



# DANVERS AFFORDABLE HOUSING TRUST

TOWN HALL, DANVERS, MASSACHUSETTS 01923  
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## **Minutes May 18, 2016**

**Danvers Affordable Housing Trust:** Gardner Trask, John Alden, Stacey Bernson, Don Gates and Tish Lentine

**Staff:** Susan Fletcher and Francine Butler

**Also attending:** Attorney Nancy McCann and Ralph Castagna

### **Castagna Real Estate Development LLC & Conifer Hill Executive Condominium Office Park Trust**

Ralph Castagna addressed the Board and said that he has been in business in Newburyport for 25 years, and has been living there for 11 years. He is interested in living in Danvers. He stated that the Conifer Hill Executive Condominium Office Park has a lot of vacancies and he wants to introduce a residential component to the site. He wants to create six units along with another unit that he would want to live in. Castagna said that he has done a lot of work in Danvers. He did the renovations to the Great Oak School and worked with many Danvers employees on projects. He had a lot of interaction with the former Assistant Town Manager, Diane Norris. He renovated the Electric Light Department building. He likes the community, and that is why he invested in Conifer Hill.

Castagna said that he is very involved in the Newburyport community, and he wants to get involved with the Danvers community. He is on various boards in Newburyport.

McCann said that they went before the Zoning Board of Appeals (ZBA) to request a variance to allow residential uses in the Conifer Hill Office Park. This park was built in the 1980's. There are 30 units on the first floor and 30 units on the second floor. These buildings do not have elevator access to the second floor. They have looked at installing elevators, but there is no way to allow elevator access to the second floor. This was not a problem in the 80's, but because of ADA regulations these are hard to market. McCann said she once had her office in this park and would not have rented the second floor. She said that general office vacancy runs at a rate of 15%. Conifer Hill is at a 57% vacancy rate. She said this is bad for everyone at the office park. They are looking at a way to address the high vacancy rate, keep the park well run and make it vibrant. Behind this park is Conifer Commons, which is adjacent to Rand Circle. Introducing a residential component to this park made sense.

McCann said that they initially went to the ZBA requesting all 30 units be eligible for residential units, but they got push-back from the Board. They isolated Building 3 in the middle, adjacent to the retention pond area. They are seeking a variance for seven residential units on the second floor of Building 3. The high vacancy rate is due to the inability to provide handicapped access to the second floor, and this hardship argument is what is being used with the ZBA. The Board seemed receptive to the Use Variance.

Trask spoke about the affordability component. He stated that because our inclusionary zoning only applies in multi-family zoning districts there is no requirement in the variance process for the inclusion of an affordable unit or a cash donation to the Trust. Trask said the Conifer Commons owners are willing to participate financially in a way that is similar to what is required in our multi-family inclusionary zoning. He said that the ZBA favored that direction.

Trask asked if the units would be for rent or sale, and McCann responded that they would be condos.

Alden confirmed that they originally wanted to do 30 units. McCann said they wanted the ability to convert all 30 second floor units to residential. She said they wanted to amend the Master Deed to allow any second floor unit to have the ability to be residential. It became clear that the ZBA would only consider 15-17 units.

Castagna said that some of the push-back was from first floor unit owners. They were less empathetic since they had first floor units. In some of the other buildings, the units are narrower. They are more likely to become rentals and not saleable units. It is a compromise.

Alden asked if they would be one-bedroom units. Castagna said some of them would be. McCann said that the units would run between 900 to 1,100 square feet, and some would be two-bedroom units. All would have only one bathroom.

Alden felt if there were two bedrooms, there could be the potential for children. He asked what the atmosphere was outside in the parking lot.

McCann said that the seven units would not be marketed to families. It would be marketed to professional people that have a live/work situation or they are going to jump on 95 to go to work. The atmosphere at the office park is not going to change. There will be no decks. There will be no exterior change. There will be no play areas or the ability to keep things like barbeques and lawn chairs outside. Alden confirmed that this would be in the rules and regulations of the condominium. McCann said that this would remain an office park.

Castagna said that the ZBA was asking about amenities. He said they researched buildings in Danvers built in the 50's and 60's. All had no outdoor patios, and these units do not look as good as Conifer Hill.

Gates asked if Castagna had 57% vacancy in his 41 units. Castagna said it may be down 10%. A lot of people went from the second floor to the first floor.

Trask said that the current multi-family inclusionary bylaw requirements had a distinction whether it is rental or for sale. For sale units have a graduated rate. Trask asked what they thought the marketing value would be since there was a mix of bedrooms. McCann said they thought they would sell for \$290,000 to \$300,000.

Trask said that if this project was under the inclusionary zoning, the fee would be \$78,000 based on that scale. He said that the Trust's charge is to maintain the 10% threshold of affordable housing. Future development is going to increase the units in town, which does have an impact. Trask said that they support their efforts with affordable housing with minor income sources. They got seed money for the Trust with the Avalon project at the former state hospital site. He said that if they get money from a development, they put it in their funds to promote more housing. They did this on Coolidge Avenue. They purchased the land and gave it to Habitat for Humanity to build a house. The Trust is a facilitator. The Trust was formed so they would not have to go to Town Meeting on various projects. Trask said if they could come to some sort of agreement, they would offer a letter of support. He asked if the Board had any thoughts.

Trask asked Lentine if \$300,000 was a good price for these units. Lentine said that Old Salem Village units with parking and garages were selling for \$300,000. She asked McCann about storage. McCann responded that there was no storage, but there were parking spaces.

Trask asked the Board about their thoughts.

Fletcher said she felt that the ZBA now automatically considers a unit or cash donation for affordable housing. They have bought into the fact that this is something important. A letter of support will be helpful to Castagna.

McCann explained her proposal. If it was assumed that the units would sell for \$300,000, and the office units are selling at \$150,000, the difference is \$150,000. It is going to cost \$50,000 to retrofit these units, which allowed a difference of \$50,000 of profit. They have 7 units @ \$50,000 for a total of \$350,000. They would multiply the \$350,000 by 3.75% (the average percentage in the bylaw) for a total of \$13,125.

Trask said that the bylaw did not speak about the delta of condominiums verses office space. \$78,000 is on the high end, and \$13,000 is on the low end.

McCann said that they have to account for the variance situation. They have a hardship that they are trying to deal with.

Trask said that this is not a legal obligation, and \$78,000 is high. Castagna confirmed that this would be the figure if it were a requirement. Castagna said he is a contractor, not a developer. He asked if someone came into town, developed property and did not want to offer an affordable unit, that person would have to pay \$75,000. This was confirmed.

Alden said that he is thinking the amount of \$25,000 which is the amount the Trust invests in projects to get an affordable unit. He felt this would be his bottom threshold to buy another

bedroom somewhere. He would start at this figure and not go lower. This to maintain their 10% threshold count.

Castagna asked if the Board agreed with this. He spoke about his involvement with many boards and committees in his community. He would like to keep this discussion positive to agree on a number. He said he wished they could have this type of discussion with the ZBA, but ideas can't be tossed back and forth at those meetings. He felt this project is different than a person trying to put an addition on their home. If they don't get the approval for the addition, they can still sleep in that home. What they have is a hardship that concerns him long-term for the future. The people that will be living on the second floor will be younger people. He did not think these units would attract older people. It would be a younger demographic that would not have a lot of visitors. He said that they have 100% agreement within the park. Everyone thinks this would be a good idea.

Trask said that the hardship being described was not the purview of this group. We look at the total number of units being added in Town. For every ten units added, they need to add one affordable unit. He said that in the past, they have been able to donate \$25,000 per bedroom to help someone develop a site.

Bernson felt this was not a good place for an affordable unit, and Alden agreed. Alden said that they work hard to mix affordable units within the community. They try to put them in regular neighborhoods. Not all the affordable units are together.

Bernson felt \$25,000 per unit would be good. Gates felt this was a reasonable figure.

Trask asked the Board what their feelings were for a figure of \$25,000. He said that Castagna is planning on living in one of these units. He wants to come to Danvers. Trask said that he was comfortable with the \$25,000.

Castagna asked how the money is paid. He felt they were going to have young professionals moving in. It does lack some amenities, but they are going to be nice units.

Trask described the process. Fletcher said she would draft a letter from the Board that there is an agreement that is acceptable with the Trust. It can be structured that the payment comes with the sale of the second or third unit.

Castagna offered to make a payment with the sale of the first unit. He suggested making a \$5,000 payment per unit for the first five units. He wants to get this project approved for the community, for the complex and for him personally. He asked for some positive feedback personally.

Trask said a letter would be drafted and signed by him. He asked if another Board member might want to attend the ZBA meeting.

McCann asked if in the letter provided by the Trust, they would include that this Board is comfortable with residential units in this complex. She felt it would be very helpful if the Trust

could say that they looked at the concept and idea and are comfortable that this is a good location.

Gates asked if condo fees would remain the same. Castagna confirmed this.

Castagna said if this project goes better than expected, there would be an extra unit that he would be selling and he would be happy to give an additional \$5,000. Gates said this could be a donation to the Trust.

A motion was made, seconded and unanimously voted that the Trust issue a letter of support to the ZBA that the developer has agreed to make a payment to the DAHT in the amount of \$25,000 to be paid at the sum of \$5,000 per unit upon the sale of the first five units. The Developer is going to donate \$25,000, and the Trust has agreed to support the project and send this letter to the ZBA. The letter will state that this is an appropriate unit in a good location.

### **Minutes of April 20, 2016**

Gates recused himself from voting since he was not present at the last meeting.

A motion was made and seconded to approve the minutes of April 20, 2016. The motion passed by a vote of 4-0.

### **Partnering with Danvers Community Council**

Fletcher told the Board that she received another invoice from the Community Council for \$680.33. These funds were to help a family get a roof over their heads before they could connect with the DTA. These funds paid for the weekend that they lived in a motel, and they have since been placed into a shelter.

Fletcher said that this program is working. The speed with which the funds can be available has helped make a real difference with two families.

### **HOME Program**

Fletcher told the Board that they received an email from Kevin Hurley. The HOME funds have been used for first-time homebuyers for years, but the program has gotten more complicated. In addition, the HOME Consortium does a five-year plan and consistently finds that the highest need is for affordable rentals. Since rentals are what HUD wants, Danvers is the last community that does a first-time homebuyer program. Fletcher pointed out that the Trust could still do a first-time homebuyer program using different funds, and this is what other communities have done. Gates confirmed that this meant using the Trust's money. Fletcher said that they can use the same paperwork that is presently used.

Fletcher said that she spoke with Laura McNeil, the Director of NSCAP, and she told her that Peabody gives their money to NSCAP to use for rental assistance. She told the Board that funds also return to the community when a house that was partially funded with HOME funds when the

house is sold. Right now they have \$50,845, and if they do not encumber these funds by the end of June, it will be scooped up by the HOME Consortium and put into the general pool to use for projects.

Trask asked if the rental housing would be in Danvers. Fletcher responded that it might be, or it might not be. It may be Danvers residents, and it may not be Danvers residents.

Trask asked what the incentive was to drop the first-time homebuyer program, and Fletcher said it did not comply with the five year action plan of the HOME Consortium. The greatest need is for rental housing. Fletcher said that the argument with first-time homebuyers is that if the program was not around, the buyers would still find a way to purchase the home.

Bernson confirmed that a lot of applicants do not need the funds. She said it was a very time-consuming program.

Fletcher said that this program was different in the 1990's. Back then it was a two-page document. Now they want a lot of information, such as an environmental report.

Trask said that being the last community or first community doing the program was not the selling point for him. Trask asked if they opt out, would they still be at the same funding level. Fletcher said yes. Trask asked if this precluded them from doing the first-time homebuyer program themselves. Fletcher said no.

Bernson explained the process. She said that the homeowner's assistance program is the lowest need. The amount of affordable housing is a necessity. First-time homebuyers do not help with housing numbers. Bernson said that HOME funds could be used on the project on Locust Street to subsidize the units. She felt the HUD requirements have gotten absurd.

Trask confirmed that Fletcher and Bernson recommended not doing a first-time homebuyer program.

Alden wanted confirmation that the funds used through the first-time homebuyer program did not help their affordable housing numbers. This was confirmed. Alden said that if they opt out and use the monies differently, all the money would go toward rental. Fletcher confirmed it would be used to create affordable units.

Bernson said that the funds could go towards a Habitat for Humanity project. The focus is creating units, not helping people purchase a unit.

A motion was made, seconded and unanimously voted to opt out of the first-time homebuyer program.

Fletcher wanted the Board to realize that the \$50,845 would go to a regional project if not encumbered by the end of June. Gates asked if they could do anything. Fletcher said that if the Trust partnered with NSCAP, they could use the funds for the four communities they serve.

Gates felt this was a greater opportunity for the funds to come back to Danvers rather than going out to the regional area.

Alden asked if the funds paid to the Community Council could come out of these HOME funds, and Fletcher said no because of all the paperwork.

Trask asked how onerous the paperwork was. Fletcher said that the Community Council would be the ones that would have to do a lot more paperwork. Bernson described how cumbersome it is administratively.

Trask asked if the Danvers Housing Authority did rental assistance. He asked if the funds could go to them instead of NSCAP. The question was whether they would be willing to do the administration for it.

Bernson said that the funds cannot be site specific, but can be used for the Town of Danvers.

Trask said if they were not going to use the funds, he would prefer to give the money to help Danvers. Fletcher said she would speak with Cindy Dunn at the Danvers Housing Authority to see if they have the capacity to run a rental program. She said she would call Kevin Hurley at NSCAP to find out what encumbered means.

Alden asked if Pam Parkinson at the Senior Center dealt with any seniors who asked for rental assistance.

Lentine asked if the rental assistance was first and last month's rent. Bernson said it was first month's rent and last month's rent. They also calculate how much a person can afford at 30% of their income, and they make up the subsidy for the year. She said it gets people into housing until they receive their state vouchers.

### **Community Preservation Act: Town Meeting Update**

Fletcher told the Board that they need to keep in mind that there were a number of people who voted at Town Meeting in favor of the Community Preservation Act (CPA) because they felt it should go on the ballot in November to allow the Town to decide whether to adopt this or not. It should not be assumed that that everyone who voted it forward will be voting for it in November.

### **53 North Belgium Road (Susan Cunningham): Loan Repayment**

Fletcher informed the Board that Susan Cunningham had paid her loan in full. There is only one mortgage remaining from the Danvers Assistance Housing Trust.

### **40B Compliance**

This would be discussed at the next meeting.

## **Financial Report**

Fletcher said that they had met with the Treasurer, Don Gates.

Gates reported that the Trust had \$623,706.39 in the Trust's Massachusetts Municipal Depository Trust (MMDT) Account. The income in the amount of \$60,471.00 has not been deposited since July, 2013. Expenses totaling \$51,855.63 have been paid by the Town. The difference between the revenue and expenses will be added to the Trust fund when the Town gets around to doing this.

Trask informed the Board that the Trust is going to be requested to appear before the Selectmen.

A motion was made, seconded and unanimously voted to accept the financial report.

## **New Business**

There was no new business to discuss.

## **June Meeting Date and Agenda items**

A motion was made, seconded and unanimously voted to schedule the next meeting on June 15, 2016 at 7:00 p.m.

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

The meeting adjourned at 8:50 p.m.

Tish Lentine  
Clerk