



DANVERS AFFORDABLE HOUSING TRUST

TOWN HALL, DANVERS, MASSACHUSETTS 01923
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Minutes August 26, 2013

Attending: Sally Calhoun, John Alden, Tish Lentine and Charles Desmond

Staff: Susan Fletcher and Francine Butler

Also Attending: Dan Martignetti and Francine Cecieta

Minutes of July 22, 2013

A motion was made to approve the minutes of July 22, 2013.

Alden questioned the “prevailing wage” language in the minutes 24 Cherry Street. He was concerned this could be misinterpreted by outsiders since no one knew the context of the statement.

Calhoun stated that they could move to accept the minutes as modified.

Fletcher stated they could remove the sentence and change it to read, “the associated cost of the project can be tied to the prevailing wage rate.”

Concerning the Mill Street Habitat project, Fletcher wanted to correct what was said previously stating that the shadow mortgage stays in place for the length of the mortgage. Mill Street will stay affordable for thirty (30) years because it has HOME money. If it were a stand-alone, the mortgage would be for twenty-five (25) years.

A motion was made, seconded and unanimously voted to approve the minutes with the modification to the paragraph regarding Cherry Street stating that the increased cost of the project was due to the need to maintain prevailing wages.

58 River Street

Dan Martignetti described the project stating they were constructing eleven (11) luxury town homes on the property which was the former Riverview Marina. He indicated that they had been working on this project for over three and one-half years, and they had obtained the necessary zoning and planning permits to allow construction. He felt it was a nice improvement to the neighborhood, and he was happy to be working with the Town

of Danvers. He stated that the Town was happy that they had agreed to provide affordable housing with this project. They were required to discuss the plan for providing the unit prior to obtaining the first occupancy permit, and he is here to discuss a property that they have identified located at One Venice Street, Unit 2. The property is a two-bedroom, one full bath condominium located near an elementary school, and he feels this is a good area. He is here tonight to discuss the purchase of the property. He would also like to discuss what the plan will be going forward regarding marketing the property and how long they need to hold title to the property. He is interested in how the Town plans on dealing with the purchase when he owns the home. He told the Board that he was looking to close October 1st and estimates that the house will be under repair for small issues for approximately thirty (30) days. He stated that the house would be ready to be remarketed on November 1st, and he would like to know how it will be marketed.

Lentine inquired the cost of the condominium fee for this unit, and Martignetti replied it was \$175.00.

Fletcher told Martignetti that this Board will give a recommendation to the Planning Board whether this unit is comparable to the project units. The Planning Board makes the final determination if the unit is acceptable.

Fletcher asked the amount of money in the reserves of the condominium, and Martignetti replied there were no reserves.

Lentine confirmed that there were only two units in the building, and Martignetti confirmed stating it was half of a house.

Lentine asked what the condominium fee included, and Martignetti responded it was the master insurance for the building and water and sewer.

Lentine asked if the property was in a flood zone, and Cecieta responded it was not.

Calhoun asked the location of the property, and Lentine described the location.

Alden asked Martignetti what type of betterments were being planned. Martignetti responded that he planned to do minor work at the site such as: work on both bathrooms, work on the deck, small exterior work, a leak in the dining room area from the bathroom above and repair to the window trim. He stated he was still waiting for the inspector's report, but the inspector did not mention anything major when doing the inspection. The appliances are in good working order. The electrical system seems adequate, and the roof and siding are good. Martignetti stated the work was more cosmetic.

Calhoun asked what type of heating the property had, and Martignetti stated it was electric. Calhoun stated electric heat is expensive.

Alden stated that gas is the lowest cost for heat, and electric has never been the lowest. He stated he could probably get information from the electric company as to what the

ratio would be. Since the property is a slab, there is no need to replace the system. Alden stated it could be replaced with a pump system, but this would not make a difference.

Martignetti stated that should there be a problem with the heat, electric heat would be easier to maintain. He stated that replacing a boiler could be costly, and some people are afraid of gas.

Alden asked when the property was built, and Lentine responded 1969.

Alden stated that the roof does not look like the original, but it is at least fifteen years old.

Martignetti responded that the inspector estimated the roof was ten years old.

Alden stated that the general age of the roof lends for some capital expenses in the future because of the age.

Fletcher stated that this is the first off-site unit that has been allowed. The Planning Board did not have to allow an off-site unit, but due to the cost of the units at Riverview, they thought it made sense in this case. She stated they also have to consider a comparable unit. The units at Riverview are going to have three-bedrooms, two and one-half baths.

Alden asked the square footage of the condominium units at Riverview, and Martignetti responded 2,000 square feet.

Alden stated the location of the unit to schools, the downtown and the YMCA are a plus, but the bedroom count concerns him.

Martignetti stated that the agreement was for a two-bedroom unit.

Fletcher stated that was not set forth in the Special Permit. The Special Permit stated that a plan was going to be presented to the Planning Board, but it did not offer details about it being a two-bedroom unit or three-bedroom unit.

Martignetti stated that Dan Casey was before the Planning Board when this affordable housing plan was adopted, and the language stated all housing had to be part of the multi-family complex. Casey argued that in order to get an upscale property developed, it was unreasonable to provide a unit on-site due to the cost. He stated it would be a strain on the developer to give housing on-site. Martignetti stated that they were told a two-bedroom unit would be what was required. He felt this was a good property in a good location. He stated that he has been providing housing for many years and none of his units are this large. Some of his properties house families of five. He felt that this property is what he agreed to.

Fletcher informed him that whatever the Trust recommends would be conveyed to the Planning Board.

Calhoun pointed out Section 30.2.16 of the Bylaws where it sets forth the conditions of approval of the alternate site and under Section 5C it states, "shall contain a minimum of two bedrooms". She understands how people would come up with the two-bedroom requirement.

Calhoun stated that condominium fees would be out of reach for someone having a unit at the marina; however, there is a comparability standard from the bylaws. She felt it was hard to predict how the Planning Board would react to this.

Cecieta stated this was all new, and there were no teeth to it. She asked what the HUD median income for a family of four in order for the unit to be deemed affordable.

Cecieta said that pricing would be based on 70% of income with 30% being used for condominium fees, taxes and insurance. If the price was backed into based on these percentages, \$92,000 was the medium income.

Alden felt they were not basing those percentages on DHCD's income limits for Essex County.

Fletcher said the Mass Housing numbers are much higher than the DHCD numbers.

Cecieta stated that the price needs to be somewhere between \$150,000 and \$175,000 to the new buyer. This does not mean that they need to spend more money and sell it at a loss. She asked who would be watching this process.

Fletcher responded the owner of the property. The developer in her experience does the marketing, advertisement and runs the lottery system.

Alden pointed out that Rose Court needed to be posted and ran lotteries.

Cecieta stated that these are more significant projects.

Fletcher agreed, but the developer does the marketing and this is what the DHCD requires.

Alden pointed out that the unit is not turned over to the Trust; they are the governing factor.

Lentine noted her experience with the DHCD in Beverly where a developer had come to her to market a unit on Federal Street when it was ready to sell.

Cecieta stated that Town of Wenham did everything on a unit sold in Wenham.

Fletcher thought that was unusual.

Lentine stated there was another unit at the Edwards School in Beverly that was handled by the developer and brought to them when they had a buyer.

Martignetti stated the off-site unit was not the end of the affordable commitment. They still had fractional payments based on the sale price for units seven through eleven.

Fletcher stated that they had estimated the amount to be \$65,000.00.

Calhoun asked if there was flooding in the area, and Martignetti responded they were in the 100 year flood plain. He felt that the way the condominiums were constructed, they would be exempt from flood insurance.

Fletcher pointed out that if the property is at or above the 100 year flood level elevation than flood insurance would not be necessary.

Calhoun asked if they had a date that they were going to be going before the Planning Board.

Martignetti stated the property at Venice Street is under agreement, and in order to continue they would like to get an answer quickly.

Alden stated that they just offer a recommendation; the Planning Board makes the final decision. Alden stated that the Chair of the Trust is missing, and he felt Trask would need to be brought up to speed.

Martignetti stated that properties are selling quickly and felt they need to act swiftly since it becomes costly.

Fletcher stated that it might be helpful to talk to the Planning Board to see what they are requiring for parameters to see if this is an acceptable unit.

Martignetti responded that there are a lot of components that go into buying a home, and looking for the perfect property could take years. He felt the success of this requirement was to solve this quickly. He felt the house provided is acceptable. The fractional percentage is set forth in the bylaws, but the affordable housing unit is vague.

Fletcher stated the Planning Board may have thought this was an upscale development and gave thought to allowing the affordable unit to be off-site instead of taking one of the units in the development. The Planning Board allowed them to sell the units at market rate and provide something comparable off-site.

Martignetti stated the intention was not to supply the unit on-site, and they were allowed to find an off-site unit.

Fletcher pointed out that this was an allowance to him by the Planning Board, it was not a requirement.

Cecieta pointed out that this was the first off-site unit for the Trust, for the Planning Board, and for the developer.

Martignetti stated he was looking to the Trust for a recommendation for this unit. He felt there was the need to look at the bottom line and felt this was a good property.

Lentine asked how far along they were in the process with the bank.

Cecieta stated it was a short sale, so time was of the essence. She stated that in the process of purchasing this unit, a few buyers have fallen out. The time clock is marching. They have an acceptable appraisal.

Fletcher advised them to go before the Planning Board to get the parameters.

Alden felt that they met the minimum requirement of the zoning bylaw, but felt it fell short as a comparable unit. He liked the location and proximity to amenities; however, he would prefer a three-bedroom unit.

Cecieta stated that there were no three-bedroom condominium units in an affordable price range. The condominium fees at other condominium developments would be \$350 to \$400 per month.

Lentine agreed that a majority of the condominium units are two-bedrooms or have a loft that could be considered a third bedroom. This could meet a lot of the criteria.

Cecieta stated Martignetti had taken this long to get to this point in the development; however, they are not ready to sell. He has to have the off-site unit approved before the first occupancy unit can be obtained, and this is why the process needs to move along.

Calhoun stated they could provide the Planning Board with their recommendation before the meeting on September 10th and felt this would not cause any type of timing snag. She pointed out that three members of the Board were missing, but they could easily consult with one another and issue a recommendation to the Planning Board in advance of the September 10th meeting.

Martignetti felt they should communicate with the Planning Board as soon as possible.

Alden stated they needed to communicate with Trask and does not want to be swayed with Martignetti's concern with scheduling.

Fletcher told Martignetti that he had been encouraged to come back before the Boards early to discuss the off-site unit.

Alden stated he was concerned with the square footage of the unit more than the number of bedrooms. The unit will never be able to be made into a three-bedroom unit.

Calhoun stated they were being presented with a unit containing 953 square feet when the units at the development are over 2,000 square feet. She understood how it would be difficult to find a 2,000 square foot unit and back it up to the price.

Alden stated Martignetti may have to take a hit.

Fletcher pointed out that the Planning Board could have required that the affordable unit be located on-site and if that had been the decision than Martignetti would have lost the total value between what the unit would have sold for at market rate and what it would be required to be sold as for an affordable unit.

Alden pointed out if Martignetti had to do one of the eleven units on-site, he would have to sell it for under \$200,000, thereby taking a \$500,000 hit.

Lentine responded that the concern should not be what he is going to sell it for; he has to provide an affordable unit. She pointed out that units on Burley Street in Wenham selling in the \$400,000 to \$500,000 price range had to sell the affordable housing unit for \$175,000.

Desmond felt he was providing the minimum required by the By-Law and was not ready to offer overwhelming support with what was being presented.

Alden felt it was a perfect location and if it was both sides of the unit, they could provide more bedrooms. There is no way to add another bedroom to the unit being presented by Martignetti.

Fletcher told the Board that they are establishing a precedent. She felt if Martignetti is creating and selling three-bedroom units, it should be comparable that he provide a three-bedroom unit.

Calhoun stated that they could provide the recommendation to the Planning Board that they were concerned with the size of the unit as well as it only being a two-bedroom unit, but were happy with the location, proximity to the downtown, parks, etc.

Fletcher responded that they needed to provide a final recommendation of yes or no.

Alden stated he had no problem making a motion and taking a vote, but he also does not have a problem waiting to talk to other members.

Calhoun felt Martignetti missed too much of the criteria.

Alden felt it was better for him to look for a unit for \$375,000 and sell it for \$175,000.

Desmond pointed out that Martignetti does not lose if he buys this house on his own and resells it. He will sell the unit and make money or get us to approve this unit. Desmond felt he was trying to leverage the Board that this is the best unit he can provide.

Lentine pointed out that other similar units have sold for \$180,000. Martignetti could flip the unit and make money.

Alden stated the property needed to be freshened up and updated.

Lentine asked if the unit could be bumped out, and Alden said they would have to see how the unit was developed.

Fletcher said there is a consensus among the Board and will do a draft.

Calhoun read aloud the content of Trask's e-mail.

Calhoun stated that they could make a motion recommending to the Planning Board that although this off-site location is in a good neighborhood with amenities positive for a family, we do not find it to be comparable with the square footage and bedrooms being developed. Our recommendation would be to not consider this a comparable off-site unit as called for in the Special Permit.

Alden seconded the motion. The motion passed by unanimous vote.

Trask entered the meeting at 8:20 p.m.

Calhoun informed Trask what had transpired prior to his arrival.

Alden felt Martignetti was trying to leverage his concern for timing against the Board.

Trask pointed out the saying, "A lack of planning on your part does not constitute an emergency on my part."

Calhoun told Trask that they recommended that Martignetti go to the Planning Board to discuss the suitability of the unit.

Trask felt if Martignetti offered both sides of the duplex it would be acceptable, but the unit being presented has lesser bedrooms, square footage and bathrooms.

Calhoun said that Martignetti "offered" the unit to the Board.

Alden pointed out that Martignetti knew this unit would be a lesser hit. There is the loophole that the unit might not be affordable if it is in the development. Alden felt he was looking to make a profit on the deal.

Trask felt if a comparable unit cannot be found off-site, a unit should be provided on-site. His measure was not the money.

Trask felt Martignetti may not really be heading for Planning Board approval.

24 Cherry Street

Fletcher informed the Board that Cindy Dunn was unable to attend tonight's meeting.

55 Coolidge Road

Trask asked if everyone was comfortable with the wording of the PowerPoint since this is what would be presented to the selectmen.

The Board reviewed the presentation, and edits were made.

A discussion ensued among the Board as to who would present. Calhoun and Alden said they would look at their schedules to see if they were available.

Lentine asked if they wanted market information and had some numbers that could be presented. She said there is not much information for the sale of land, but she did look at public records for ranches that have sold.

Fletcher pointed out that they would need to deduct taxes and the cost of demolition from the sale price of the home.

Lentine pointed out that the market is different based on the times.

Trask stated he wanted some reality to the numbers.

Lentine pointed out the Bridgwell property on Trask Lane where they paid \$175,000 with a building on it, and then it was torn down.

Lentine asked Trask if he expected they would ask about the process of how we would develop it.

Trask stated if he did not know what was going on as a Selectman, he would ask what the neighborhood input is.

Fletcher stated that she has been in touch with some of the abutters and she would notify them of the meeting date.

Alden felt they want the RFP done and rolled out as soon as possible.

Trask likes Fletcher's comments that the RFP will be presented to the public.

Fletcher asked the members of the Board to attend the Selectmen's meeting if they are able.

Housing Production Plan

Fletcher stated that LDS Consulting Group would be coming to the next meeting. She stated that they are doing an survey of the stakeholders, inside and outside of Town Hall. They believe that it will be completed this week and they will be at our September meeting.

Conifer Commons

Fletcher reported to the Board that they have received applications, and Phase 1 is 42 units. They only have sixteen Section 8 vouchers. Of the sixteen Section 8, four are straight Section 8, and twelve are given to the Department of Mental Health. There are only four units for people that qualify for thirty percent income. She stated that by the end of December, at least twenty units will be ready.

356 Andover Street

Fletcher informed the Board that there are nine units available at Rose Court. They believe they only have five applicants that will qualify, and there is no time limit to fill the remaining units. Construction is going slower than they thought, and occupancy will not happen until early November. They are looking for four more applicants.

26 Mill Street

Fletcher told the Board that Don Preston had informed her that the Certificate of Occupancy is ready this Wednesday.

Trask asked if there was going to be a ribbon cutting ceremony for the Board of Selectmen to attend.

24 Cherry Street

Fletcher told the Board that the Cherry Street property is moving along.

Aria at Hathorne Hill

Fletcher said that the money had been received from Aria/Hathorne Hill, and this will be coming off the agenda.

Financial Report

Lentine asked if there had been a requirement for the Multi-Family Affordable Provision with the Folly Hill project, and Fletcher responded that that project was long before

affordable housing was a requirement and that the affordable provision is only applicable to multi-family projects.

Trask asked if another meeting should be scheduled to go over the presentation, and Alden did not feel the need to have another meeting.

Calhoun felt Alden should present, and she would be there as a supporter.

Fletcher stated the next meeting of the Board would be Monday, September 23, 2013.

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

The meeting adjourned at 9:30 p.m.

Tish Lentine
Clerk