

Newburyport Affordable Housing Trust
Meeting Minutes

Meeting Date: Thursday, March 28, 2013
Meeting Location: Small Conference Room, 2nd Floor, City Hall
Members in Attendance: Judy Tymon, Chair, Karen Weiner, Madeline Nash, Susanne Cameron, Donna Holaday, Mayor
Members Absent:
Staff Present: Kate Newhall-Smith, Planner, Andy Port, Director of Planning and Community Development
Others Present:
Minutes Taker: Kate Newhall-Smith

Tymon called the meeting to order at 6:30. Mayor arrived at 7.

Approval of Minutes

The draft minutes for February 28th were presented. Weiner: motion to approve, Nash seconded, carried 3-0 (Cameron abstaining, Mayor absent).

Discussion: 2 Mechanics Court, VI-C Special Permit Condition and MOA

The Special Permit condition for the inclusion of an affordable housing unit was included in the staff report. This text has already been incorporated into the decision. The next step for the Trust to do is create a Memorandum of Agreement, which will be sent to Mr. Pessina and his attorney to begin this negotiation process.

Tymon asks about the MOA and confirms that it's between the Trust and Mr. Pessina. She asks about monitoring. Port states that the condition in the Special Permit and the MOA will be monitored through the Planning Office with the aid of the Trust.

Nash asks about the timing of the release of the \$50,000 and if that should happen at the time of sale. She wants to ensure that the unit is desirable, safe, clean, etc. before handing over the subsidy. She states that the money is to write down the cost of acquisition rather than writing down the development costs. Weiner agrees that linking the subsidy to the acquisition could be problematic. Cameron is in favor of linking the subsidy to the closing of the affordable unit.

Port states that the Trust has some time to work the timing issue out since Mr. Pessina still needs to apply and go through the Site Plan Review process.

Tymon suggests changing "affordable deed rider" to "universal affordable deed rider."

Wiener would like to add language in section C that states the Trust will not only help the developer with the sale and marketing of the unit, but will help subsequent owners and buyers as well. She also asks to remove the text, "if he so chooses" in section C7. Additionally, wherever it says "City" as the entity doing the monitoring, advertising, etc. add "or its designee."

Smith will make some changes in the text, send it out to the Trust for a second reading and then to Mr. Pessina to keep the project moving forward. Mr. Pessina may want to come to the April meeting to discuss the provisions of the MOA, which should not be an issue.

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Discussion: VI-C Special Permit Zoning Amendment for Affordable Housing

Port has provided draft language regarding financial contributions for projects applying for a VI-C Special Permit. The language mandates the inclusion of an affordable unit when the project will result in the creation of nine or more units. When a project is less than nine units, either a lump sum payment or a set fee per unit created must be determined.

Nash brings up using the appraised value of the unit at market rate and the value of it at the affordable rate and requiring the developer to pay the difference between the two. Port suggests that this method may be appropriate for larger projects, but it would be difficult to ask a developer to pay \$150k+ if he/she is only building one or two additional units. Additionally, if the development is 9 or more units, the City wants to require an affordable unit onsite. However, this formula could be used as a waiver from the inclusion requirement for large projects. Port acknowledges that George Haseltine's suggestions are good, but they may be too complicated and difficult to codify for the ordinance.

Tymon confirms that the presented language only applies to projects that are presenting affordable housing as the public benefit (no historic preservation or open space).

Wiener suggests a flat rate of \$50,000 for projects under 10 units. There is some discussion regarding creating brackets of numbers of units created and then adding a larger financial contribution for additional units created.

Tymon questions putting using an exact dollar amount in the ordinance. Port does not mind having dollar figures in the zoning. Cameron suggests linking the financial contribution requirement to an index, which will adjust naturally as the market fluctuates. She would like to link it to AMI, which is the index that all affordable housing uses. She used to have a formula that did this. Weiner has a copy of it and will circulate it to the members.

Nash asks Port about the timing and if he would like a formal recommendation about this issue from the Trust. Port suggests handing out the formula at the next Zoning Working Group meeting (4/4/13) and the need to get proposed zoning amendments to the Council sooner rather than later since election season is right around the corner. Nash suggests reviewing draft language and being prepared to discuss and make a formal decision at the April meeting

Discussion: Brown School and 115 Water Street Re-Use

Only very preliminary discussions regarding how the City could re-use these two properties have occurred thus far. The Mayor has stated that she would like to consider affordable housing for the sites but wants to use the sale of these properties to create an endowment for the schools.

Mayor gives her perspective on the site visits. She mentions the application in front of the CPC for \$50,000 to conduct a feasibility study at the school. She mentions how the Kelley School needs close to \$500,000 worth of work (brick repointing and ADA upgrades). The High School also needs close to \$550,000 to fix all of the woodwork (windows, columns, etc). She hopes to convince the CPC to bond the two projects together so the work will be efficiently completed.

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Nash suggests using tax credit programs to convert Kelley School to affordable housing. The Mayor responds that the community wants to keep the building as a youth center and mixing this type of use with housing may be difficult, especially with the expanded youth programming that happens during the day and evenings and even on some weekends.

Cameron asks about running a capital campaign to raise the funds for both the Kelley and the high school. The Mayor states that it's not possible to add another capital campaign/fundraising endeavor since she needs to do this for other projects, including the high school's stadium.

Port agrees and states that timing of the Kelley School work is an issue since the building is leaking now and the time associated with raising the funds will result in further deterioration.

Nash is not in favor of bonding for these types of projects and believes that bonding results in less funds for affordable housing, which is a real need in the community. The CPA funds are important as they provide the cash match that other grant programs look for when funding affordable housing development projects.

Nash states that she assesses development potential for her job and that it is in developers' interest to do feasibility work. She suggests issuing an RFP for the feasibility study of the Brown School and have consultants do the work without the need for CPA funding. The Trust and the City can work together on this project without using any grant money.

Port is open to this idea, but states that the study may not solely focus on 100% affordable units, but a mix of market rate and affordable. Upon further discussion, Port and the Mayor decide to pull the feasibility study application from the CPC.

Smith will draft a letter to this effect and request that the \$50,000 "ask" be transferred to the Housing Trust's funds/application. She will include the following information in this letter: current account balance, Trust's involvement in the feasibility study process (pro-bono), the need to implement the strategies of the HPP, down payment assistance, etc. The goal is to ensure that the CPC is aware that the Trust is using the funding to concrete, real, affordable housing projects. Smith will review the draft with Port and submit it to the CPC prior to their April meeting.

There is further discussion regarding outstanding open space bond payments. Smith says that there is \$700,000+ in the Open Space Reserve account and maybe this money could be used to pay off the outstanding open space debt. She will look into how much debt is remaining. She suggests drafting a letter from the Mayor to the CPC regarding this idea.

Update on Fund Balance

The current account balance was provided to the members.

Nash asks about the status of the Housing Production Plan and any outstanding invoices. Port responds that he has one invoice in hand to pay and expects to receive a second. He states that he needs to get the very final version of the plan before any of the Councilors will sponsor it. Once he has that, he will be able to get the plan on a future agenda.

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Nash also suggests looking into the idea of working with a bank for a Federal Home Loan Bank program to fund down payment assistance, rather than utilizing Trust funds.

Meeting adjourns at 8pm.