



DANVERS AFFORDABLE HOUSING TRUST

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

Minutes September 23, 2013

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

Staff: Susan Fletcher and Francine Butler

Minutes of August 26, 2013

A motion was made and seconded to approve the minutes of August 26, 2013.

King noted that the heading had an incorrect date for the minutes.

A motion was made and seconded to approve the minutes of August 25, 2013 as amended. The motion passed by unanimous vote.

Request for Funding: 24 Cherry Street

This item will be continued to the next meeting.

55 Coolidge Road

Trask congratulated the Board with the success of obtaining Selectmen approval to convey the property located at 55 Coolidge Road to the Danvers Affordable Housing Trust (DAHT). He stated that he and Dan Bennett had been receiving emails from neighbors concerning this matter and felt that some of them may attend this evening's meeting.

Alden suggested moving ahead to other agenda items in case these neighbors were running late to the meeting.

Housing Production Plan Update

Fletcher informed the Board that they had a hard time connecting with people during the summer to conduct interviews. She stated that they have been provided with all the information that was requested and they will be at our next meeting.

Other Tax Title Property

Fletcher informed the Board that this is a placeholder on the Agenda.

Conifer Commons

Trask told the Board that he was invited and will attend a ribbon cutting ceremony on October 10th. Fletcher stated they had a lot of people apply for the housing units and they are in the process of qualifying the applicants. Alden confirmed that they were discussing Phase I, and Fletcher confirmed. Gates stated that the buildings were up for Phase 2, and Fletcher confirmed that construction is going to continue seamlessly.

356 Andover Street

Fletcher informed the Board that they were hitting a wall in selling the units. She felt this may be due to the high purchase price. There was discussion as to the guidelines for the cost of the units, and Trask questioned how those units could be considered affordable.

Fletcher said they sold four of the nine units that were available in Phase 1. Trask asked how the units could be sold at those prices, and Fletcher stated that this is the upper limit allowed by DHCD. She explained how the figure was calculated. She stated that they establish income limits, but they also establish limits to the cost of the housing units.

Gates stated if the interest rates were higher, this problem could be worse. He asked if subsidies are allowed, and Fletcher responded if it is allowed by the bank.

King explained that some Section 8 people pay a significant amount of money toward the rent.

Gates asked whether the agency determines the selling price. Fletcher responded yes, but it is unrealistic to expect that people falling within the income guidelines would be easily able to purchase these properties.

Gates asked whether the DHCD realizes whether these numbers work, and Fletcher responded that they take the numbers from HUD.

Trask stated he would like to see the calculations for the Andover Street pricing. Fletcher stated that they do not do that; they have the HUD DHCD prices.

26 Mill Street

Gardner stated that the ribbon cutting ceremony was yesterday. It was a beautiful celebration and there was a very nice article in the paper. He stated that the second family who were not mentioned in the article were very appreciative. The resident was so emotional it was hard for her to speak. He stated that the homes are lovely inside.

Fletcher stated the units are energy star efficient, and they exceed the stretch code.

Alden stated it is a very energy efficient home, which helps with expenses.

24 Cherry Street

Gates inquired whether construction was coming along. Alden asked if they have a timeline or deadline for completing construction. Trask stated they should try to button up the site to be able to work on the interior during the winter.

One Venice Street

Trask stated that he missed the presentation given by the developer, Dan Martignetti. Martignetti is proposing the property located at One Venice Street as a comparable unit, and stated he felt the Board did not feel it is a comparable solution.

Calhoun stated there was discussion regarding the size and lack of expansion possibilities.

Trask stated that a letter went to the Planning Board for the meeting tomorrow night stating that DAHT did not think the unit a Venice Street was a comparable unit. Trask said this will begin the discussion of what is comparable.

Lentine described the worksheet she had prepared for the Board of available condominium units for sale in Danvers.

Calhoun asked why they went to a two-bedroom unit. She felt the comparable unit should be three-bedroom like the units being built on River Street.

Trask stated that a three-bedroom unit would be more palatable.

Fletcher stated she felt that the developer was not aware he was going to take a financial hit by providing an affordable unit.

King stated that the neighbor to the unit being purchased was told that Martignetti was buying the unit for his daughter.

Calhoun stated that she had assumed from the email correspondence that they were going to accept this unit plus additional funds.

Trask stated that the developer has to provide an affordable unit plus an incremental amount as set forth in the bylaw. He stated that Kate Day had sat with the lawyer and figured out the incremental amount, but that will be dependent on the actual sale price of the unit. Trask felt the unit that was being offered was not comparable, so how do they figure out the delta. He felt Venice would be acceptable if there were additional monies.

King wanted to confirm that the developer could pay the purchase price of \$165,000 and then sell the unit and recoup his money. Trask confirmed that she was correct. Trask said if they had forced an on-site unit, the developer would have to sell a unit worth \$750,000 for \$120,000.

Fletcher stated that the Trust cannot control the purchase price of the unit when he sells it; HUD and DHCD control the price.

Trask asked if he could make money on the unit.

Gates wanted confirmation that there was going to be a cash payment along with the Venice Street unit.

King asked if the Board knew what the Planning Board thought about this.

Gates asked if they had any authority to subsidize the purchase stating that you could provide someone with the down-payment with the monies provided in addition to the unit. Gates stated it could be a grant.

Trask stated that he sees both sides, but according to the bylaw, it should be a comparable unit and money. Trask stated that they would be promoting his unit plus a delta of approximately \$125,000.00, or the developer had the choice to come back with a three-bedroom, two-bath unit with approximately 2,000 square feet.

Gates responded if the Trust could subsidize it, it would get the mortgage amount down so they would be able to afford the condominium fee.

Alden stated that the biggest need is for three bedroom units. He stated that even if the Planning Board follows the Trust's lead, they still need three-bedroom units. Alden stated that he likes the idea of subsidizing with money and grants. They need to focus on three-bedroom units. He felt that they do not want to make a precedent of taking the cash and running.

Trask asked the Board whether or not they felt it was a comparable unit. Should the delta be made up in cash, or should they turn the unit back and tell the developer they want a three-bedroom unit?

Calhoun stated that it is worth trying to do the financials in order to have another affordable unit. She felt they should make it clear in a public setting that we need three-bedrooms. We are not happy with this, but we are willing to take the money for the delta.

Alden stated that the money for the delta could be used for another affordable unit.

Gates asked whether they should insist that major problems be fixed now.

Calhoun felt the Trust should insist on some of this money going into an escrow account for condominium reserves.

Trask asked Alden what the cost would be for a new roof, and Alden replied approximately \$8,000.

Fletcher informed the Board that the inspector said the roof was ten years old.

Alden agreed with Gates regarding the seed money.

Trask stated that the preference is a three-bedroom unit, however they will accept this solution as an option. He stated that they need to know the number considered affordable by HUD.

Calhoun suggested a seed fund of approximately \$6,000.

Alden stated that the developer is trying to complete this transaction as soon as possible because he will not be able to obtain a Certificate of Occupancy for the sale of the first unit.

Lentine asked what the total amount he needed to contribute. She asked if it would be better to have another unit that was a three-bedroom, one-bath unit which is smaller but closer to \$200,000.

Alden stated that he is hung up on the number of bedrooms and square footage.

Calhoun stated that she felt the developer thought there was nothing else he could find.

Trask stated his other option was to provide an on-site unit.

Calhoun felt he may not accept this.

Lentine stated that we need to show the developer how much the difference is.

Calhoun said that the developer backed into the affordability and what the purchase price should be. She felt they were thinking it through from a dollar and cents side rather than an affordable unit side. She is concerned with the fact that it is a two-bedroom unit with small square footage, but felt it could be the perfect location for a family.

Trask stated the preference is for a three-bedroom, two-bath unit with a minimum of 1,500 square feet. However, the Trust would accept Venice with an additional \$6,000 to be put in escrow, plus the delta which the Trust will hold.

Calhoun stated that she would not specify square footage with a minimum of 1,500 square feet.

Trask felt the developer may bag this idea and say he will provide a three-bedroom unit.

Trask asked if they had mentioned what the condominium fees were going to be on River Street.

Trask stated that the developer would have to sell a unit at River Street at a maximum price of \$220,000 which is a bigger loss. He actually owes us a unit on site.

Fletcher stated it is up to the Planning Board to make the decision. We are making a recommendation.

Alden said not to discredit the fact the developer knows all of this.

Fletcher stated she felt the developer thought he was going to turn the unit over to the Town and let the Trust do the due diligence.

Trask stated that he did not trust the developer to do a lottery. He asked if the Trust can hire a consultant, and Fletcher responded yes.

Fletcher said that the Certificate of Action stated he was going to do the LIP.

Lentine informed the Board that when an affordable unit was sold in Beverly, the DHCD assigned someone to work with her to sell the unit.

Fletcher stated she knows consultants that do this.

Trask felt the Planning Board needs to say a third party needs to have a consultant.

Fletcher stated that whether he has a consultant or not, the unit needs to make it to the SHI.

Trask felt that they were asking the developer to apply what is set forth in the zoning bylaw. We are trying to accommodate a solution that will save him \$500,000.

Fletcher replied that nothing may need to be said. The Planning Board may take the lead on this topic.

55 Coolidge Road

Trask stated that emails from neighbors were sent to Dan Bennett and himself. Trask informed the concerned neighbors that they were welcome to attend this evening's meeting.

Fletcher informed the Board that Town Counsel was looking for a closing date in October to convey the property to the Trust.

Calhoun asked whether the Trust writes a check to the Town, or does she have to sign something. Fletcher responded that she would take care of transferring the funds.

The Board reviewed the draft RFP and discussed changes and edits.

Trask asked what was considered the sale price to a family of four, and Fletcher responded that the income varies with the number of people. The price of the house does not.

Trask said that Ethan Forman from the *Salem News* had forwarded an e-mail about someone interested in the lottery. Fletcher recommended that he redirect her to Conifer Commons.

Trask asked if a year was sufficient time to complete the construction.

Fletcher stated that if they end up with Habitat, they do their own financing.

Gates stated that they have the option of extending the construction period.

Alden would like to leave it the way it is and allow them the option to extend if necessary.

Trask asked what happens when the RFP is finalized. Fletcher said it would get out there, and it needs to be published in the Central Register for 30 days.

Calhoun asked what it means to “go out”.

Fletcher stated that the RFP needs to comply with the State’s procurement regulations.

Trask stated that after thirty days they are opened publicly, reviewed and a choice is quickly made. He is willing to have a special meeting to do this. He confirmed that the Board would make this decision.

Calhoun made a motion that the RFP, as amended by the Board, is approved, and we vote to put it out for bid as soon as possible. Gates seconded the motion and it was unanimously voted to approve.

Fletcher stated that she will make the changes.

Trask told the Board if they are asked questions about this project to feel free to refer them to him.

Gates felt that this is going to be an improvement to the neighborhood.

Desmond stated that people will be watching very carefully to see how this is executed, and he felt that they need to look carefully at the people that go into the property.

Calhoun said that this was the Trust's first big project, and they want it to be successful.

Fletcher asked the Board if they want to state in the RFP that there will be a preference to Danvers residents. She stated that the developer would do a lottery, and Habitat does the selection prior to construction.

Fletcher stated that they could add language to the RFP stating that it would be more favorable if the unit was afforded to a Danvers resident.

Trask asked how the preference is done.

Alden pointed out that it was stated at the presentation that it was our children that could not afford to move into town. If we can put it in for one unit, the preference should be given.

Desmond felt the criteria should state that it should be someone that lives or works in Danvers.

Gates responded that it still the developer's decision.

Trask felt if they had a more appropriate applicant, they may override it.

Alden made a motion to add the following language to the RFP, "that a resident, former resident or employee in the Town of Danvers". Gates seconded the motion. The motion passed by a vote of 5 to 1. Calhoun did not agree.

Alden stated it is not exclusivity; it is just a preference. It shows the Town that they are trying to do it because it is a concern that comes up.

Fletcher stated that hopefully the next finance statement will show that the monies from ARIA and mortgage payments have been transferred to the Trust account.

Trask stated the auditor was going to be coming to the town and inquired if it automatically reviews the Trust.

Trask asked Gates if there were properties on the bank's books for foreclosure that they may want to get rid of.

Gates said he was not sure since he deals with commercial loans.

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

The meeting adjourned at 9:10 p.m.

Tish Lentine
Clerk