct? not the City of Salem?

**Cathy Choog:** Correct, the mou is an agreement a legal binding document between the housing authority and Beacon.

**C Merkel:** I'm supportive of the project and the information. This is creating additional affordable housing for us, and I support the Tiff because it's a win-win in my opinion.

**C. Cohen:** I believe that it's incumbent on this committee to vote on this to the January 12th meeting so that we can all weigh in. because I think this is such a transformative positive project that I think it's important that we all have the ability to express our our votes not just the people in this committee.

**Gary Gill:** 72 Flint Street I really loved the project I saw the drawings I saw the renderings I like it.

**C Stott:** thank you. I like that we closed the public hearing

**C. Hapworth:** I seconded 5-0

**Motions:** send a positive recommendation to the full Council to establish the UCH Tiff for Lee Fort Terrace

**Roll Call**

5-5 in the affirmative the matter carries counselor stop motion to adjourn motion to adjourn all those in favor.

Meeting Adjourned