



DANVERS AFFORDABLE HOUSING TRUST

TOWN HALL, DANVERS, MASSACHUSETTS 01923
TELEPHONE (978) 777-0001 FAX (978) 762-0215

Minutes July 22, 2013

Attending: Gardner Trask, Carla King, Don Gates, John Alden, Sally Calhoun, Tish Lentine, Charles Desmond

Staff: Susan Fletcher, Francine Butler

Minutes of June 17, 2013

A motion was made, seconded and unanimously voted to approve the minutes of June 17, 2013 as written.

Housing Production Plan

The Trustees were informed that the contract with LDS Consulting Group was completed with minor amendments that did not affect the scope of the work. The Town does not pay late fees and Marquis requested Veterans be one of the groups highlighted for affordable housing issues. Staff will be meeting with Lynne Sweet in early August. Sweet stated that the public forum will be scheduled after the needs assessment and prior to the meetings with the Planning Board and Board of Selectmen.

The Trustees inquired whether they would be meeting with Sweet at the August meeting and Staff stated she would check with Sweet. She felt Sweet would come to the meeting after the data was analyzed.

Tax Title Property

It was discussed that this is a placeholder on the agenda.

Conifer Commons

The Trustees had been informed that they were going to be moving into the model next week, but it will not happen until the first week of August. The application is going to be forwarded to Staff to be distributed at Town Hall. This is Phase 1 for the first forty-five units which are scheduled to start moving in October. Calhoun inquired if these units were rental, which was confirmed by Staff.

There was an inquiry whether the first Phase was going to be forty-five units or whether the second phase units would also be available. Staff said she would clarify this for the

Trustees. Trask asked that a current list be provided showing what is presently on the subsidized housing inventory (SHI), what units have been produced since the last time the list was updated, and what is in queue. Items should be put on the SHI in a manner that benefits the Town the most. Sweet indicated that this would be advantageous to the Town if the units were timed correctly.

A request was made for a spreadsheet of the units that have been completed, permitted, and targeted based on building permit or occupancy permit. It was noted that Conifer is based upon occupancy and 356 Andover Street, a 40B project, is calculated as of building permit.

Trask stated it would be good to know this information for the production plan. There are small pocket areas, and some are financial in-lieu-of payments rather than actual units that will also be coming on line.

356 Andover Street

Staff reported that that construction is continuing.

26 Mill Street

Staff stated that there was a meeting with Don Preston at the site. They are looking good and are on target for September occupancy. The Eagle Scouts did a project at the site, specifically the brick walkway to the house. One unit still requires the bathroom to be built, but it is coming along. An interior designer is working with the two families that will occupy the home.

24 Cherry Street

The Trustees noted that there was a great deal of progress at the site. It was noted that the cost of creating these two units was extremely high. Much of the additional cost can be attributed to the Danvers Housing Authority, as a state entity, having to adhere to the prevailing wage rate requirements.

Aria at Hathorne Hill

Staff stated that the property has not been conveyed to the new owners, and therefore the funds have not been received. It was confirmed that the funds would come directly to the DHAT.

Alden asked if they were getting a unit from the project being built across from McKinnon's, and Fletcher confirmed this was the case. It is a perfect spot for an affordable housing unit.

55 COOLIDGE ROAD

The Trustees discussed what would be included in their presentation to the Board of Selectmen regarding 55 Coolidge Road. They need to clarify how they were going to acquire the property and what would be done with it once it was acquired.

The proposal to the Selectmen would be that the property would be conveyed to the Trust and the Trust would issue a Request for Proposals (RFP) for the development of the property. Marquis had already presented this to the Selectmen.

Regarding acquisition, the property will be transferred to the Trust for monies that have been expended such as back taxes and expenses associated with stabilizing the property. Trask would like a solid number for the projection of what it would cost to acquire the parcel with recording, transfer fees, etc. to determine what the cost would be to the Trust.

Fletcher stated that they have to follow the bid process. She has the RFP that the Housing Authority used in conjunction with the disposition of 26 Mill Street and that it had been reviewed by attorneys associated with the DHCD funding process.

There was a discussion as to how the concept would work, and it was asked what would be put in the RFP. It could be said that they would like it to go to a non-profit for sweat equity and then turn it over for an affordable housing unit.

The Declaration of Trust allows the Danvers Affordable Housing Trust to own property. There would be a deed from the Town who own the property through tax title and then a deed from the Trust to whoever is selected during the RFP process. There was a question whether the Town could deed directly to another entity to avoid the additional costs incurred through the transfer.

It was decided to pose the question to Town Counsel for the best way to proceed with the conveyance. This should be determined prior to going before the Selectmen.

The Trustees thought this might be an opportunity for Calhoun and Town Counsel to have a discussion. Calhoun offered to come in to speak with Town Counsel, but this is difficult because they do not have specific times for appointments. Fletcher stated she would speak with the appropriate party at Town Hall to try to schedule a time.

Staff informed the Trustees about a discussion she had with Don Preston about how they structure their mortgages. It costs \$125,000 to build their model units. Upon completion, they are worth \$250,000, and a mortgage in the amount of \$125,000 is placed on the property as a "shadow" mortgage. This "shadow" mortgage stays in effect for the length of the mortgage which is typically twenty-five years. He stated that no one has moved from the units they presently have. However, if HOME funds are used to create the housing unit then a 30-year affordability can be realized.

Trask told the Trustees that he wanted to firm up the details of purchase, the process of the conveyance and the requirements for conveyance.

The trust will purchase the property and be owned by the Trust. It would be conveyed to a non-profit that would rehab the property as well as make it an affordable housing unit with a deed restriction for a qualified family. They are looking to minimize the pain and effort of the transfer process.

There was a discussion among the Trustees regarding the concerns of the neighbors about the size of the house that would be on the property. They are looking to have the same square footage of the current home. Should the square footage requirement and the need of a garage be added to the RFP?

There may be a 15% discount for taxes from the Assessor. Trask asked if this discount relief is done at the assessor's discretion or at classification time.

A discussion ensued between the Trustees concerning what was considered comparable living square footage and overall square footage for the property. This is to maximize the options for the future owner of the property and also to reassure the neighbors.

There was a question as to what other non-profit might be interested other than Habitat, and Fletcher said she was not sure. Most non-profits that come to her mind are doing rentals.

Marquis is proposing that the Trust be before the Selectmen at their September 2013 meeting.

Clarification was needed as to how the deed would convey with a restriction.

The Trustees favored having construction that would allow an easy conversion to become a handicap accessible unit. The unit would be built with the proper sizes that could easily be converted to a handicap accessible unit. There was a discussion whether this should be put in the RFP as an option while allowing the ability to remove it. Having it in the RFP does not end the discussion.

It was pointed out that most multi-family, assisted care living facilities and over-55 buildings were being built in this way. It is the same in cost; the difference is the size. This should not be a major factor other than additional funds for a ramp.

Trask stated that the language for the RFP should say, "Easy conversion for handicapped based on the Architectural Access Board requirements, not limited to door sizes, turning radiuses, etc."

An anticipated question from the Board of Selectmen is "why this house and why this lot?" The reply should be that it is an ideal location. It is close to public transportation, close to schools and close to the downtown area. It is also a very family-oriented location.

The Trustees felt that this is ready to be done, especially when considering the current condition of the house currently on the property. There could be the argument, however, that this could be accomplished by selling the lot. This is a great location for a family to live, and because of its location it is very important to the Trust. It is not located on the outskirts of town, and it makes a statement as to why we care about doing this project.

There is a question as to what will affect the property values of the homes nearby. Fletcher stated that she spoke with a property appraiser who said this home would not affect property values.

Since another home in the area was rehabbed for a group home, they should be specific about this property being a single-family home.

The Trustees felt the question would arise as to why the Town doesn't sell the property and reap the profit from the sale. However, the value of the lot would go down after payment of back taxes and clearing the house presently on the site. To anticipate this, they will gather comps of homes in the area and will ask the Assessor to provide comps for land values in the area.

The residents will argue that \$130,000 would be beneficial to go to the coffers of the Town. However, the Town Meeting did vote for the Trust, and acknowledged that there is a social need in the Town. There is a value for our town to encourage affordable housing, and it is a benefit to the community to have it in place. There is a value, and the goal has been recognized by the Town.

The Trustees decided they need a script such as details of the purchase, details of the RFP along with what we are going to require for our Trust.

There was a question whether they wanted to limit the time for conversion. Wording should be in place that a project is completed within a reasonable time period.

They decided to ask that mature landscaping and growth around the home be retained in order to maximize privacy of the neighbors.

Trask asked how close they were to the 10% threshold, and the answer is what is shown on the SHI. They need to show how this one unit would change the threshold due to what they have in the pipeline for upcoming projects.

Was there data on impact? Any analytical data? Any negative data? There is concern that this one project could start the debate whether the Town should be part of affordable housing. The purpose is to increase the supply of rental and ownership housing in the Town as well as develop and maintain a satisfactory proportion of the Town's housing as affordable thereby contributing affordable housing units to the inventory. The Town has already said this is the Trust's goal and they do not want to reopen an argument that has already been decided.

Profitability is a concern, but you cannot do affordable housing without some sort of subsidy or increase in density.

They pointed out that there cannot be local preference for a Town of Danvers recipient. Habitat chooses their families.

Desmond pointed out that economic considerations were considered when the Trust was established. We do not want to be burdened with the economic considerations now.

Selectmen are going to vote on the conveyance only. The information is being provided to give the Selectmen a comfort level as to what we are going to do with the property. The Trust has the ability to decide what to do with the property.

The Trust will be responsible for mowing the lawn and other expenses that go along with the house once it is conveyed to them.

Alden asked how long it would take to get the RFP out once it is approved by the Selectmen. Fletcher responded not very long. She would welcome questions, comments and input from the Trustees.

Lentine and Trask will develop the presentation for the Board of Selectmen.

Financial Report

The Financial Report for June is attached and made a part of these minutes.

The next meeting of the Trust will be Monday, August 26, 2013.

A motion was made, seconded and unanimously voted to adjourn the meeting.

The meeting adjourned at 8:55 p.m.

Respectfully submitted,

Tish Lentine
Clerk