MEETING POSTING
TOWN OF NANTUCKET

Pursuant to MGL Chapter 30A, § 18-25
All meeting notices and agenda must be filed and time stamped with the
Town Clerk’s Office and posted at least 48 hours prior to the meeting
(excluding Saturdays, Sundays and Holidays)

Committee/Board/s
NEIGHBORHOOD FIRST ADVISORY COMMITTEE

Day, Date, and Time
MONDAY, SEPTEMBER 23, 2019 AT 1:00PM

Location / Address
PSF COMMUNITY ROOM
4 FAIRGROUNDS ROAD, NANTUCKET, MA 02554

Signature of Chair or Authorized Person
MEGAN TRUDEL
ADMINISTRATIVE SPECIALIST

WARNING:
IF THERE IS NO QUORUM OF MEMBERS PRESENT, OR IF MEETING POSTING IS NOT IN COMPLIANCE WITH THE OML STATUTE, NO MEETING MAY BE HELD!

AGENDA FOR 9-23-2019
(Subject to change)
www.nantucket-ma.gov

Please list below the topics the chair reasonably anticipates will be discussed at the meeting

Purpose:
To discuss business as noted below. The complete text, plans or other material relative to each agenda item is available for inspection at the Planning Office at 2 Fairgrounds Road between the hours of 8:30 AM and 4:30 PM

Advisory Committee Members:
Doug Abbey(Co-Chair), Peter Hoey(Co-Chair), Posie Constable, Penny Dey, Howard Dickler, Kristie Ferrantella, Dave Iverson, Brooke Mohr, Eric Savetsky, Brian Turbitt, Joe Grause
Support Staff: Tucker Holland (Housing Specialist), Ken Beaugrand (Real Estate Specialist), Eleanor Antonietti (Zoning Administrator), Megan Trudel (Administrative Specialist)

I. Call Meeting to Order

II. Approval of Agenda

III. Approval of Minutes

Pages 5 - 13

- July 29, 2019
- August 26, 2019

Pages 15 - 19

IV. Discussion and Approval of Statement of the Housing Challenge Document

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V. Discussion of Revised Evaluation of Strategies Document

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VI. Discussion of Webpage and Documents

VII. Public Comments

VIII. Other Business

- Future Meeting Dates – Community Room, 4 Fairgrounds Road, 1:00-3:00pm
  Monday, October 28th        Monday, December 16th
  Monday, November 18th       Monday, January 27th
  Monday, February 10th

IX. Executive Session Pursuant to MGL C. 30A § 21(A)

- Purpose 6: To consider the purchase, exchange, lease or value of real property where an open meeting may have a detrimental effect on the negotiating position of the public body.

X. Adjourn
NFAC MEETING  
9/23/2019

AGENDA ITEM III.

MINUTES for:

- July 29, 2019
- August 26, 2019
MINUTES
Monday, July 29, 2019
4 Fairgrounds Road, PSF Training Room – 1 p.m.
Purpose: First Regular Meeting:

ATTENDING MEMBERS: Posie Constable, Penny Dey, Howard Dickler, Kristie Ferrantella, Peter Hoey, Dave Iverson, Brooke Mohr, Eric Savetsky, Joseph Grause (appointed FinCom representative)
REMOTE PARTICIPATION: Doug Abbey by phone
ABSENT: Brian Turbitt

STAFF IN ATTENDANCE: Tucker Holland (Housing Specialist), Ken Beaugrand (Real Estate Specialist), Eleanor Antonietti (Zoning Administrator), Megan Trudel (Administrative Specialist)
PUBLIC PRESENT: Brian Sullivan (AHTF); Reemy Sherry (AHTF); Anne Kuszpa (Housing Nantucket); John Miller; Katherine Berube; Richard Berube; Andy Buccino; Thomas Dixon; Bruce Mandel

I. Call Meeting to Order
Meeting called to order at 1:05

II. Approval of Agenda
Tucker HOLLAND proposes to move Election of Chair and Vice Chair to Item V Amended Agenda adopted by UNANIMOUS consent.

III. Review of year-round housing status on Nantucket
SEE BELOW

IV. Safe Harbor management and Town land
HOLLAND explains that this is primarily an organization meeting. Gives overview and explanation of recent Certification of Housing Production Plan a/k/a Safe Harbor from 40B requirements which has updated Subsidized Housing Inventory (“SHI”) list. We are at 3.9% towards state mandated 10% requirement which means we need to create 24 eligible units in a year to get a year of Safe Harbor. Nantucket Income Restricted Housing – GIS Mapsheet of housing shows concentrations and range of how the units are restricted between 30-175%. There are 84 Covenant homes presently on island. Explains how a rental or ownership unit qualifies for
inclusion on SHI list. We have just entered a 2-year period of Safe Harbor running to June 13, 2021, but certain things need to happen to retain that certification. In order to stay in Safe Harbor, we need to create the units in the year in which we want to request certification.

Explains how and when new census numbers impact this calculation. The 10% mandated by the state is derived from number of year-round housing units we have, following decennial census. In 2010, it was determined that we had 4,896 year-round residences on island which drives the requirement for 490. 2020 Census results won’t be issued by Department of Housing and Community Development (“DHCD”) until sometime in 2021 or later, but it will last for another 10 years. Explains function and role of DHCD.

Explains Citizen’s Article 37, which proposed putting $20 million behind creation of affordable housing. The intent is to have control over how we create the needed affordable units.

SHI List & Safe Harbor Management chart give breakdown of how different projects can contribute. Richmond development, Ticcoma Green, the old Fire Department site are all potential contributors to Safe Harbor. Responsibility of this group is not to keep us in Safe Harbor, but the intent of the Article is to make sure we are always there. We want to collaborate with other local organizations such as Habitat for Humanity and Housing Nantucket. The Affordable Housing Trust Fund (“AHTF”) has its own independent efforts.

If we reach a new number in 2022 that exceeds the 10%, we are good until next census, but we are losing year-round houses to seasonal buyers. Refers to data in 2015 Workforce Housing Needs Assessment in which it was noted that we had lost 640 units.

Doug ABBEY by phone – suggests creating a visual or map showing how we get from 3.9% to 10% based on potential additions with Ticcoma Green and other contributors.

HOLLAND explains that workforce housing does not count because not income or deed restricted. Affordable units have to be filled by lottery.

DISCUSSION about background and timing on litigation with Ticcoma Green and how it could impact the Safe Harbor timeline. Once litigation is resolved, Ticcoma Green would qualify for SHI list when it receives financing through Federal LIHTC (Low Income Housing Tax Credit) awarded by the state. They have several sources of financing, but the tax credits are big part of it.

HOLLAND explains that the upper income limit in the Warrant Article is 200% AMI, but they would not qualify for SHI list, unless it’s rental.

The Select Board (“SB”) has a policy preference of using Town owned lands for affordable housing projects where feasible.

HOLLAND & Brooke MOHR give explanation of how often and how AMI is recalculated and how units qualify for SHI list, including market rate rental unit as long as 25% are 80% AMI designated.

DISCUSSION re. $20 million article and the intention to scatter the units. If we buy a property that has a single family home and qualifies, by right, for secondary and tertiary units, only 1 of those units would have to qualify for 80% AMI and the other two could be rented at different price points, and all 3 would qualify to be included on SHI list.

HOLLAND asks members what other information they would like. He will provide map suggested by Doug Abbey and AMI limits and different income limits broken down by household size.
Responding to request to better understand how SB or state is interpreting how we handle existing housing stock vs. purchase of vacant land, HOLLAND explains that advice is being sought from Town and Bond counsel. There is a general viewpoint that there is some latitude with these funds. He directs members to ballot measure language and vote tallies for Article 37. Talks about acquisition of real property. Counsel will let us know about affordability buydown. This is an open authorization. There has to be an independent appraisal.

DISCUSSION about different funding streams, buying property at less than market value, and tax deductions.

HOLLAND Authorizations that were passed were to borrow money for specific purposes, not to acquire any particular piece of property. That would be approved in a different way. Penny DEY clarifies the job of this group as defined under Deliverables section in the Discussion Document – reads 5 bullet pointed recommendations expected from Neighborhood First Advisory Committee (“NFAC”). Wonders if we are required to work under existing regulations, market conditions, and zoning.

HOLLAND confirms that intent of the article is to work under existing zoning. This group does not have legal ability to acquire property. The AHTF will act on recommendations of this group with SB approval (if greater than $100,000).

V. ELECTION of Chair and Vice Chair
Peter HOEY nominates Doug Abbey as Chair
MOTION was made by Peter Hoey and seconded by Penny Dey to nominate Doug Abbey as Chair.
Doug ABBEY recommends having a year-round person chair.
Penny DEY Proposes co-chairs, one year-round resident Chair and one seasonal resident Chair. CONSENSUS agrees.
MOHR nominates Peter Hoey

The MOTION was made by Penny Dey and seconded by David Iverson to appoint Doug Abbey (seasonal resident) and Peter Hoey (year-round resident) as Co-Chairmen of the Neighborhood First Advisory Committee.

Roll Call Vote:
Posie Constable Aye
Penny Dey  Aye
Howard Dickler Aye
Kristie Ferrantella Aye
Peter Hoey  Aye
Dave Iverson Aye
Brooke Mohr Aye
Eric Savetsky Aye
Joseph Grause Aye
Doug Abbey by phone Aye
The vote was UNANIMOUS.

VI. Discussion of Advisory Committee goals and scope of work
HOLLAND refers to Discussion Document which gives background and goals for the group
DISCUSSION of obtaining opinion from Town Counsel to have guidelines and understand intent and scope. Members suggest questions to ask Town Counsel for further clarification. If we have Town land, could we marry some of these funds with Town land to create subsidized units? Is the intent that there will be RFPs and the potential sellers will submit their properties as opposed to looking at real estate listings.

Brooke MOHR explains that we would weigh the use of town owned land vs. acquiring existing homes. Transparency of the process to the community and to the sellers is imperative. Question is how do we prioritize so when offers come in, we have a ranking system by which AHTF can choose one property over another.

HOLLAND refers to Tobias Glidden’s (Article 37 proponent) spreadsheet document which illustrates how you would find properties, improve them, maintain them, at widely scattered sites that could contribute to affordable housing stock. This document helped voters at ATM understand the intent. The average cost per dwelling is about $690,000 subsidy per unit.

DISCUSSION of rental vs. ownership structure, management of properties, displacement of year-round resident if year-round home is purchased for the program.

Anne KUSZPA (Housing Nantucket) explains how their program works and gives example with 18 Ticcoma Way units which has 2 SHI- listed units on the property, 1 affordable and 1 market rate. The 80% AMI unit was awarded by lottery for SHI unit and they took a person from “ready to rent” list for market rate. There is no lottery for market rate units. Currently, 226 qualified households earning between 50-100% AMI are on the ready to rent list.

DISCUSSION about how we select a rental agent for upkeep & general maintenance. Is there authorization to spend money on maintenance / management or is it only to acquire the asset?

HOLLAND states that Town Counsel is clarifying the allowable uses of the funds, but likely money can be used for acquisition, improvement, not for operation and maintenance.

Anne KUSZPA explains that working capital come from rental income.

Posie CONSTABLE notes that stated rental income on spreadsheet is $754,000 in Year Two. Asks what percentage of an income this entity is expected to charge for rent.

HOLLAND explains underlying assumptions in this spreadsheet. Informs group that AHTF has contract with Nantucket Data Platform for greater understanding around supply and demand.

DISCUSSION of bonding authorization timing and how we time our creation of units through this program with map toward 490 guiding us all the way through. Neighborhood First is focused on rentals to allow flexibility so that we can address housing need at multiple income levels through rental properties. Need to know where other housing programs are siting their units and how they are pricing, so that we can fill in gaps with our own property selection and pricing.

HOLLAND points out that Brian Turbitt will be very helpful with funding cycles. They go to market twice a year for bonding.

Peter HOEY concerned that they not go to market until we work these details out. Might want to consider modifying the Warrant Article so use of funds includes management / maintenance.

Ken BEAUGRAND points out that the Community Preservation Committee cannot fund for maintenance unless we funded the acquisition.

DISCUSSION regarding importance of having range of alternatives, and identifying costs and benefits of each. Where can we most strategically invest the $20 million? We have federal and
state resources for building. Need to identify ideal prioritization criteria rather than specific parcels.
We may end up with a hybrid of higher and lower density projects. The entire island needs to
share the burden of affordable housing rather than concentrate it all in one location. We could do
partnerships with conservation or we spend more per unit to have a less dense development.

Eric SAVETSKY explains new Land Bank noncompete policy in cases when they assess
properties. Make efforts to form partnerships on affordable housing where appropriate and there
is opportunity. Up until recently there had not been funds. They are trying to alert home/land-
owners of interest in acquiring land for affordable housing and open space purposes. When asked
about swapping less environmentally sensitive land for land suitable to develop, explains the
struggle to find parcels with no open space value

Peter HOEY Proposes meeting with himself, Doug Abbey and Tucker Holland to formulate
agenda for next meeting.

VII. Public Comments
Dick BERUBE (Fishers Landing) proud to be here. Commends the committee.

VIII. Other Business
HOLLAND asks Committee to look at dates. All meetings are on Monday. No concerns.

   a. Future Meeting Dates – Community Room, 4 Fairgrounds Road, 1:00-3:00pm
      Monday August 26th  Wednesday, December 16th
      Monday, September 23rd  Monday, January 27th
      Monday, October 28th  Monday, February 10th
      Monday, November 18th

   b. Election of Chair and Vice Chair

IX. Adjourn
Meeting adjourned at 2:35pm

Submitted by:
Eleanor W. Antonietti
NEIGHBORHOOD FIRST ADVISORY COMMITTEE

Monday, August 26, 2019
1:00 pm
4 Fairgrounds Rd
PSF Community Room

Advisory Committee Members: Doug Abbey (Co-Chair), Peter Hoey (Co-Chair), Posie Constable, Penny Dey, Howard Dickler, Kristie Ferrantella, Dave Iverson, Brooke Mohr, Eric Savetsky, Brian Turbitt, Joseph Grause

ATTENDING MEMBERS: Posie Constable, Penny Dey, Kristie Ferrantella, Peter Hoey, Dave Iverson, Brooke Mohr, Joseph Grause, Brian Turbitt

REMOTE PARTICIPATION: Doug Abbey by phone

ABSENT: Howard Dickler, Eric Savetsky

Early Departures: Brian Turbitt (leaves at 1:57 pm)

STAFF IN ATTENDANCE: Tucker Holland (Housing Specialist), Ken Beaugrand (Real Estate Specialist), Eleanor Antonietti (Zoning Administrator), Megan Trudel (Administrative Specialist)

Public Present: Anne Kuszpa (HousingNantucket); Andy Buccino & Will Stevens (Stephens & Company, Inc. – energy consultants)

I. Call Meeting to Order
Meeting called to order at 1:05

II. Approval of Agenda
ROLL CALL VOTE:
Peter Hoey  Aye
Kristie Ferrantella  Aye
Brooke Mohr  Aye
Joseph Grause  Aye
Dave Iverson  Aye
Posie Constable  Aye
Penny Dey  Aye
Brian Turbitt  Aye
Doug Abbey  Aye by phone
Agenda adopted by UNANIMOUS consent.

III. APPROVAL of Minutes
a. July 29, 2019
Tabled to next meeting to allow for different format
IV. Review of year-round housing status on Nantucket

Tucker HOLLAND converted this into a more helpful format with narrative to explain where we are and will be. Gives overview of narrative. Rules around 10% requirements and what counts and when it counts are complex so this is an effort to clarify. Chart shows numerous projects which comprise current 191-unit count on SHI list as maintained by DHCD. Developments and scattered site rentals contribute. Most recent additions are with Richmond rental project, Housing Nantucket project, and Surfside Crossing. Units can fall off the list – for example, if building permits are not pulled or COs are not issued in a timely manner.

DISCUSSION of what needs to happen for units to be maintained on the list. Gives example of when an affordable unit is for sale.

On topic of why more year-round (“YR”) residences have not been built since last census - 650 net new Building Permits issued during 5-year period examined, predating Richmond project, are probably mostly for seasonal homes. Projected loss of 640 YR residences since last census. Critical to stay ahead of the curve, paying attention to what stays on and falls off. How do we meet current requirement of 490 which remains in place until DHCD issues new number based on 2020 Census? Remainder of Richmond rental units to be built out, some at Beach Plum, scattered site rentals and ownerships with Housing Nantucket, Habitat, and Ticcoma Green are in the pipeline.

Tucker HOLLAND explains that Habitat is working hard on having their units count towards SHI list but it cannot be retroactive. Intent of Neighborhood First program is to help insure that we stay in Safe Harbor on way to meeting 10% requirement. Looking at final chart which shows best estimate of timing of when additional planned units will count toward SHI total.

DISCUSSION about developing strategies to meet Safe Harbor in Years 3 & 4, if not yet at 10%. Richmond project represents 244 units with some ownership units that could provide incremental contribution towards Safe Harbor.

Doug ABBEY by phone underscores importance of showing incremental as well as the risks when we may be out of compliance with deficit of 24 units needed per year. We are relying on Richmond. We you have to do 24 ownership or rental units per year to get 1 more year. At issue is the deficit in 2021-2023.

CONSENSUS is to add deficit in total count to identify the target and timeline and to demonstrate what will happen with reasonable set of assumptions that could lead us to a deficit – highlight need for action.

V. Review of legal opinion regarding use of funds

Peter HOEY submitted several questions to Tucker and Town Counsel. Polls group for any questions they have.

We are trying to understand what we can do and what the process is for using money. Whatever we recommend, the Select Board has to approve the grant.

Joseph GRAUSE states funds can be used to buy land but feels that new construction is more efficient use of capital than buying existing properties.

DISCUSSION about intent of article regarding use of existing housing and/or creating more new housing.
VI. Comparison of alternative solutions by criteria
Doug ABBEY by phone states goal was to lay out alternative solutions for making recommendations. Assembled list of 10 criteria to capture good measurement tools to compare alternatives. Goes over list on Strategies to Add to Nantucket Affordable Housing Inventory. This is a draft for discussion. Goes over pros and cons of Strategy #1 – Dispersed Home Purchases.

DISCUSSION Timing is key challenge. Ratings are None, Low, Limited, Moderate, & High, according to 10 categories. Large state and federal subsidies available primarily for new construction. Maintenance of existing Single Family homes DU is variable. Town will also be competing with our target population to buy houses. We need to be sensitive to scattered site.

Doug ABBEY by phone points out that there is comment section. Goal is not to conclude that we are going to totally eliminate any given strategy, but rather consider eliminating the least desirable.

Ken BEAUGRAND goes over pros and cons of Strategy #2 – Buy-down of Existing Year-Round Rentals to convert market to affordable units. Provide 38 units of housing at a cost $250,000/each. The owner would take care of maintenance of property, but we would have no equity to show. Not adding inventory. Dislocating as many people as you are housing. No negotiations yet. Need input from this committee.

CONSENSUS is that this example may not be best alternative, but should not eliminate this option as a concept. We would be paying to buy ownership unit and convert to rental.

Doug ABBEY by phone explains Strategy #3 – New Affordable Developments. Leveraging capital. Sites are generally close to employment, retail opportunities, and public infrastructure and are creating new supply to release pressure on demand. Rent is by definition affordable based on 30% of income. State and federal subsidies are substantial with Low Income Tax Credit at play. Economies of scale can be replicated at several available sites.

DISCUSSION of concerns and questions with this strategy. Would fund under this article require us to use prevailing wage and municipal construction rules? The idea is to have flexibility in keeping costs down with savings in scale, but there are some savings in medium scale. Need to have flexibility in terms of concept.

Suggestion to find scattered tracts of land and build smaller density projects.
Tucker HOLLAND clarifies make-up of projects such as Sachems Path & Ticcoma Green in terms of SHI list and AMI levels served.

VII. Public Comments

Andy BUCCINO (energy consultant) Explains there is risk to new homeowner with home that is energy inefficient. Are there criteria to acknowledge this so we can be sure we are building energy efficient homes without being prohibitive to affordable residents?
Doug ABBEY by phone clarifies that we are comparing new construction to existing housing. Attached housing is in general more energy efficient than detached and new construction will be more efficient. Agrees that we can add criteria for energy efficiency.

VIII. Other Business
HOLLAND asks Committee to look at dates. All meetings are on Monday. No concerns. All future meetings will be downstairs.
a. **Future Meeting Dates** – Community Room, 4 Fairgrounds Road, 1:00-3:00pm
   Monday, September 23rd    Monday, December 16th
   Monday, October 28th    Monday, January 27th
   Monday, November 18th   Monday, February 10th

**IX. Adjourn**

The **MOTION** was made by Penny Dey and seconded by David Iverson to go into executive session to consider the purchase, exchange, lease, or value of real property where an open meeting may have a detrimental effect on the negotiating position of the public body, and not return to open session.

**ROLL CALL VOTE:**
- Peter Hoey    Aye
- Kristie Ferrantella Aye
- Brooke Mohr Aye
- Joseph Grause Aye
- Dave Iverson Aye
- Posie Constable Aye
- Penny Dey Aye
- Doug Abbey Aye by phone

The Vote was **UNANIMOUS**

Open Session Meeting ended at 2:08pm

Submitted by:
Eleanor W. Antonietti
NFAC MEETING

9/23/2019

AGENDA ITEMS IV. & V.

- Discussion & Approval of Statement of the Housing Challenge Document

- Discussion of Revised Evaluation Strategies Document
Memo To: Neighborhood First Committee Members
From: Doug Abbey; Peter Hoey
Date: September 19, 2019
Subject: September 23 Meeting Agenda

Attached is the Meeting Agenda, as well as the most current drafts of the SHI List Management doc and the Strategic Options doc that we reviewed at the last meeting.

These two documents respectfully represent:

1. The definition of the workforce housing problem facing our community, and
2. Our recommended strategies to achieve compliance with State SHI requirements

Our primary goal in our next meeting is to finalize both documents. Once finalized, we can use them to present our findings and recommendations to the Nantucket Affordable Housing Trust and the Select Board. They will also be valuable in our communications with the Nantucket community, and should be used in discussions, presentations, interviews, etc., and should be on our (or the AHTF) website.

It is important that we collectively agree on the final wording of these two docs so we can “own them” as a committee. Please spend some time reviewing the current drafts of both documents and come to the meeting prepared to make recommendations and subsequently vote on their adoption.

Thank you.
The Neighborhood First Advisory Committee has been tasked with advising the Nantucket Affordable Housing Trust and Select Board on the most effective means, in accordance with the 2019 Annual Town Meeting article and accompanying ballot measure, to invest $20,000,000 of Town resources specifically allocated to produce additional affordable workforce housing inventory.

It is widely acknowledged that Nantucket faces a housing affordability crisis. While Chapter 40B has been on the books since the 1960s, it is only in recent years that our community has begun to focus on “the high cost of doing nothing,” as a recent report by the Cape Cod Commission on the state of housing in our region is titled.

Many year-round Nantucket residents pay a high portion of their income in rent, leaving limited resources for other basic necessities. According to the 2015 Workforce Housing Needs Assessment prepared by RKG Associates, “half of all year-round households are housing cost burdened.” Given the high cost and lack of availability of housing, many residents live in crowded and unsafe living conditions. It is increasingly difficult for businesses to attract labor to support the economy and provide services to the Island’s year-round and seasonal residents.

The immediate challenge for Nantucket is twofold:

1. Take the lead in causing sufficient housing to be built or purchased to reach the 10% affordable target mandated by the State; and,
2. Provide the housing in a sequence and at a level that permits the Island to be in uninterrupted compliance with Chapter 40B’s Safe Harbor provisions until the 10% target is reached.

We believe with concerted action amongst all Town leaders and the community we can achieve number 1 within five years. Number 2 is more challenging. And even when the 10% requirement is reached, there will still remain an affordability challenge which the Town should address.

The first step of the Committee was to assess the Island’s housing market and compliance with Massachusetts Chapter 40B legislation. In order to help the general public more fully understand the complexities of the market and 40B compliance, we have summarized our analysis as a basis for determining the appropriate strategy for this effort.

Massachusetts General Law Chapter 40B requires within all municipalities that 10% of the year-round housing inventory be eligible for inclusion on the Subsidized Housing Inventory (SHI) list. Per the 2010 Census, Nantucket has 4,896 year-round housing units (out of 11,650
Therefore, we need to have 490 units on our SHI list to achieve compliance. In order for a unit to be eligible for inclusion on the SHI list, it must be deed restricted in the following manner:

1. If it is an ownership dwelling, it must be restricted at 80% AMI or less
2. If it is part of a rental housing development, at least 25% of the total number of units must be restricted at 80% AMI or less and in that case 100% of the units count on the SHI list (even if the other 75% serve households earning above 80% AMI)

Nantucket only has 191 affordable units presently on its SHI list, or 3.9% of the total versus the 10% requirement (see Exhibit 1). That leaves the island with a large gap of 299 units.3

If the Island is well below the Chapter 40B 10% requirement, and not in Safe Harbor, developers are allowed to propose projects with an affordability component. The proposed Surfside Crossing development is an example. If the project does not gain the necessary local approvals through the ZBA, the developer may appeal to a State board which can override local planning and zoning considerations. The State board is generally sympathetic to such applications. In many cases such projects may be at density levels that are above the level permitted by local zoning. They may also be in locations not served by public services or proximate to employment and therefore may have an adverse impact on traffic, abutting properties, the environment and infrastructure.

1 Note that the year-round inventory will be updated in late 2021 / early 2022 with the results of the 2020 census. The best current estimate is that there will not be a material change in our 10% requirement. While there is new construction there also has been an offsetting purchase by seasonal residents, or by investors who operate on a short-term rental basis, of units previously owned by year-round residents.
2 AMI = Area Median Income; in Nantucket’s case, 100% of Area Median Income equates in 2019 to a family of four earning $116,400 (gross) per year. The 80% AMI maximum income limit for a family of four on Nantucket is $75,900.
3 Note that the year-round inventory will be updated in late 2021 / early 2022 with the results of the 2020 census. The best current estimate is that there will not be a material change in our 10% requirement. While there is new construction there also has been an offsetting purchase by seasonal residents, or by investors who operate on a short-term rental basis, of units previously owned by year-round residents.
There are a number of units proposed to be developed in the coming years which would add approximately 289 units\(^4\) to the inventory (see Exhibit 2). Assuming all the units are added, and that the controversial Surfside Crossing 40B proposal is still in litigation, the Town would still be 25 units short of the 10% target.

In addition to the aggregate target, the Town must also focus on the timing of the additions. There are “Safe Harbor” provisions designed to give municipalities temporary relief from 40B. If the Town is working in good faith and adding 24 units to the SHI list per year (in Nantucket’s case, as we have an approved Housing Production Plan\(^5\)), the Town is in Safe Harbor and not subject to an unfriendly 40B proposal. Based on recent progress, the Town is presently in a Safe Harbor period which is valid through June 13, 2020 and under certain conditions\(^6\) it is possible that it will be extended for an additional year through May/June 2021.

The Safe Harbor rules are complex and require a comprehensive strategy if the Town desires to remain in Safe Harbor. We have prepared an estimate of possible additions to the current inventory of 191 units which demonstrate that a deficit is likely in coming years (see Exhibit 3).

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\(^4\) 30 of the Richmond rental units are subject to a life estate benefitting Walter Glowacki

\(^5\) When a municipality has a Housing Production Plan that is approved by the Department of Housing and Community Development, the requirement for Safe Harbor by demonstrated annual production is reduced by half (0.5% versus 1%). In Nantucket’s case, we need to “produce” 24 units in one calendar year to achieve one year of Safe Harbor. 48 units would gain us two years of Safe Harbor. Two years is the maximum before needing to reapply for certification.

\(^6\) Approved developments must pull building permits within 12 months of project approval by the local permitting board and the development must receive its certificate(s) of occupancy within 18 months of building permit issuance in order for units to remain on the SHI list and be eligible to contribute to Safe Harbor.
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<td><strong>Total</strong></td>
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* accounts for the 15 eligible Surfside Crossing units coming off the SHI list due to litigation
** assumes Town in Safe Harbor until June 2021; assumes all eligible planned unit creation would take place in first half of the year and thus be eligible toward new and uninterrupted Safe Harbor periods

Please note this analysis does not include Surfside Crossing and the estimated timing and unit count is based upon the information we have available today. Multiple factors could accelerate or slow the pace reflected above.

In summary, without continued action by the Town today to plan for the foreseeable future, it is likely that the Town will return to being out of compliance with the Commonwealth’s requirements and therefore subject to unfriendly 40B proposals. Following the 2019 Annual Town Meeting and the subsequent ballot vote authorizing the Town to borrow up to $20 million to invest in additional workforce housing solutions for the community, the Neighborhood First Advisory Committee was established to advise the Nantucket Affordable Housing Trust and the Select Board on the most efficient and effective use of those monies.

The next step is for the Committee to evaluate strategies to add inventory to the SHI list and to make recommendations for the most effective means to reach the 10% target and remain in Safe Harbor in the interim.
### DISCUSSION DRAFT

#### Evaluation Criteria

Revised September 20, 2019

<table>
<thead>
<tr>
<th>Strategy</th>
<th>Effectiveness at Maintaining 40B Safe Harbor</th>
<th>Effectiveness at Adding Supply to Meet 10% Requirement</th>
<th>Proximity to Employment and Goods &amp; Services</th>
<th>Access to Public Sewer / Water Infrastructure</th>
<th>Creative New Supply</th>
<th>Opportunity for Energy Efficient Design</th>
<th>Estimated Total Cost Per Unit on SHI List</th>
<th>Ability to Use Off-Island Subsidy</th>
<th>Net Local Taxpayer Subsidy per Unit</th>
<th>Efficient Use of Town Financial Resources</th>
<th>Potential Number of New Units Added for $20MM Allocation % (Range)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Dispersed Home Purchases</td>
<td>Moderate¹</td>
<td>Low³</td>
<td>Low³</td>
<td>Low¹</td>
<td>Low</td>
<td>$698,000</td>
<td>Limited³</td>
<td>$669,250</td>
<td>Low</td>
<td>30 across the entire Island</td>
<td></td>
</tr>
<tr>
<td>2. Buy-down of Existing Year-Round Rentals</td>
<td>Moderate²</td>
<td>Low</td>
<td>Moderate²</td>
<td>Moderate</td>
<td>None</td>
<td>Low</td>
<td>$250,000</td>
<td>None</td>
<td>Low</td>
<td>60-80 across several locations</td>
<td></td>
</tr>
<tr>
<td>3. New Affordable Developments</td>
<td>High</td>
<td>High</td>
<td>High</td>
<td>High</td>
<td>High</td>
<td>High</td>
<td>$488,420</td>
<td>High¹</td>
<td>High²</td>
<td>High³</td>
<td></td>
</tr>
</tbody>
</table>

#### Footnotes

1. There is a timing challenge to acquiring 21 properties, improving them, and having the timing of approval of multiple LAU applications sync to allow for one year of Safe Harbor
2. Vacancies would need to be made available at each site which may result in the displacement of current year-round tenants
3. Sites spread around the island would, almost by definition, not necessarily be in proximity to employment and goods & services
4. Dependent on the location of the existing rental units
5. Some new units would be built under local zoning at acquired property locations (3 of 24 units according to the proponent’s project)
6. Assumes $25,000 per existing unit CDBG rehabilitation grant
7. A factor is the timing of a tax credit award for 6 Fairgrounds Road (Ticcoma Green), which could be too soon, which may require a cooling-off period following the award
8. Working on this aspect with respect to certain opportunities; for example, if Fairgrounds Road/Ticcoma Green economics equal to approximately $62,500 per unit

#### Comments

**Strategy 1 - Dispersed Home Purchases**

1. Under the Dispersed Home Purchases & Development model, the Town could end up competing with potential year-round buyers
2. Maintenance costs for a diverse set of single-family homes could be substantial
3. Based on the original article proponent’s economics, we would be paying $698k to receive a $12k annual benefit (1.7% ROI)
4. Spreads housing out across the entire Island
5. Could be attractive if a portion of sale price donated
6. Other pros:
7. Other cons:

**Strategy 2 - Buy-down of Existing Year-Round Rentals**

1. Under the Buy-down of Existing Rental units results in no equity from Neighborhood First capital
2. Under the Buy-down of Existing Rental units, therefore there would be no increase in year-round supply
3. Buy-down of Existing Rental units may require additional investment to ensure units are up to code
4. Buy-down of Existing Rentals may result in displacement of current year-round residents in order to meet program requirement of units counting on SHI list
5. While original proposition from a specific rental unit owner was not economically compelling, this concept may be worth exploring further
6. Exploration of an ownership buy-down program could be explored, units would need to be bought down to 60% AMI to be eligible to count on the SHI list (a requirement of the use of these funds)
7. Other pros:
8. Other cons:

**Strategy 3 - New Affordable Developments**

1. Multiple projects can be organized as mixed-income communities of appropriate scale for the particular location
2. Missing, density and aesthetics need to be evaluated on a case-by-case basis
3. Potential subsidy from state and federal sources could be in the range of 50% of the cost of new construction
4. Would not spread housing out across the entire Island
5. The Town could seek sites near transportation, employment, school and other services
6. Other pros:
7. Other cons:
NFAC MEETING
9/23/2019

AGENDA ITEMS VI.

NFAC WEBPAGE:¹
- Content
- Helpful documents

SAMPLE MISSION STATEMENT:
The Neighborhood First Advisory Committee has been tasked with advising the Nantucket Affordable Housing Trust and Select Board on the most effective means, in accordance with the 2019 Annual Town Meeting article and accompanying ballot measure, to invest $20,000,000 of Town resources specifically allocated to produce additional affordable workforce housing inventory.

¹https://www.nantucket-ma.gov/1478/Neighborhood-First-Advisory-Committee
END OF PACKET

SEPTEMBER 23, 2019