



DANVERS AFFORDABLE HOUSING TRUST

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

Minutes August 20, 2014

Attending: Sally Calhoun, John Alden, Tish Lentine and Stacey Bernson

Staff: Susan Fletcher and Francine Butler

Also Attending: Don Preston

Minutes of July 15, 2014 and August 5, 2014.

A motion was made, seconded and unanimously voted to approve the minutes of July 15, 2014 and August 5, 2014.

Housing Production Plan

Calhoun informed the Board that the Selectmen had endorsed the plan at their meeting. Calhoun thanked Alden for his presentations this summer.

Alden stated that he believes from some of the comments from the Selectmen that people will think that taxpayer's dollars were used to acquire 55 Coolidge Road. Fletcher pointed out that those comments were alluding to the fact that the Town could have gotten more money if the property had been sold as a buildable lot rather than sold to Trust for what was owed in taxes. However increased education of the community would make that distinction clearer.

Alden felt that the public needed to be aware of what the Trust is doing. The Trust needs to do a better job selling what we do.

Lentine said that the real estate market had turned. That lot could have sold for over \$200,000 if it had been six months earlier. The buildable lots presently in Town are for larger, higher-end homes.

Calhoun asked what the next step is now that the Selectmen have endorsed the Housing Production Plan. Fletcher stated that the plan had been sent to the State, and they have a 45-day review period.

Calhoun stated that the expectation is that the State will approve it, and the Town will have a Housing Production Plan in place.

Alden asked if they were done with LDS Consulting. Fletcher stated that once the plan is approved by the State, their contract is done. Fletcher felt that LDS presented a good product.

Updates:

Fletcher stated that she is trying to get units approved to be included on the SHI. Conifer Commons is all set and is in the pipeline. These 90 units will be included when the DHCD issues their next SHI update.

She indicated that she has most of the information needed for the Andover Street condominium project.

Fletcher stated that the Venice Street project has been submitted for approval. She told the Board that the consultant for the Venice Street project had encountered some push back from DHCD but that their application was moving forward.

Lentine asked about the issue with the gas lines in the street for the project at 56-58 Riverview and Alden explained that they needed to increase the size of the main. Calhoun stated that it came as a surprise to the developer. She asked how the Venice Street project was moving along. Fletcher stated that work had begun. She stated that she did not know where they were in their selection process, and this needed to be approved. She indicated that she would check on this.

Calhoun confirmed that the developer was doing both units as affordable. Fletcher confirmed and stated they were each going to have three bedrooms.

Fletcher told the Board that DHCD pointed out that these units were already in a price range to be considered affordable units. They were happy that we were able to negotiate to get two three-bedroom units but they would have been more pleased if a more expensive property had been acquired and then discounted to become affordable to those at or below the 80% median area income.

Calhoun asked if there are other units in Town that are considered affordable and would qualify to be included on the SHI. Fletcher pointed out this can happen only if they put an affordability restriction on their deed. Bernson stated that the restriction ensures long-term affordability.

Calhoun felt that the Trust had learned a lot in the process being exposed to terms, meanings, possibilities, and how it all works. She felt the Trust could be proud of those two units and sees this project as their first step.

Calhoun asked about Cherry Street, and Fletcher said the project had been finalized.

Fletcher said that the Andover Street project is 18 units and wants to get that submitted. The developer at 78 Holten Street is submitting his own paperwork.

Calhoun asked how the Coolidge Street project was going.

Don Preston, from Habitat for Humanity, stated that they had the Danvers Rotary on site for a work day, and the Salem News was there to do a story as well. The walls are up and there is a full basement. Preston showed the Board a picture of the framed building on his computer. He said that the family is excited.

Calhoun asked about the process. Preston stated that they follow DHCD guidelines, and they are constantly adjusting. He said that all the Habitat affiliates have met with DHCD in order to have some consistency. They need to advertise within the community. He told the Board that they had 25-30 applications, and some were not families. They got down to six families that hit the income guideline for a family of four. If the applicant was not within that category, they did not qualify. He indicated that they had a local preference. They selected a family with three children living in Salem in a subsidized apartment. They work in Danvers. Lentine asked how many hours were required for them to work, and Preston stated 400 hours. Preston stated it was exciting for the volunteers on-site to build the home side-by-side with the homeowner. They pair volunteers with skilled workers.

Preston felt the home would be completed by late winter, early spring. It would be enclosed by the end of September. It will be an energy star home. They have hired a tree service to remove trees falling into the yard. They did save a beech tree located on the property. Two neighbors at the rear of the property are taking the chopped wood for firewood.

Calhoun asked what else did the family need to pay other than the 400 hours of sweat equity.

Preston responded that they need to pay closing costs, which is about \$1,200. After that there is a mortgage. He said the purchase price will be \$130,000.00. There is a subsidized cost to Habitat since the cost to build is \$164,000.00. The DHCD said they have to advertise the price range, and they advertised the price of \$130,000.00

Calhoun asked if the homeowners would have a specialized type of mortgage. Preston stated that it was a zero percent interest rate that runs for 25-30 years. There is a deed restriction on the property. Habitat has the right of first refusal. If everything was taken out of the equation and the value of the property was \$400,000.00, they would put on a second mortgage to make up the difference. The goal is that with the deed restriction, it would be taken back and an income-qualified person would move in. He pointed out that this has never happened. There is a shadow mortgage that would bring it up to market rate, based on the financing received.

Preston confirmed that they generate the mortgage with a lender, but the homeowner pays Habitat. The sweat equity and closing costs are their down-payment. They also have to go through classes for home ownership.

Preston said that when they do the screening, they do home visits. The applicant has to have a need. We go over all our rules and what the commitment is. If they agree, their name goes into a lottery.

Bernson stated that the applicant also is required to have good credit, which is tough.

Preston confirmed that credit has become an issue with a lot of families. He said many people were disqualified because of student loans. Families that tend to apply are striving to do better. They are already on track for success.

Calhoun asked what the overall cost of 55 Coolidge, and Preston responded it was the cost to build which was \$164,000.

Calhoun asked what the Trust paid, and Alden said it was just under \$50,000 which was back taxes and funds needed to stabilize the site, as well as legal fees.

Bernson asked what happened to the funds that people pay for the mortgage. Preston stated that the money that they pay in goes right back into creating new housing opportunities for other families..

Calhoun said that she thought the HOME Consortium was going to be providing \$35,000 for funding, and Preston stated that they did not get funds from the competitive pool.

Fletcher stated that the Board had talked about additional funding. The vote at that meeting at the time of that discussion was to agree to an additional commitment of \$20,000, but we would consider \$30,000 depending on other funds.

Calhoun confirmed that Preston did not apply for HOME funds. Fletcher described how the HOME funds worked.

Fletcher stated that the competitive funds are absorbed funds that go out for brick and mortar projects. They usually have \$1.2 million that gets put out for regional projects.

Preston stated that they had received \$15,000 from the Danvers Charitable Bank Foundation. \$20,000 had been received from Wells Fargo and they also provide an additional \$5,000 corporate grant they use for appliances. There is an application to FHLB for \$30,000, and they are excited about Danvers. He believed that Habitat was going to receive those funds.

Fletcher said the Trust presently has \$22,000 in HOME funds.

Bernson asked if there had been HOME funds in this project. Fletcher stated no, and Bernson indicated that these funds would have to have been included from the beginning of the project. Fletcher stated that the funds they contribute would need to come from the Trust's other funds.

Calhoun confirmed that in November, the Trust voted to commit \$20,000 to the project. At that time there was discussion that if the FHLB lent \$30,000, the Trust would consider matching that \$30,000, but we committed \$20,000. She asked Preston if he was asking for an additional \$10,000, and Preston confirmed this.

Alden asked Preston if these additional monies would be enough to complete the project. He asked Preston what would happen if the \$30,000 did not materialize. What if the \$30,000 doesn't come through? Preston said that then they would only get \$20,000 from the Trust.

Alden asked what they would do then, and Preston stated that they have a lot of corporate builds coming up and that they would seek funding from other sources.

Calhoun asked when Habitat would hear from the FHLB, and Preston said October.

Calhoun asked how these monies would come out of the Trust. Alden indicated that they cannot come from the HOME funds. Fletcher stated that the \$20,000 or \$30,000 would come from the Trust's other funds.

Alden pointed out that the Mill Street project yielded two three-bedroom units. They contributed \$50,000 to that project which breaks down to \$8,300 per bedroom. The Venice Street project yielded two three bedroom units. There was no-out-of pocket money, but the Trust waived a \$70,000 fee. This would break down to \$11,600 per bedroom. The Coolidge Street project yielded four bedrooms, and they have contributed \$70,000. An additional \$10,000 contribution would put them at \$80,000, which breaks down to \$20,000 per bedroom.

Preston told the Trust that Habitat takes out the cost of land. You should look at the per-unit cost of production with what you are investing. Land cost will vary depending on the situation. Right now with developers and contractors buying and flipping properties, the cost of a property even in bad shape is going up.

Calhoun asked if you would just look at the cost to build, and Preston stated that the cost of land becomes a separate item.

Calhoun pointed out that the Mill Street project was Housing Authority land. The Trust's contribution might have been a little higher.

Alden said that with the \$30,000 commitment, if the cost of the land was removed, they would be looking at \$7,500 per bedroom, which puts this project at the same level as others.

Preston stated that it is difficult. They are looking at property in Ipswich, and there is a struggle between the Trust, Planning Department and Selectmen. The Selectmen are trying to get as much money as they can for the property while the Ipswich Housing Trust and Planning Department favor giving it to Habitat.

Fletcher pointed out that there needs to be a subsidy in order to produce affordable housing. There has to be some money subsidizing the project in order for the property to be affordable..

Calhoun felt they need to make a decision once they know the amount of money being given to the project. Based on the Trust's vote in November, she thinks that the Trust supports what Habitat has done in this Town. We need to figure out the Trust's financial situation.

Alden stated that that they don't consider the monies from the mortgage coming due as funds coming into the Trust. He confirmed that HOME funds are in the low \$20,000 range. Fletcher

said that most of the HOME funds were used up with the Conifer Commons and Cherry Street project.

Calhoun confirmed that the monthly distribution on the financial spreadsheet was interest earned.

Alden stated that the Trust will not be having a windfall of funds coming in and that the Trust needs to look to expanding the inclusionary zoning in areas other than multifamily developments.

Calhoun asked if the Board wanted to take action. Alden said he was comfortable with giving the additional \$10,000 if Habitat gets the FHLB funds in the amount of \$30,000. He also doesn't have an issue waiting. Calhoun stated that Gates and Trask supported this concept of the match. Calhoun is comfortable reasserting what the Trust said previously. It sounds more certain than in November. She was willing to accept a motion to match the FHLB funds and commit another \$10,000 to the Coolidge Street property. The motion is that they are willing to add another \$10,000 which would be a match to the FHLB application of \$30,000 dependent on Habitat receiving these funds.

A motion was made, seconded and unanimously voted to approve contributing an additional \$10,000 to the project at 55 Coolidge Road if the FHLB application for \$30,000 is successful.

Possible Zoning Initiatives

Alden felt they needed to start their discussion about the downtown overlay district and build up that process.

Fletcher said that she was going to invite Kate Day to come to this meeting, but she was recovering from knee surgery. She is hoping that Day can attend the September meeting. Day will have gone to the Downtown Committee meeting and reviewed what her vision is, and what the process would be like.

Alden said that they will need to do smaller steps. They need to discuss zoning. Subdivisions are going to be few and far between.

Fletcher felt they would either need to lower the number of units, or start dealing with single-family units.

Alden stated that they need to work toward establishing a good working relationship with both the Planning Board and Zoning Board of Appeals. Calhoun felt development projects such as Edmunds Cove and Jones Brothers need to be included in discussions with the Boards on the need for affordable housing.

Fletcher felt that the Trust needed to be more involved with the ZBA. She explained that the ZBA is the decision maker for the granting of findings and variances. What the ZBA likes about variances is that they are in reality instituting zoning by site plan. The application for the use variance shows exactly what the project is going to look like, and if the ZBA is comfortable with

the site plan than they are comfortable issuing the variance. Legally, however, the granting of a variance is to be tied to a hardship with the property not a financial hardship.

Calhoun asked why a use variance would pull a project out from the multifamily affordability provision.

Fletcher explained that Conifer Commons was a commercial zone, and the ZBA approved a variance that allowed 90 affordable units. Danversport Yacht Club was zoned Residential, and they went in for a use variance to create the Yacht Club.

Calhoun stated there is momentum with the downtown overlay. This will give us a chance to work with the Planning Board to see how this would work. The Planning Board was open to us when they went before them. She could see us working with them. One of the Planning Board's tasks is to review the zoning bylaw and go to Town Meeting with proposed changes. They then can turn their focus to the ZBA.

Calhoun wanted to be notified about meetings regarding the overlay district. Fletcher said she would invite her to the next meeting.

New business:

Fletcher passed out handouts to the Board. There is a mortgage on a property to DHAT. The property is being sold under a distressed situation. The property is in disrepair. Corbett is buying it on August 28, and they need a discharge of this mortgage. The note states that the loan can be forgiven or not, so it is up to the Board.

Alden asked why the Trust should sign off and not collect. Fletcher stated this was usually done when it was a short sale. She stated that mortgages done today now have five-year affordability, and it is automatically forgiven. She is still waiting for a response from Marcia Cini's office as to whether the loans can be made to be repaid when the housing unit is sold. Bernson stated that you can say that you want a five year restriction along with a local restriction. With HOME regulations you limit restrictions for the minimum which is five years, but local could be ten years.

Calhoun confirmed that they are selling the property. She felt they should give the discharge upon receipt of the money. Bernson suggested getting a settlement statement to see what the proceeds are.

Calhoun stated that the Promissory Note did not say that the loan is forgiven. It said that it could alter or waive the condition to not have financial hardship.

Fletcher stated that they could make the vote conditional.

Calhoun said that she would give a discharge upon payment of the \$6,500 unless there is a financial hardship.

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

The meeting adjourned at 9:10 p.m.

Tish Lentine
Clerk