



# DANVERS AFFORDABLE HOUSING TRUST

TOWN HALL, DANVERS, MASSACHUSETTS 01923

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## Minutes March 15, 2017

**Danvers Affordable Housing Trust:** Gardner Trask, John Alden, Sally Calhoun, Stacey Bernson, Tish Lentine and Carla King

**Staff:** Susan Fletcher and Francine Butler

**Also Attending:** Anthony Fava and Tammie Fava  
Donald Preston and Michael Landry  
Nancy McCann and John Colantoni

### Minutes of February 15, 2017 and March 2, 2017

A motion was made, seconded and unanimously voted to approve the minutes of February 15, 2017.

A motion was made, seconded and unanimously voted to approve the minutes of March 2, 2017.

### 10 Mill Street: Tony and Tammie Fava

Fletcher informed the Board that the Favas had purchased 10 Mill Street in 2006 through the HOME program. They received a first-time homebuyer's loan in the amount of \$10,000. They needed to rehab the home to bring it up to code. They received a second rehab loan from the HOME program for \$56,089. At this time, the Favas would like to move to a different location and are requesting part or all of the loan to be forgiven or transferred to the new property. Fletcher told the Board that she had forwarded the letter received from Tammie Fava with other suggested alternatives.

Trask asked the amount that remained on the loan. Fletcher said that no payments are required until the house is sold. These funds go back into the HOME funds for the Town of Danvers to use for other projects.

Tammie Fava said that she had pictures of what the house looked like originally. They have turned it into a great home. They now have three children and the home is small, with little storage. Her daughter has sleep issues and is in a little theater room on the first floor. They would like their kids to have their own rooms. They have had instances of flooding, and with the change of flood maps, they are now required to have flood insurance.

Tammie Fava told the Board that they have been looking for a new house for a few years. They can't afford another home if they have to pay back the loan. They would like to sell Mill Street and use the profit to rehab the new house. They want to keep the mortgage the same.

Tony Fava said that the house is in a commercial area. There is no area for the kids to play or ride their bikes.

Lentine asked if the house they were buying was habitable. Tony Fava responded no.

Lentine asked if they were going to carry two mortgages, and Tony Fava responded yes.

Tony Fava asked if the \$66,000 loan given on Mill Street could be forgiven or moved to the property they are buying.

Fletcher said that the HOME funds come through the HOME Consortium. The central office for those HUD funds is in Peabody and she has asked these questions. This loan is to be on your primary residence. Renting the house on Mill Street and transferring the mortgage to the new property is not allowed. Fletcher said that the Peabody office had indicated that they transferred a mortgage to a new property on another project and HUD later made them return the funds. She said that she understood why the Favas thought part or all of the loan could be forgiven with the language in the Promissory Note. This language is to accommodate foreclosures. The only time that the Trust forgave a loan was due to a foreclosure.

Tammie Fava said that they did not want to leave Danvers. She and her husband grew up in Danvers. They have raised their son in the Danvers school system. They do not want to move out of Danvers since her son has only a year and a half to finish high school.

Trask said that the rental option is not attainable because they cannot move the loan. The loan cannot be forgiven since it needs to be repaid to HUD. HUD would then give the money back to the Trust to distribute. They do not have the technical ability to forgive the loan.

Calhoun said that language for forgiveness of the loan is for circumstances of foreclosure. This mortgage would need to be paid off. The Trust does not have discretion in that area.

Tammie Fava thought the money would go back into the Trust.

Fletcher said that the HOME funds are part of a federal program. When the money goes back to HUD, it is then added back to the Trust's account to help other people. Fletcher told Tammie Fava that the Trust use to get around \$83,000 in HOME funds, and they now only receive around \$30,000.

Trask said that it is like HUD owning a checking account that the Trust manages. If they forgave the loan, the Trust would have to pay the HUD account. He said that they have the ability to do other work with these funds. These funds will come back to the Trust when the house is sold.

King felt that the Fava's house would be worth a lot more than what they paid with the amount of work done to the house along the skyrocketing prices of homes.

Tammie Fava explained that they will not be able to afford the mortgage on the new house if they have to pay back the \$66,000 loan to the Trust. They could use this as equity. They are trying to get to where they are presently on their mortgage.

Trask said that there are a lot of "what-if's" in their plans. He said that they were expecting to receive a set amount from the sale and you are hoping for a bridge loan. What if that does not come to fruition?

Tony Fava said that this would be something that would be done before the house on Mill Street was sold.

Trask said that they are in uncharted territory. You came in with a first-time homebuyer program. We are trying to help first-time homebuyers and provide affordable housing. If we took \$66,000 out of our funds, we would not be able to use it for affordable housing.

Calhoun said that they have not done this before. Someone did ask for a reduction in their loan amount and cited that they were currently unemployed and were concerned that the house might be foreclosed on. The requested reduction was denied.

Tammie Fava asked why the loan could not be transferred.

Fletcher told her that the mortgage has to be on their primary residence. Calhoun said that they would not be able to keep the mortgage if you moved out of Mill Street and rented it. There was specific analysis done for the HUD loan on the Mill Street property. The mortgage was granted specifically for Mill Street.

Tammie Fava asked if they could ask for a rehab loan. Fletcher informed her that they did not participate in a rehab program any more.

Tony Fava felt since the rehab program is not there, the forgiveness possibility would be higher.

Fletcher said she read the language on the note. Fletcher said that the Trust was looking at precedence. This was requested one other time. They have said no to a woman that was out of work. She made a lump sum payment and asked for the rest to be forgiven.

Trask said that these funds are earmarked for affordable housing.

Alden confirmed that the HOME funds cannot be used for remodeling and the HOME funds have to go to first-time homebuyers. Fletcher said that they do not have a first-time homebuyer or rehab program. She said that they partnered with Peabody when they had a rehab loan, but this program no longer existed.

Alden asked what was to prevent the Fava's from coming back and applying for money for their new home. Fletcher said that they do not have money. Trask said that they are not first-time homebuyers.

Lentine asked if Mill Street could become a deed restricted unit.

Tammy Fava said that they need to sell Mill Street for the highest price possible. A deed restriction won't work.

Trask said that they are using affordable housing money to purchase a deed restriction. They need to decide if the Trust would want to engage in a deed restriction purchase program for a deed restriction on a house. He told the Favas that when Mill Street is sold, they would still have to pay back the \$66,000. He also explained that this is a 15-year restriction. The deed restriction also limits their profitability.

Fletcher said that a deed restricted home may also limit the amount you would get for a mortgage.

Trask said that the loan do not have a time limit. The house will be sold at some point and they will get the money back then.

Calhoun confirmed that the forgiveness is only for a foreclosure.

Fletcher that was HUD's way to allow the communities to avoid a situation where they are pursuing payment of the loan after their homes were foreclosed. She told the Favas that there was a case of someone coming to the Trust with an economic hardship where she may have lost her home. Trask confirmed that they were not giving current financial relief.

Trask suggested that the Favas speak with Fletcher if they want to deed restrict a house. He said it would be a 15-year deed restriction and the house could not be sold at market rate.

Calhoun said she understood why the language on the Promissory Note made them think that the loan could be forgiven.

Tony Fava said since \$10,000 was first-time homebuyer money and \$56,000 was for rehab purposes, could the \$10,000 be forgiven. Fletcher said that the two loans were combined and they are not separate any more.

### **Habitat for Humanity Rehab Program: Don Preston**

Preston said that Habitat for Humanity not only builds affordable houses but also does one to two day rehab projects. As the one to two-day project evolved, it was realized that people had other issues in their homes, and Habitat created a critical home repair program. Two people from Danvers have applied to Habitat under this program. One is a 61 year old male and the other a 70 year old woman, both with physical issues. The 70 year old woman needs a bathroom, and

the 61 year old male needs electrical work and insulation. Both of these people came in through North Shore Elder Services and are residents of the community.

Preston said that the city of Peabody has participated in this program. Habitat does a home visit and inspect the property. While doing the inspection, they look for other health and safety issues. They prepare an estimate, discuss the project and agree to proceed. The person signs a loan agreement, and there is a 15-year deed restriction.

Preston said that the family have to income qualify. This allows people to stay in their home for a small amount of money. Trask confirmed that the range of work done is around \$10,000. Preston said that they try to stay in that range.

Bernson said that Habitat tries to get as much donated as possible. They have deals with plumbers and electricians. Habitat takes care of everything. Not enough people know about this. She said that the Peabody Council on Aging is aware of the program. They started with \$100,000 to fund this program.

Trask asked if they should notify local churches and food pantries. Fletcher felt that they would tell Community Council.

Bernson said that the Council on Aging likes the program. There has been a learning curve but they are working out the kinks.

Preston said it was part of their mission. There is a need for this. There is a lot of work involved in doing this. Preston said if the case workers don't stay with them through the program, they walk away from the project.

Trask asked if they can pay back the loan. Preston said that they don't offer it because the funds are from the City of Peabody.

Bernson said that there is a deed restriction. It is a depreciating loan that has a zero balance after 15 years. If the property is sold within the 15 years, they do recapture funds.

King felt this helped the elderly.

Trask pointed out that it takes \$10,000 to put on a roof.

Bernson said that they do not cap the resale.

Alden confirmed that one of the people being helped was in a trailer. He thought that the SHI would not allow a trailer. Fletcher said that the people income qualify and there is a deed restriction.

Bernson said that they put a Uniform Commercial Code (UCC) Financing Statement on the trailer where the mobile home becomes the collateral.

Alden said that this is the type of money that would be used with the intent not to collect the money back.

Trask said that based upon creating a deed restricted program, they could use their funds to create a loan with a deed restriction with a depreciating rate. For these funds, we are buying 15 years of protection.

Alden asked Preston if they found that a lot of these people in need are seniors, and he responded yes. Preston said that this is a 'stay in the home' program.

King asked Preston what he was asking for. He said that they would ask for a limited amount of money set aside for this program. If the program is a go and the Trust is happy with the results, additional funding could be approved.

Fletcher told Preston if this program went forward, he should meet with Community Council.

Trask said he would love to talk about setting up a program with the Board. King suggested \$40,000. Calhoun suggested \$50,000. They felt this would cover 4-5 projects.

Trask felt this would serve the immediate need.

Bernson felt it would not take much money to get this program up and running.

Calhoun said that Habitat has this program in place and it has worked well in Peabody. She would make a motion to put aside \$50,000 towards this program, but if too onerous, to let them know. Alden felt they should modify the motion to being a one year trial to determine if they renew that \$50,000 and that it be modeled after the Peabody program.

Trask said he would like to understand the mechanics of the program. What are the mechanics? Fletcher said she would get Trask the paperwork. They could utilize this in other ways themselves.

Bernson said this is easy. Habitat for Humanity helps pay for materials and contractors.

Trask pointed out that there is a 15% general contractor's fee.

A motion was made, seconded and unanimously voted for \$50,000, including the 15% general contractor's fee, to be used for this program with the same constraints that Habitat for Humanity and Peabody has.

Calhoun asked what Habitat called the program, and Preston answered "Critical Repair". Bernson said that the application is called "Brush with Kindness"

## 25 Cherry Street: Update

Attorney Nancy McCann said that she is was surprised to see a letter from the Trust to the Zoning Board of Appeals regarding this project. The house was built around 1820. It has three units, one commercial and two residential. Her clients have the property under agreement. They are proposing to renovate and restore the existing dwelling and change the three units into six residential units. There would be no commercial units.

McCann said that they met with the Preservation Committee to gain permission to demolish the rear two additions to the structure, and they were amenable. They want to restore the building. They are proposing to take down the garages and the first connector portion and put an addition on the back. She described the house to the Board.

She said that the property is commercially zoned, but they are proposing to convert it to a total residential project. She was surprised to see a request for an affordable unit when they are proposing only four units.

Trask asked if the current units were being modified. McCann confirmed this. There was a discussion regarding the renovation of the building. McCann said that the non-conforming aspect of this property were the residential units.

Colantoni asked if they got any credit for keeping the main part of the building. Fletcher said that they had received that with the Historic and Preservation Committees.

Trask said that these four units being added to the housing stock once again makes the Town vulnerable to falling below the required 10% affordable housing requirement by the next census.

McCann said that the letter requested a unit, and that is not possible.

Trask asked if they understood that an affordable unit is not gifting a unit. It was the delta between the affordable rate and the market rate of the sale price.

Bernson asked if it was two residential units and one commercial unit now. McCann confirmed this. Bernson asked if the commercial unit was being converted. McCann said it was being converted to residential.

McCann said that the bylaw requirement for an affordable unit kicks in when you have eight or more units. There is a provision between five and seven units for a donation.

Fletcher said that the Trust uses the Special Permit language for guidance.

Alden said that he would like to see something on the table for six units. The housing stock number will raise by four units.

Trask said that they do not want to hold the developer up or stop the project.

McCann said that they are looking at four new units. Two units are already being counted as two residential units. This project is tight financially. They looked at what has been done in the past, and they have come up with a calculation of \$1,500 per unit.

Trask said that the bylaw reflects a donation of \$10,000 per unit for five to seven units. He would like to see \$10,000 per unit.

Calhoun asked McCann if she meant a contribution of \$6,000 total. McCann confirmed this figure.

Alden felt the calculation should be \$1,500 per bedroom. They have allocated a lot of the Trust's funds based on the number of bedrooms.

Trask asked McCann what the bedroom count was for the four units being developed. McCann responded that it would be eleven units.

Alden felt the contribution should be \$16,000 based on that bedroom count.

Trask explained how he came up with the \$10,000 figure.

Colantoni said that a lot of money is being spent to preserve this house.

McCann asked if the Board had a consensus to what they were asking for.

Calhoun felt that they did not have a right to say that they need money since this project did not fall within the Town's rules regarding affordable housing. It also did not fall within the Special Permit process.

Trask said that the ZBA considers the concerns of the Danvers Affordable Housing Trust. The ZBA has sent other projects to the Trust for discussion.

Fletcher said that this is not in the bylaw, but it does have precedence.

Calhoun asked if they had calculations that were used before. Trask said they negotiated the amount.

Fletcher said that the Trust can ask for something, and the ZBA can condition the approval. Consideration has been that they have requested financial contributions. Conditions to an approval is allowed because the applicant is asking for relief.

McCann said that there is not a variance component with this. They want to alter an existing non-conformity. McCann said that they have not had a letter from this Board with a net of four new units. The bylaw does not apply, and she felt they were on shaky ground.

Calhoun said that the Trust is committed to affordable housing. They do not want to pit our affordable housing goals against development in the Town. They do not want to make it hard for

developers to come to this Town. She is a strong proponent of what needs to be done. She is delighted with the offer of \$6,000 and thinks as a Trust, she would like to accept that gift. Calhoun felt that it was not necessary to do the calculations done on previous projects.

McCann offered \$7,500. Calhoun motion to accept the \$7,500 along with a letter of support for the project.

A motion was made, seconded and voted to accept the \$7,500 contribution. The motion passed by a vote of 5-1. Alden was opposed.

McCann said they would make payments as the units were sold.

Lentine asked what the projected price point would be. McCann said that they do not know what the market is going to do. The cost of renovations will also influence the price.

Colantoni said that the plans for this project has changed five times. A pipe froze and broke. Price points have changed. There are presently three to four units on the market on Cherry Street, and they are not getting the asking price as of yet.

### **Rand Circle**

Fletcher said that McCann had spoken to her regarding a preliminary project on Rand Circle. The developer of Conifer Commons, John Cavanaugh, has met with Cindy Dunn. Real estate has been identified to build up to 100 units. They are not going to have the schematics for a month or two. McCann wants to check with public safety to see how things are going up there.

Fletcher said that they will either be rehabbing Rand Circle or taking down some units and replacing them with new units.

Trask asked what McCann would be looking for from the Trust. If this is on Danvers Housing Authority land, the Trust does not participate.

Fletcher asked what the difference was now, when the Trust was going to partner with Conifer Commons and with the Department of Housing and Community Development. Fletcher suggested that the Board drive by the site.

King excused herself from the meeting.

### **5 Laurine Road: Update**

Fletcher said that the Request for Proposal is out. The Trust officially owns the property. The RFP is being opened on April 7<sup>th</sup>. Trask said he has put it in his calendar to open proposals that have come in.

Trask asked if there was some vetting process when the RFP is opened. Alden said that they have to go through the criteria. Trask asked who did the score card, and Fletcher responded the Trust.

### **Multi Family Inclusionary Zoning Update**

Fletcher said that she will speak with the Chair of the Planning Board. They are tentatively thinking that this will be discussed in April.

Trask asked if they are looking to ask them to change the language, or are they broadening coverage. Fletcher said that they did not ask for broadening coverage. They are looking to change the language.

### **Partnering with Danvers Community Council: Update**

Fletcher said that she was waiting for some back-up materials to make this month's contribution.

### **Town Website Update**

Fletcher said that they were updating the website and asked the Board to forward her any information they would want on the Trust's page.

### **40B Audits**

Fletcher said that she had nothing new to add regarding the 40B audits.

### **Financial Report**

Fletcher said that the only change to the financial report was the interest for the month of February, and the funds used to pay for Laurine Road.

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

### **New Business**

Fletcher had no new business to report.

### **Next Meeting Date**

It was confirmed that the next meeting would be on April 19, 2017.

The meeting adjourned at 9:35 p.m.

Tish Lentine