



Town of Nantucket Finance Committee

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Committee Members: Denice Kronau (Chair), Stephen Maury (Vice-chair), Joseph T. Grause Jr., Peter McEachern, Joanna Roche, Peter Schaeffer, Chris Glowacki, Jill Vieth, George Harrington

~~ MINUTES ~~

Tuesday, July 27, 2021

This meeting was held via remote participation using ZOOM and YouTube,

Pursuant to Governor Baker's March 12, 2020 Order Regarding Open Meeting Law

Called to order at 4:07 p.m. and announcements made by Ms. Kronau

Staff in attendance: Brian Turbitt, Director of Finance; Rick Sears, Deputy Director of Finance; Mariya Basheva; Financial Analyst; Terry Norton, Town Minutes Taker

Attending Members: Kronau, Maury, Grause, Roche, Schaeffer, Glowacki, Vieth, Harrington

Absent Members: McEachern

Late Arrivals: Harrington, 4:08; Grause, 4:11 p.m.

Early Departures: Glowacki, 4:14 p.m.

Speakers: Brian Sullivan (AHTF); Brook Mohr, AHTF; Tucker Holland, Housing Specialist;

Documents used: Draft minutes July 13, 2021;

I. ADOPTED OF AGENDA

Motion **Motion to Approve.** (made by: Schaeffer) (seconded)
 Roll-call Vote Carried 5-0//Schaeffer, Roche, Maury, Vieth, and Kronau-aye

II. PUBLIC COMMENT

1. None

III. APPROVAL OF PRIOR MEETING MINUTES

1. July 13, 2021
 Motion **Motion to Approve as drafted.** (made by: Schaeffer) (seconded)
 Roll-call Vote Carried 7-0//Schaeffer, Roche, Vieth, Glowacki, Maury, Harrington, and Kronau-aye

IV. AFFORDABLE HOUSING TRUST FUND (AHTF) UPDATE

Sullivan – This is an update on the progress over the last 18 months. We are certified for Safe Harbor. AFHT attended a meeting with Town officials and Nantucket Land Bank staff at Martha’s Vineyard on Friday Jul 23 about balancing preservation of open space and meeting housing needs.

Mohr – It was a great day with all the constituencies brought together. Martha’s Vineyard Island Housing Trust (MVIHT) and Martha’s Vineyard Land Bank (MVLB) have done 14 collective projects over the years.

Holland – He will circulate their housing policy. The framework of MVLB is similar to ours. The two entities work together to divide the property up as best to suit the needs of both organizations.

Sullivan – Cited an example of a successful project on a 20-acre property where land was set aside for housing.

Holland – Martha’s Vineyard hasn’t met their SHI requirements, but they aren’t under the same pressure as us with respect to 40B Development; explained how Martha’s Vineyard can veto a hostile 40B.

There are several projects soon to come online to include: 31 Fairgrounds 21 units and Benjamin Drive 3-unit Habitat for Humanity (H4H). Our Safe Harbor will run for 1 year. AHTF is talking about accelerating the Richmond Development “Wildflower” project to bring more units on line more quickly; 6 units will be at the 50% AMI level and 6 at 100% AMI, and the rest at market rate. They will count on our SHI list and be eligible for certification toward Safe Harbor; once the building permits are pulled on these 24 units, we are going back to DHCD and asking for the amended certification for the additional year, which will carry Safe Harbor through to June 11, 2023. We also heard from the State that a Tax Credit Award has been reserved for the Ticcoma Green project at 6 Fairgrounds Road; likely due to the long delay in starting, there was a rise in costs

likely resulting in a gap in financing of about \$4m to \$5m; that is why the borrowing authorization under Article 10 was important to provide the Town resources. The developer is working on getting final numbers from the builder. 135/137 Orange Street that has the capacity under zoning to provide 32 units; the Trust is considering moving that forward given the severity of the housing issue. We have purchased the UMass property off Vesper Lane; that is a to-be-determined 12- to 16-unit site. We've spent about \$2.6m on the acquisition of the property and have money reserved to demolish/remove the existing structure. We have \$3m reserved for further land purchase in conjunction with the Vesper Lane site. There is support for 2 H4H units at Beachgrass Road. AHFT had a meeting last Tuesday, they have 450 households that have been vetted looking for rental property; in addition, they have another 500 expressions of interest from non-vetted households. We have made reserves in planning over what H4H plans to do; we collaborate with their funding requests through the Community Preservation Committee (CPC). Future requests will be around a Land Trust model.

Grause – \$125 doesn't seem like enough to buy down of the 12 "Wildflower" units.

Holland – They are rental units.

Maury – Asked if AHFT had the \$4-5m for Ticcoma included as part of the Article 10. He wants to know the date AHFT became aware this was an issue. It never came up in our discussion regarding the need for that borrowing capacity. The Town has a long history with this particular developer.

Holland – He'd have to look at notes regarding that; it was probably in March/April when the developer raised the possibility; to date we haven't gotten a specific number from them. The deal was we put up the land and bring the road and utilities to the doorstep; everything else was the developers responsibility.

Sullivan – The rise in cost for this project is not dissimilar to the cost increases seen in the construction of the new Fire Station.

Kronau – We have to be fiscally responsible. Mr. Maury's concern should be considered by FinCom; there is a history of the partner dropping out.

Roche – Asked the benefit to the Town in making up that difference.

Holland – He wouldn't propose giving the developer the money; we would want something in return for this. He sees it as money we would get back; there are a number of things the Town could negotiate. If anyone from FinCom wants to be part of that negotiation, they are welcome.

Roche – Asked the dollar value of the \$25m loan and what is the expenditure.

Holland – \$6.75m is structured as a loan with regards to the construction at 31 Fairgrounds Road. A loan to Richmond regarding the acceleration is \$1.75m. Both are 50-year term loans with low interest rates; he'll forward that to the members.

Roche – Regarding the closing-cost assistance program was part of Article 8; asked who is administering that program and when does it go into effect.

Holland – I and AHFT administer it and it is on-going.

Vieth – When you're talking about 500 families on the list, asked if they are thinking of building something for everyone one of those families versus our legal obligation based upon the census data.

Holland – Ms. Vieth is thinking about the 490 number, which is our target; likely within the next 3 months, we'll get the new target number. Our requirement is more likely to go down than up, in his opinion, because of what has been built since the census was taken. The only relevant part of our 10% housing requirement is year-round housing stock.

Maury – With 450 households vetted and looking for housing, seems Richmond has an incentive to drop those houses. Asked why they are looking at a 50-year mortgage; asked why the public market won't afford them the loan. As he understands it, no SHI-eligible units are created from that loan.

Holland – They are finishing up the original 98 units and planning 60 additional units; we had said we would like things moving quicker. Thinks that things were borne out of that conversation. These units will count on the SHI list; there is a situation with Richmond in that there was a 2-year lapse in time between issuance of their special permit and approval of their local application action. DHCD has said these units were not previously eligible, the additional units are eligible for certification in combo with bringdown the affordability of other homes.

Kronau – Asked Mr. Holland to send the link to that document so she can forward it to the committee members.

Mohr – AHTF pursued several avenues to ensure we had 24 units certified by June 13, 2021; we don't have a lot of control over the approval process, which involves several Town and State departments.

Grause – Asked what the current expectation is to hit the 490 units.

Holland – We're at 273 units on our list today or 5.5% toward the 10% requirements; we would be at 490 units within the next 4 years. We felt a mandate to the Trust with the \$25m to keep Nantucket in Safe Harbor; we weren't going to "roll the dice" on one strategy. If 6 Fairgrounds Road moves forward, when the tax credit award is issued, the date of that award issuance will initiate a new 2-year period of Safe Harbor.

Maury – The current Safe Harbor is until June 11, 2022. There was mention of something that would get us to June 11, 2023.

Holland – That is the Richmond "Wildflower" project.

Schaeffer – Asked if the timeline covers every project that would affect the SHI list.

Holland – That covers all the major projects; it might not account for the development of a single eligible unit.

Sullivan – Pointed out that the UMass property project has not yet been defined.

Schaeffer – We have scatter facts among Mr. Holland, Mr. Sullivan, and Ms. Mohr. We don't have a cohesive document.

Holland – The Rent-reference piece prepared for Town Meeting was a summary document. We're willing to provide anything FinCom needs.

Roche – Of the units currently on the SHI list, asked how many belong to Richmond.

Holland – There are Richmond-owned 98 units on the SHI list and all are occupied.

Roche – Asked if AHTF tracks the occupancy of the units.

Holland – The basis for the 490 affordable units is based upon the 2010 census data of 11,000 year-round residences. According to Judy Barrett, our affordable-housing plan consultant, indicated that within the next 3 months is when to expect the number determining the year-round residences.

Mohr – The census data will inform us as to the timing to push forward the Orange Street project. The moral obligation versus the legal obligation, the need extends beyond the SHI list number. The discussion is who is responsible for creating a stable year-round housing environment.

Vieth – Likes the idea of creating a Community Land Trust like MV has; it would be hard to keep asking the Town for \$20m. Feels the statement that year-round housing being replaced by seasonal housing is political until such time as she sees the supporting data.

Holland – Regarding that statement, he was referring to the 2015 Housing Needs Assessment done by Ms. Barrett; that assessment cited that between 2010 and 2015, we had lost about 500 homes that were no longer year-round housing.

V. COMMITTEE REPORTS

1. None

VI. NEXT MEETING DATE/ADJOURNMENT

Date: Tuesday, September 21, 2021; 4:00 p.m.

VII. OTHER BUSINESS

None

VIII. ADJOURNMENT

Motion **Motion to Adjourn at 5:22 p.m.** (made by: Schaeffer) (seconded)

Roll-call Vote Carried unanimously//Vieth, Maury, Roche, Schaeffer, Grause, Harrington, and Kronau-aye

Submitted by:

Terry L. Norton