

Newburyport Affordable Housing Trust  
Meeting Minutes

<u>Meeting Date:</u>	Thursday, February 28, 2013
<u>Meeting Location:</u>	Program Room, Newburyport Public Library
<u>Members in Attendance:</u>	Judy Tymon, Chair, Karen Weiner, Madeline Nash, Donna Holaday, Mayor
<u>Members Absent:</u>	Susanne Cameron
<u>Staff Present:</u>	Kate Newhall-Smith, Planner, Andy Port, Director of Planning and Community Development
<u>Others Present:</u>	Karen Sonnarborg, David Eisen
<u>Minutes Taker:</u>	Kate Newhall-Smith

Tymon called the meeting to order at 6:35.

VI-C Public Benefit Discussion

Craig Pessina, developer of Mechanics Court, has come before the Trust to discuss his project and the options to satisfy the public benefit requirement associated with his VI-C Special Permit application, which is currently before the Planning Board.

Pessina has already pledged to restore the barn and place a preservation restriction on it. However, the Planning Board asked that he meet with the Trust to discuss including an affordable unit and the alternative, which would be a donation to the Trust. Pessina has offered \$25k as a payment in lieu.

Port asks about the gap between market rate and affordable; he wants to see the Trust and Pessina come to a solution to meet halfway so the gap isn't too large to prevent an onsite unit.

Pessina runs through his financials: \$660k for lot, \$300k for historic preservation, six figures for environmental remediation. He states that once the barn is renovated and restored, he's giving control of it to the current tenant for office space. He discusses the gap between the market rate and the affordable units. To make the project financially feasible, the market rate ones will need to be \$400k (with the going Newburyport rate of \$300/square foot) and the affordable unit will be \$180. Providing a unit onsite reduces the profitable units to only eight; the bank may not want the financial risk and his funding may be in jeopardy.

Nash asks if the building be converted to housing. She states that it seems like an expensive renovation for office space. Pessina states that the HC placed a year delay on demo and he wants to keep moving forward with the project. Nash reinforces the Trust's preference for a unit onsite.

Wiener states that the Trust has access to resources to provide financial support for a unit.

Nash asks if Pessina has factored the preservation costs into his development costs. Pessina responds that he has not yet, but that he will likely end up paying for the preservation of the barn even though he does not have control over it. He will be paying for all of the interior renovations. Tymon clarifies that the current user of the building will remain the user/owner of it.

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Trust members state that an affordable unit must be identical in appearance to the others. Pessina states that the exterior will be identical, but the interior may be smaller, 900sf, but the unit will have two bedrooms, the same parking configuration and a deck.

Nash asks how much would a 900sf with two bedrooms go for in this market? Maybe \$170k?

Port asks if the project is more feasible if the unit is 900sf. Pessina states that it's more feasible, but still a financial loss.

Nash asks about the project's financial information; she asks if Pessina could provide a cost breakdown with a unit onsite so the Trust can review it and come to a financial compromise. She would also like to see a floor plan to ensure that 900sf is a "livable" unit and that it is not drastically different than the others. She also asks about condo fees. Pessina states that he anticipates the fees to be closer to \$200 than \$400, but he is not able to give a definite answer at this early stage in the project.

Port asks about deliverables for the PB meeting. Pessina states that he would rather continue the hearing if the Trust isn't able to come up with a resolution. If he continues he would have time to sketch out the unit, its financials, associated fees, etc. Port states that the PB needs evidence of a good faith effort to provide a unit on site before they can complete permitting.

The Trusts decides to share the outcomes of this discussion with Pessina with the PB with the idea that the decision could be conditioned in such a way to allow Pessina to finish up with this permit but also allow for future discussion and resolution of this issue.

#### Public Meeting, Housing Production Plan

Tymon introduces all of the Trust members and consultants and where the group is on the status of plan finalization and approval by the State. She states that the purpose of the meeting is to focus on the Plan's strategies and suggestions and have a public dialog about these and the current state of housing in Newburyport. She introduces Karen Sonnarborg and David Eisen who go through the plan and also potential areas for pockets of affordable housing.

#### Public Comments:

John Feehan, of the YWCA talks about homeless count data: 250 families are doubled-up in apartments, 35 are in hotels/motels, and families in emergency shelters who bring kids into the Newburyport school system – tenuous housing situations.

Tymon speaks to funding challenges, as evidenced by the six years to get funds for YWCA units. Feehan thanks the city for the funds it provided to help bring the project to fruition.

Nash discusses that in order to compete with others for state money, projects need a local match; this is why the CPA is a good thing for the City.

A member of the public asks about the difference between "subsidized" housing and "affordable" housing. Sonnarborg states that she uses these terms interchangeably and that all

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affordable housing is essentially subsidized; the monitoring and level of affordability contributes to the level of subsidy.

George Haseltine, local developer, speaks to these issues. He wants to see a targeted approach toward creating rental units since there is a shortage in the City. He believes that “affordable” means the opportunity to rent, not necessarily putting a cap on rental rates. He would like to see the City provide economic incentives like allowing a bonus unit in return for a deed restriction and special zoning relief that targets rental growth, i.e. density, dimensional, and parking relief granted on permits and placing conditions to restrict condo-ization. He has worked out the financials to create rental units that people can afford for specific properties; the Mayor asks that he send this info to the Trust. He finishes by stating that there is no more large tracts of land in the City for big developments; development will have to occur in pocket areas in small numbers.

Tymon agrees with Haseltine’s ideas, but would like to encourage the use of deed restrictions so that the units can be listed on the State’s Subsidized Housing Inventory (SHI). Haseltine does not agree with the formal restriction on rental rates.

Don Little asks how the City will meet the 10% requirement if developers aren’t required to provide more affordable units in each new project?

Port discusses the difficulties with resale; it’s hard to find an income-qualified buyer who can also obtain a mortgage. Sometimes the unit loses the deed restriction and the unit is removed from the SHI.

Mayor discusses how the Trust provides buyers with down payment assistance.

Nash talks restrictions and how they protect the public dollar investment. Since it’s so easy to lose units, the deed restrictions are necessary and valuable over time.

Wiener talks about the universal deed rider – if a qualified buyer can’t be found, a market rate person would buy it at the affordable rate, but when they go to sell it, they have to sell it with the deed restriction.

A member of the public asks if it is realistic to work with a private developer to create rental units that accommodate minimum wage workers. Tymon responds that the programs the Trust can offer will not often result in rentals for that population.

Mayor mentions the Brown School and 115 Water Street as potential buildings for affordable housing development. She states that there is a dire need for senior housing since the population is growing older. She wants to use the sale of the Brown School to create affordable housing for seniors while also creating an endowment for the school system.

Meeting adjourns at 8:30.