

Minutes of the Regularly Scheduled Meeting of the Affordable Housing Trust held on January 25, 2011 at the Community Development Office Conference Room, City Hall Annex, Pond Road, Gloucester.

In attendance: members George Sibley, Michael Luster, Mary E. Works, Mary John Boylan and Sarah Garcia; plus Sandy Shea, City Project Manager, Andy DeFranza, Bob Gillis, and Ms. Loose from Wellspring.

The meeting was called to order at 4:08 PM by Mr. Sibley.

The first order of business was the approval of the minutes from the November 18, 2010 meeting. Ms Boylan moved to accept the minutes, seconded by Ms. Garcia, and it was so voted.

The next order of business was the amendment and re-approval of the minutes from the August 24, 2010 meeting. Ms. Shea suggested the amendments - corrections of the stated numbers of ownership and rental units at Pondview. Ms. Garcia moved to accept the minutes as amended, Mr. Luster seconded, and it was so voted.

At this point Ms. Garcia introduced Ms. Loose from Wellspring and had her briefly describe her work as the stabilization coordinator, dealing with rental situations for families in Gloucester, Salem, and other parts of the North Shore.

Then Andy DeFranza took the floor, and detailed the current situation with prospective purchases by affordable housing

providers, the slippage in re-sale of affordable units, and how the current decline in prices has lowered the threshold price for an affordable unit.

Mr. Luster made the point that the price difference is now not that great between lower-priced units and those classified as affordable.

Mr. DeFranza mused that it may become the practice of owners of units with affordability restrictions to wait out the requisite 90 days, then sell the units without restriction. There then ensued a discussion between Ms. Shea, Mr. Luster, Ms. Boylan and Ms. Garcia on this strategem.

Mr. DeFranza spoke of how foreclosure activity is hitting the affordable housing market, in particular in Gloucester, Ipswich and Danvers. The price point is coming down, multi-family properties are now at \$200,000 and under, singles in the \$100-150,00 range. He said this simplifies things for his organization, as they won't need to line up so many funding sources. He spoke of how one can use Home Consortium money, that Gloucester has some of the best prices, and that the land trust model could be employed.

Ms. Boylan enquired what amount would come from the Consortium, and Mr. Defraza said \$50,000 per unit.

Ms. Garcia asked if Mr. DeFranza's group would buy and flip or re-hab; Mr. DeFranza replied that they'd re-hab, and said the ideal situation is "good neighborhood, bad house."

Ms. Garcia mentioned that it might be possible to get the banks involved, with CRA credits.

Ms. Boylan asked Mr. DeFranza when he would be making a proposal to us, and what he'd be looking for; he replied (1) soon, and (2) \$50,000.

At this point a discussion took place involving Mr. DeFranza, Ms. Boylan, Ms. Garcia and Mr. Sibley regarding the Taylor Street project and its difficulties. Mr. DeFranza said his own projects require speed – "it cannot require 6 months to put together, otherwise the price will creep."

Ms. Garcia brought up that the replenishment of the Trust is always a concern.

Mr. Luster stated that the Trust won't fund things that are not specific – they ought to be shovel ready.

Mr. Gillis then had his turn, giving details about land trusts and who runs them. Mr. DeFranza said his organization is becoming involved.

Ms. Garcia enquired of Mr. DeFranza what the Home Consortium parameters are. He replied that the Consortium would do \$50,000 for a single and \$30,000 per unit for a multi-family, so the Trust would have to give ½ that - \$25,000 for a single and \$15,000 for a unit.

Ms. Garcia mentioned that she'd like Mr. DeFranza's organization to do multi-family developments.

Mr. Sibley then brought up a telephone message he had received a few days previously from Bill Dugan regarding Taylor Street. The project faced a City Council subcommittee hearing that evening, and Mr. Dugan sought a letter from the Trust outlining the commitment made by the Trust to the project. After a discussion involving Mr. Sibley, Ms. Boylan, Ms. Garcia and Mr. Luster, it was decided to send no communication to the Council at this time.

The next meeting is scheduled for Thursday, February 17, 2011 at 5 PM at the Community Development Office Conference Room, City Hall Annex, Pond Road, Gloucester.

There being no further business the meeting adjourned at 5:03 PM.