



DANVERS AFFORDABLE HOUSING TRUST

TOWN HALL, DANVERS, MASSACHUSETTS 01923
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DRAFT Minutes October 28, 2013

Attending: Gardner Trask, Sally Calhoun, John Alden, Don Gates and Carla King

Also Attending: Lynne Sweet and Susan Haber

Staff: Susan Fletcher and Francine Butler

Minutes of September 24, 2013 and October 18, 2013

A motion was made, seconded and unanimously voted to approve the minutes of September 24, 2013 and October 18, 2013.

Request for Funding: 24 Cherry Street

Cindy Dunn, from the Danvers Housing Authority, addressed the Board. She has been involved with the 24 Cherry Street property acquired by the Town via tax taking. The Danvers Housing Authority purchased the property, started getting estimates, and a committee was formed to select an architect and put it out to bid. Dunn stated that they had estimated the construction costs to be in the range of \$600,000, and they raised \$663,000 to renovate this property. The lowest bid on the project was \$825,000. Their initial quote for asbestos removal was not as high originally, but they found additional asbestos under the roof shingles. Since the addition at the back of the house was on boulders, it needed to be removed. She said that they preserved the historical home and rebuilt the 1982 addition. The foundation was in worse shape than anticipated. Dunn told the Board that they could not get into the house for one year because there were legal challenges of ownership. Dunn stated that they are here to seek additional funds. She stated that this is a beautiful project. She stated the property is weather tight; the roof and windows are done. The new addition is framed. She stated that there have been a few change orders. They are now at a cost of approximately \$840,000, which makes them approximately \$170,000 short of funds. They are looking for new partners. Dunn stated that when they started the endeavor, the housing authority had the Cavanaugh development, the Habitat project and the Cherry Street property. The Cavanaugh project went independent because of high costs. She stated that the Water Street property was done with no cost to the housing authority, other than the \$10,000 spent for surveys.

Dunn stated that the housing authority put it out for the cost of \$840,000. It may have been cheaper if it were knocked down and rebuilt, but it is a historic home.

Jim Haskell, a development consultant who has worked with the housing authority since 2010, addressed the Board. He stated his main role was to secure additional funding and facilitate the project through various stages. They initially went out to funding sources and received two allocations: \$163,000 from the former Danvers Housing Assistance Trust (DHAT), \$100,000 from the North Shore Home Consortium and \$140,000 from the Federal Home Loan Bank. He stated that they also secured financing through the Salem Five Cents Savings Bank for a mortgage in the amount of \$265,000. The housing authority also committed funds from their own reserves based on the construction estimate of \$643,000. They received twelve bids on the project, and they went with the lowest bidder. However, the cost is \$150,000 over the original estimate. He stated there was additional work for asbestos, framing and foundation work. There was also the need to shore up the old parts of the house. All these additional costs have left them with a deficit of approximately \$200,000. He told the Board that they have gone back to the Salem Five Cents Savings Bank to increase their mortgage from \$260,000 to \$340,000. They hope it goes through so that they can have an additional \$80,000 for the project.

Dunn told the Board that she would allocate both Section 8 vouchers for the rents, which would allow them to service a higher debt on the project. They are here to see if there is some way the Trust could fund some portion of the gap, so that it does not come from the housing authority's reserves.

Gates asked who made the decision to maintain the historical aspect of the house, and Dunn responded the Preservation Commission. Fletcher said that that the committee preferred it.

Dunn stated that they presented to the Town that they were going to keep the historical character of the house.

Gates inquired the cost of maintaining the historical character to the house, and Dunn responded that she was not sure.

Dunn stated that the cost of the project per unit is higher because of prevailing wage. It may be as much as sixty percent higher.

Lauren Sweet, a consultant with LDS Consulting Group, stated that the construction market had taken off and bidding for jobs is gone. She confirmed that it is always cheaper to build from the ground up.

Alden confirmed that the historic preservation is in the architectural features on the exterior. He stated that the prevailing wage was a killing factor. He told the Board that with a total knockdown for new construction, you do not have wage control. He felt the numbers are not that different as to knockdown and rebuild.

Gates felt this was a lot of money for a two-family home.

Dunn replied that they tried to get three units. They are getting a two-bedroom handicapped-accessible unit and a four bedroom unit which consists of the second and third floor). This was one of the needs they saw in the community.

Haskell stated that they tried to obtain three units, but this would have caused zoning issues. Dunn also added that parking with a three-unit building would have caused parking issues.

Gates asked if the housing authority was going to maintain the property.

Dunn responded that it will become part of their portfolio. She stated that their Section 8 program was going to support the property.

Gates asked if rents would support the increase in the mortgage amount, and Dunn responded yes.

Gates asked if they inspect the property on a periodic basis, and Dunn responded they inspect annually.

Gates asked if they mowed the lawn, and Dunn responded yes.

Alden stated in order for the housing authority's ability to procure the property, their sale to Town Meeting was to preserve the historical aspect of the house. He asked if there were any additional monies out there they could tap.

Trask asked how much of the property was historical.

Dunn responded the windows were historical. The roof-work will go back on, and the staircase and floors were kept.

Trask asked Dunn if this was a historic preservation or a historic look and feel.

Dunn stated the original wood frame of the house is crooked.

Gates asked why they were going to cover the floor if the floor was preserved. Dunn responded they did this so it would not get wrecked.

Fletcher asked what the floor would be covered with, and Dunn responded VCT or laminate. The wood floor, which is beat up, will be underneath.

Gates asked if they were going to have stainless steel appliances and granite countertops.

Dunn responded no, but they would have energy star appliances.

Calhoun stated that the Section 8 vouchers being applied to this property meant that they would collect market level rents.

Dunn explained their Section 8 vouchers. She stated that if you are a landlord with 50% income and have a Section 8 voucher for \$1,200, the housing authority would pay the \$1,200. Her Section 8 program would pay for the Cherry Street property.

Calhoun asked Dunn where the difference between the calculation and housing came from, and Dunn responded HUD.

Calhoun asked whether they will be collecting the HUD funds in addition to the funds paid by the resident.

Dunn stated that the voucher holders will come into their office and income will be re-verified. They will be the landlord.

Gates asked the cost of the four-bedroom unit, and Dunn responded the straight rent is \$1,799.

Fletcher told the Board that presently there was \$163,000 in the Cherry Street property from their Home Funds.

Fletcher stated they are down to \$15,000 in the HOME funds and they are waiting for approximately \$40,000 of additional monies to come from them. She stated that the development on Rose Court on Route 114 is sending people that have qualified to apply under the first-time homebuyers program. She stated that these Home monies should be considered exhausted. She stated that any funds for Cherry Street would come from the Trust's monies.

Trask stated that we gave the Mill Street project \$50,000.

Dunn stated that the Trust entity was not set up when they started the Cherry Street project. The Danvers Housing Authority gave the property to Habitat. She felt they were being a team since the Trust had given money to Habitat.

Trask questioned with her calculation that Cherry Street was four units due to the two Habitat units. Dunn responded that she felt they could have put that property on the open market with an RFP, sold it, and used the money towards this project.

Trask stated that the Town had forgone an amount of profit, because they felt social need was more important. There had been a concern for the drop in affordable units. Trask stated that they have invested \$163,000 from Trust funds. They have been setting a fair precedent that this Board needs to sustain. We have been between \$25,000 and \$40,000 for what we want to put forth for an effort.

Gates confirmed that Dunn was short \$150,000, but if they were able to increase their mortgage amount, they would only be short approximately \$70,000.

Dunn stated that they initially presented at financing a three and two-bedroom unit. The three-bedroom has been changed to a four-bedroom unit.

Gates suggested looking at the shortfall as \$70,000, and asked Dunn where else she would look for funds. He asked her if the Trust was her first stop.

Dunn confirmed that the Trust was the first stop. She stated they were the last stop if they thought they were going to have change orders, and the costs would go up. At bidding, they knew they were going to be short, so now the Trust is the first stop.

Gates asked where else she could go.

Haskell stated that they cannot go to the state since they want bigger units. Their minimum requirement is seven units. The North Shore Home Consortium is a possibility, and there are some foundations they could approach.

Gates suggested another avenue is to use a portion of the funds that the Danvers Housing Authority has.

Haskell agreed. He stated that the Housing Authority knew they were putting in around \$250,000, but now that number is up to \$400,000. They are trying to get the amount back to the amount they were planning on putting into the property.

Calhoun stated that the concern is the high cost for a two-unit building. She felt that the historic preservation was not a huge part of the historical cost

Haskell disagreed and stated that the frame of the building is still historic. The frame needed to be supported in such a way that it met all the modern building code requirements. Steel had to be added as well as shoring the basement to support the frame. Haskell stated that the contractor worked a month just in the basement. Had this property been new construction, that effort would not have happened. This added considerable cost to the bid.

Alden stated that he does between three and four renovations a year, and these costs are code-inflicted costs. It has nothing to do with historic preservation. That is a cosmetic thing. The structurals need to be done.

Calhoun asked confirmation that if the building had been torn down and rebuilt, the cost would not have been that different.

Dunn stated everyone on the project is a big contractor.

Alden stated if the project had been done without prevailing wage, you would have had the project for \$200,000 to \$250,000 less.

Dunn stated he was correct because the original amount was \$660,000.

Calhoun stated that the additional costs have been related to bidding and contractor requirements along with the resolution of the legal issues with an improving economy. None of this was their fault. It was beyond the control of the people involved.

Dunn said that the housing authority did the clearing of the land. They are going to do all the landscaping. They are looking to shave costs and not incur any additional expenses. She told the Trust that they do not have a project manager on site, and the architect is trying to keep her cost minimal. Dunn stated their architectural plans were excellent.

Trask asked the amount of the mortgage being requested, and Dunn responded \$340,000.00

Dunn confirmed that their present mortgage amount is \$260,000. She wants the Trust at the ribbon cutting. She wants the Trust to feel good about this project.

Calhoun stated that they are committed to affordable housing, and pointed out that they went through a proposal to expand a two-bedroom to a three-bedroom because of the need. She felt there is a need for a four-bedroom unit. This is a great location and accessible to downtown and parks.

Gates felt there was no question that this was a great spot.

Haskell explained the handicapped unit will be on the first floor which would allow a family with a child in a wheelchair requiring this type of housing.

Dunn explained that the handicapped unit did increase the cost, but they felt the housing authority only has two units that are handicap-accessible. The grounds to this home are flat.

King asked if the Rand property was handicap-accessible.

Trask asked for a motion on the request.

King abstained from the vote.

Calhoun made a motion to grant \$35,000 for this project, which is half of the need requested should the mortgage amount be raised. Gates seconded the motion.

Trask stated that if this Board had been in place, they would have taken over Cherry Street.

Alden asked what their time constraints were.

Dunn stated they could wait for the \$35,000 at the end of construction which they believe to be the end of February, beginning of March.

Alden stated he could support the \$35,000, but he would prefer a vote stating that Dunn had exhausted other options for raising funds. He felt the Trust's needs were growing, and because they are not up against a wall, they can provide the support in a few months.

Calhoun felt it would help the housing authority seek other funding if they could say that they could come up with \$35,000 of their shortfall. She felt the vote would help the housing authority to obtain the rest of what is needed. She stated that the vote could be for the \$35,000 to be disbursed upon completion.

Alden stated the hidden concern is change orders, which come near the end of construction.

Trask agreed this should be the catalyst for fundraising, and if they found additional money, they make the Trust figure less. He is willing to fill the void up to \$35,000. He wants to encourage others to offer funding.

Calhoun modified the motion to appropriate up to \$35,000 to be paid upon occupancy. Gates seconded the motion. The motion passed with a vote of 4-1. King abstained.

Housing Production Needs Assessment

Lynn Sweet and Susan Haber appeared before the Board to discuss the housing production needs assessment. Sweet stated that she came out of the study impressed with the community. She praised Fletcher stating she was an amazing source of information. She stated that the report was a very long document and suggested to read the executive summary. She suggested that any typographical errors or information found not to be appropriate be e-mailed to her.

Trask stated he had concerns that he would like answered.

Sweet and Haber went over the presentation, and a discussion ensued.

Sweet thanked the Board for their feedback and stated she would address their comments and make the necessary changes. She asked if the next step was to go to the public with a needs assessment before the goals and strategies are written. She asked the Board what they thought about writing the needs and strategies, going out to the public and then going to the selectmen. She stated at the end of the day they need to marry the goals, assessments and the needs of the community into one document.

Alden asked what difference was to change the strategies after the forum.

Sweet responded that they are telling the public where things are.

Trask felt they could go in with a draft to lead to recommendations. He felt they should draft the recommendations based on needs assessment.

Fletcher felt if they went to the public after the goals and objectives were drafted, the public may ask why did the Board bother.

Calhoun stated because the assessment is technical and complicated, it helped lay it out and show how it led them. She stated that the Town voted to create this Trust, and we are here on their request and on their behalf. The Town would expect this recommendation from us, and these are things that we have come up with.

Trask stated the draft could be put on the website for the public to review. He wanted our ideas to be the launching point for the public.

Fletcher asked when this draft might be available.

Sweet said normally action plans have a couple different categories which they need to come up with. They could come back in a month for feedback, or the Board could forward e-mails with their concerns. They will need to come back and have the discussion with the Board.

Trask asked if there were any potential zoning changes.

Fletcher asked that comments about the report be filtered through her. She would then forward them to Sweet. She did not see this public meeting happening until January.

Sweet stated that November and December could be used to get the plan together. The forum could be in January, and then they could go before the selectmen.

Calhoun stated that they could meet with Sweet in late January and have a community meeting in February.

Sweet asked for their comments within the next week.

Trask stated the language for the multi-family affordability provision needed to be firmed up. Trask read draft language for the change that he recommended for affordable units. He felt when one, two and three-bedroom units are in a development, the affordable unit should be a three-bedroom. He wanted a suggestion from this Board to the Planning Board. He is also concerned with the number of bathrooms and bedrooms. He drafted language that he would like to add to state the number of bedrooms should be equal to the larger bedroom unit on the site. He felt that the developer is being given an out. He felt that they need to strike language that said the offsite unit shall be newly created affordable units. He felt that was a handcuff.

The Board pointed out that “newly” created referred to a new affordable unit, not providing a unit that is already considered affordable.

Trask asked the Board if they wanted Fletcher to work on language reflecting they were looking for the highest level of bedrooms on the site.

Fletcher informed the Board that they are going before the Zoning Board of Appeals for the Coolidge Street property on November 18th. She stated she would appreciate it if some Board members could attend.

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

The meeting adjourned at 10:05 p.m.

Tish Lentine
Clerk