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
Joint Meeting with AFFORDABLE HOUSING TRUST FUND

Day, Date, and Time
TUESDAY, NOVEMBER 19, 2019 AT 12:30 PM

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

Signature of Chair or Authorized Person
Eleanor Antonietti
Land Use 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 11-19-2019
(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 Beauprand (Real Estate Specialist), Eleanor Antonietti (Land Use Specialist/Zoning Administrator), Megan Trudel (Administrative Specialist)
I. Call Meeting to Order

II. Approval of Agenda

III. Approval of Minutes
    ▪ November 1, 2019

IV. Presentation by Nantucket Data Platform

V. Presentation to Affordable Housing Trust Fund
    ▪ “Evaluation of Strategies” Document

VI. Public Comments

VII. Other Business
    ▪ Future Meeting Dates – Community Room, 4 Fairgrounds Road, 1:00-3:00pm
        Monday, December 16, 2019
        Monday, January 27, 2020
        Monday, February 10, 2020

VIII. Adjourn
NEIGHBORHOOD FIRST ADVISORY COMMITTEE

Friday, November 1, 2019
2:15 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: Penny Dey, Kristie Ferrantella, Joseph Grause, Peter Hoey, Brooke Mohr, Brian Turbitt

REMOTE PARTICIPATION: by phone Doug Abbey, Posie Constable

ABSENT: Howard Dickler, Dave Iverson, Eric Savetsky

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

Public Present: Rick Atherton; Andy Buccino (Stephens & Company, Inc. – energy consultant); Katherine Berube; Richard Berube

I. Call Meeting to Order

Meeting called to order at 2:49

II. Approval of Agenda

ROLL CALL VOTE:
Brooke Mohr Aye
Penny Dey Aye
Peter Hoey Aye
Kristie Ferrantella Aye
Joe Grause Aye
Brian Turbitt Aye
Doug Abbey Aye by phone
Posie Constable Aye by phone

Agenda adopted by UNANIMOUS consent.
III. APPROVAL of Minutes  
a. September 23, 2019

MOTION was made by Joe Grause and seconded that the Neighborhood First Advisory Committee does hereby approve the Minutes, as amended, for the meeting on September 23, 2019.

ROLL CALL VOTE:
Brooke Mohr  Aye
Penny Dey  Aye
Peter Hoey  Aye
Kristie Ferrantella  Aye
Joe Grause  Aye
Brian Turbitt  Aye
Doug Abbey  Aye by phone
Posie Constable  Aye by phone

The Vote was UNANIMOUS

IV. Discussion and Approval of Revised Draft of “Initial Report – Statement of the Housing Situation & SHI List Management” Document

Pages 13-18 of Packet
Peter asks Tucker to explain minor adjustments since last meeting.
Tucker HOLLAND goes over revisions which have incorporated input and ideas shared at September meeting. Suggested edits from member of public came just before packet was posted and have not yet been incorporated. Mainly wordsmithing.
Peter HOEY we will get feedback at joint meeting with the Affordably Housing Trust Fund (“AHTF”). Comments on Exhibit 4 in document (Page 17 of Packet). Graph showing annual instead of cumulative.
Penny DEY suggests showing in to show ‘here is where we are, here is the goal, and here is what we will be doing to get there.’ This may be an oversimplification but helpful for the public to have a clear understanding.
Tucker HOLLAND explains difficulty. Can be misleading.

CONSENSUS Want a chart to show people how we are progressing towards the 10% goal.
Tucker HOLLAND Exhibit 3 (Page 16 of Packet) does show where we are today. Runs a cumulative total. Could put that in a graph form but that is slightly different than what Peter was initially describing Will do what is desired and useful.
Penny DEY would like to see a separate chart. Wants to see as of 1/1 of particular year, this is the 10% goal and this is where we are.

Rick ATHERTON has a question on MEMO. Did not see reference to $5 million available to AHTF. Worth an explanation if you don’t anticipate any SHI eligible units coming on stream from the investment of that money. You have all kinds of other private projects.
Penny DEY that is a question for AHTF.
Brooke MOHR this reflects what we know is in the pipeline. Anything associated with CPC (Community Preservation Committee) money has no timeline or plan – nothing concrete to put on the list in terms of units. We have acquired a piece of property but have no development plan for it. Cannot identify number of units to put on here.
Rick ATHERTON there are projects on this list that don’t have specific time frames. They are in court. You are estimating certain things will happen in terms of coming and staying on line for SHI list. Would be good to have some eligible units using those funds. It is real money and ought to have real impact on what you are doing.
Joe GRAUSE Suggesting putting in another paragraph re. this available money. There is no plan for it, but it is going to have an impact.
Rick ATHERTON that could be helpful.
Penny DEY we are in process with numerous things that are not yet public. Initiatives to create housing. It is not under the purview of this group.
Peter HOEY we cannot quantify but a general footnote. Trying to inform public of all resources that can help.
Tucker HOLLAND looking at Exhibit 3, we are still 55 units short of 490 required, but that could change. Agrees that noting that those funds are available and will be deployed in meeting the 55-unit gap is good.
Brian TURBITT this is a statement of the housing situation. It should be in here. We are advising AHTF on $20 million but this report is on the overall goal. Agrees that a paragraph explaining it would be helpful to the public.
Kristie FERRANTELLA this is a living breathing document
CONSENSUS agrees.
Tucker HOLLAND clarifies that Board is asking him to add aspect of $5 million and cumulative chart – graph representation of Exhibit 3 for next meeting.

MOTION was made by Kristie Ferrantella and seconded by Penny Dey that the Neighborhood First Advisory Committee does hereby authorize Tucker Holland to amend the “Initial Report – Statement of the Housing Situation & SHI List Management” document as recommended by the Committee.

ROLL CALL VOTE:
Brooke Mohr   Aye
Penny Dey     Aye
Peter Hoey    Aye
Kristie Ferrantella  Aye
Joe Grause   Aye
Brian Turbitt Aye
Doug Abbey   Aye by phone
Posie Constable Aye by phone

The Vote was UNANIMOUS.
V. Discussion and Approval of Revised “Evaluation of Strategies” Document

Page 19 of Packet

Peter HOEY some modifications have been made based upon discussion at last meeting when we went around the room and each member commented and rated most efficient of 3 strategies. A suggestion was made to weigh by percentages but this was too precise. In the end, we landed on ranges.

Penny DEY a majority of us felt it should be a hybrid approach.

Tucker HOLLAND you can see the changes since last discussion meant to incorporate what came out of September discussions. Group was uniformly committed to multi-site approach and multi-pronged strategy. It really will be on a case by case basis. Density and scale will be appropriate in one location but not in another. There were some finer points placed on some of the criteria that will be important in evaluating different opportunities. Energy efficiency, proximity to other affordable housing or other developments, infrastructure, traffic/parking and transportation, appropriateness of scale, density, massing, design, site layout – all are important factors as is susceptibility to delay.

Peter HOEY don’t want to be too precise due to timing of opportunities. Perhaps LIHTC (Low Income Housing Tax Credit) will or will not be available. Howard’s document will speak to that. It is an organic document not meant to dictate how we evaluate.

Tucker HOLLAND he has a meeting at DHCD next week where intention is to get a firmer understanding – now that we have identified different strategies – to create a roadmap on how we remain in Safe Harbor, the principle goal of this program.

Brooke MOHR suggests we incorporate working within existing zoning. We want to send message that we are not looking to expand potential density of any particular area.

Rick ATHERTON appreciates what Brooke said. Use of terms like ‘appropriate’ could mean different things to different people, especially with respect to Strategy 3. What does appropriate mean? Developing more language around that would be helpful. Curious about Footnote #4 – “would not spread housing out across the entire island”. Does that mean you are not dispersing housing across the whole community? Concerned you would not be dispersing the impact.

Tucker HOLLAND With this particular strategy – refers to the Fire Dept. (“NFD”) property. Might be converted to meet a year of Safe Harbor. Would it make sense to use $5 million to buy a parcel in Sconset that could do the same job as the NFD property? May not be spread in same manner under that particular strategy, but there could be an individual situation that has several units within the complex that could be acquired at reasonable price.

Joe GRAUSE would suggest striking this footnote. None of these strategies will spread around the island. You don’t know where any of these solutions will end up.

Penny DEY agrees about striking. This supposed to be an objective statement as to impact.

Peter HOEY may have gotten in there as a reaction to concern that dvpt.s be near transportation.

Brooke MOHR if you put a larger number of units in one place, that means you have fewer places to put things. If you focus on Strategy 3 – more likely that it would be less dispersed. Just means more units will be concentrated in one place.

Doug ABBEY proposes that the guidelines be case dependent to retain flexibility to pursue attractive opportunities – we are trying to create places for families to live.

MOTION was made by Brooke Mohr and seconded by Penny Dey that the Neighborhood First Advisory Committee does hereby to vote to amend the “Evaluation of Strategies” document by 1) under General Comments – adding “with particular attention paid to existing zoning” after
“Appropriateness of scale and density in a particular location,” and 2) under Strategy 3, eliminating Footnote #4.

**ROLL CALL VOTE:**
Brooke Mohr     Aye
Penny Dey      Aye
Peter Hoey    Aye
Kristie Ferrantella  Aye
Joe Grause  Aye
Brian Turbitt Aye
Doug Abbey  Aye by phone
Posie Constable  Aye by phone

The Vote was **UNANIMOUS**

Lauren SINATRA (Energy Coordinator) commends the board for paying attention to energy as utility costs and affordable housing go hand-in-hand. A lot of thought and effort went into Housing Production Plan (“HPP”) in 2016. There are many sustainable strategies in the HPP. Proposes adding a footnote referencing those strategies and principles regarding renewable energy and energy efficiency. Available to assist board in any way requested with that initiative.

Peter HOEY Points out that there is a column (Opportunity for Energy Efficient Design) – asks if she would prefer something more explicit.

Lauren SINATRA thinks there should be mention to HPP, the renewable energy efficiency and conservation guidelines and strategies. This goes way beyond what is on this document.

Tucker HOLLAND criteria identified here would ultimately get translated into an evaluation tool that might be part of an RFI and RFP. Lauren is offering to put a finer point on things when we are at that juncture. We recently reconnected with 6 FG group – they are working to have an A-level energy efficiency.

Lauren SINATRA there are more opportunities for tax incentives, passive funding, wants that to be captured in evolution of this document in terms of best practices.

**VI. Communications**
   a. Discussion of Webpage and Documents
   b. Public Forums

Tucker HOLLAND we will have a joint meeting with AHTF on 11/19 and the documents will be finalized to go out for broader distribution. Inquirer & Mirror has reached out to do a story on NFAC. They have not written on this since money was appropriated. They may do a story in next week or two.

Brooke MOHR explains that the idea of Public Forum was assigned to her by AHTF. Could be in mid-January. Chance to bring together this group, AHTF, and other housing advocates to examine where we are, and where we are going. Ideally would be live streamed. She is working on this with Tucker.

Tucker HOLLAND we may have chance to bring in nationally recognized speaker.

Peter HOEY asks about bringing over people from Martha’s Vineyard.

Tucker HOLLAND good idea

Brook MOHR important to know what other folks are doing

Andy BUCCINO volunteers as energy consultant for this forum.
VII. Public Comments

VIII. Other Business
   a. Future Meeting Dates – Community Room, 4 Fairgrounds Road, 1:00-3:00pm
      i. POTENTIAL change of meeting date and time for November meeting
         Monday, November 18th  Monday, December 16th
         Monday, February 10th  Monday, January 27th

Next meeting on will have to end at 3pm.
Brooke MOHR Nantucket Data Platform will be doing a presentation of the output study AHTF contracted with them.
Tucker HOLLAND we have asked them to do a 10-15 minute presentation and then allow for some questions. This is their final report. This will be a joint meeting with AHTF at which we present our documents / recommendations and seek their input / feedback.

MOTION was made by Penny Dey and seconded by Peter Hoey that the Neighborhood First Advisory Committee does hereby to vote to change the next meeting to Tuesday, November 19th at 12:30pm PSF 1.

ROLL CALL VOTE:
Brooke Mohr  Aye
Penny Dey   Aye
Peter Hoey  Aye
Kristie Ferrantella  Aye
Joe Grause  Aye
Brian Turbitt Aye
Doug Abbey  Aye
Posie Constable Aye

The Vote was UNANIMOUS

The MOTION was made by Penny Dey and seconded by Brooke Mohr to adjourn the meeting without going into executive session as there is nothing pressing at this time.

ROLL CALL VOTE:
Brooke Mohr  Aye
Penny Dey   Aye
Peter Hoey  Aye
Kristie Ferrantella  Aye
Joe Grause  Aye
Brian Turbitt Aye
Doug Abbey  Aye
Posie Constable Aye

The Vote was UNANIMOUS

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
Meeting ended at 3:45pm

Submitted by:
Eleanor W. Antonietti
Neighborhood First Advisory Committee
Initial Report – Statement of the Housing Situation & SHI List Management

November 15th, 2019  FOR DISCUSSION WITH AHT

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 housing inventory that is affordable to the year-round community and counts on our Subsidized 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. Presently, the community is approximately 300 units short of the 490 required by the Commonwealth under Chapter 40B.

Many year-round Nantucket residents pay a high portion of their income in rent, leaving limited resources for other 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, nonprofits and the Town 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 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. To help the public better 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

AHT DISCUSSION DRAFT | Page 1 of 5
Therefore, we need to have 490 units on our SHI list to achieve compliance. 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 all the units within the development count on the SHI list (including the other 75% of units serving 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.

If the Island is well below the Chapter 40B 10% requirement, and not in Safe Harbor, developers can 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 (the Housing Appeals Committee or “HAC”) 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 well 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.

There are a number of known units proposed to be developed in the coming years, plus a handful of existing units in the process of being added to the SHI list, which would add approximately 259 units to the inventory (see Exhibit 2) over the upcoming period. Assuming all the known units are added, Nantucket would still be 65 units short of the 10% target. (Because the Surfside Crossing development has been appealed by the developers to HAC, and that the litigation process could
take 3-5 years or more, the timing and final number of these units is unclear and therefore we are not including them in this current projection.)

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\(^\text{iv}\)), 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, 2021 and under certain conditions\(^\text{v}\) it is possible that it could be foreshortened by as much as a year to June 2020.

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

<table>
<thead>
<tr>
<th>Exhibit 3: Estimated Timing for SHI Unit Additions</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
<th>2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Meadows II (Richmond) [R]</td>
<td>8</td>
<td>44</td>
<td>50</td>
<td>53</td>
<td></td>
</tr>
<tr>
<td>Sandpiper I &amp; II (Richmond) [O]</td>
<td>3</td>
<td>6</td>
<td>6</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>Ticcoma Green (6 Fairgrounds Road) [R]</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Beach Plum Village [O]</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Scattered rentals (Housing Nantucket) [R]</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Scattered ownership (Habitat for Humanity) [O]</td>
<td>1</td>
<td>3</td>
<td>2</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Surfside Crossing [O]</td>
<td></td>
<td>-15</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total =</strong></td>
<td>16</td>
<td>98</td>
<td>61</td>
<td>62</td>
<td>7*</td>
</tr>
<tr>
<td><strong>Cumulative total</strong>(^\text{<strong>} =)</strong></td>
<td>207</td>
<td>305</td>
<td>366</td>
<td>428</td>
<td>435</td>
</tr>
<tr>
<td><strong>Units potentially eligible to count for Safe Harbor =</strong></td>
<td>8***</td>
<td>0***</td>
<td>5</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td><strong>Minimum Safe Harbor deficit</strong>(^\text{****} =)**</td>
<td>0</td>
<td>0</td>
<td>19</td>
<td>21</td>
<td>21</td>
</tr>
</tbody>
</table>

\([R]\) denotes Rental units; \([O]\) denotes Ownership units

*There are an additional 30 rental units within Meadows II that may come on to the SHI list on or about this time; however, the property on which they would be built is subject to life estate benefitting Walter Glowacki, therefore there...
There is no certainty around the timing for these specific units to be developed and they therefore are not reflected in the totals for the period

** accounts for the 15 eligible Surfside Crossing units coming off the SHI list due to appeal / litigation

*** we are already in a two-year period of Safe Harbor (presently until June 13th, 2021)

**** assumes Town in Safe Harbor until June 2021; assumes all eligible planned unit creation would take place in first four months of the year and thus be eligible toward new and uninterrupted Safe Harbor periods

Based on what we know today about planned units that may contribute to a future Safe Harbor period, Nantucket is expected to be in a deficit situation for 2021, 2022 and 2023.

Exhibit 4: Projected Shortfall in Meeting Safe Harbor Requirement

<table>
<thead>
<tr>
<th>Year</th>
<th>Minimum Requirement for Safe Harbor</th>
<th>Known Planned Eligible Units Contributing to Safe Harbor</th>
<th>Shortfall</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>49</td>
<td>0</td>
<td>52</td>
</tr>
<tr>
<td>2020</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>2021</td>
<td>24</td>
<td>19</td>
<td>5</td>
</tr>
<tr>
<td>2022</td>
<td>24</td>
<td>3</td>
<td>21</td>
</tr>
<tr>
<td>2023</td>
<td>24</td>
<td>3</td>
<td>21</td>
</tr>
</tbody>
</table>

Note that in 2019 we have a minimum of 52 units that are eligible toward a two-year certification (Safe Harbor), not including the Surfside Crossing units; therefore, there is no requirement for additional units in 2020 to remain in Safe Harbor so long as the Meadows II units receive their Certificates of Occupancy within 18 months of issuance of Building Permit.

It is important to note that this analysis does not include the ultimate impact of additional investments such as the $5 million bonding provided by the CPC, which the CPC authorized with the purpose of land acquisition for housing development. These funds can produce units with income restriction up to 100% AMI and may produce additional units that would be SHI and Safe Harbor (certification) eligible. The counts reflected are based upon the information we have available today. In general, 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 Nantucket 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.

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i 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.

ii 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.

iii 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.

iv 30 of the Richmond rental units are subject to a life estate benefitting Walter Glowacki, therefore when they will be constructed and count on the SHI list is unknown.

v 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. 49 units would gain us two years of Safe Harbor. Two years is the maximum before needing to reapply for certification.

vi 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 for units to remain on the SHI list and be eligible to contribute to Safe Harbor.
## Neighborhood First Advisory Committee - Strategies to Add to Nantucket Affordable Housing Inventory

### Evaluation Criteria

<table>
<thead>
<tr>
<th>Strategy</th>
<th>Multiple Pocket Developments (6-30 units)</th>
<th>Dispersed Site Purchases &amp; Development</th>
<th>Buy-down of Existing Year-Round Rentals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Effectiveness at Maintaining 40B Safe Harbor</td>
<td>High</td>
<td>Moderate</td>
<td>Moderate</td>
</tr>
<tr>
<td>Effectiveness of Adding Supply to Meet 10% Requirement</td>
<td>High</td>
<td>Moderate</td>
<td>Low</td>
</tr>
<tr>
<td>Proximity to Employment and Goods &amp; Services</td>
<td>High</td>
<td>Low</td>
<td>Moderate</td>
</tr>
<tr>
<td>Access to Public Sewer / Water Infrastructure</td>
<td>High</td>
<td>Moderately</td>
<td>Moderate</td>
</tr>
<tr>
<td>Creates New Supply</td>
<td>None</td>
<td>Moderate</td>
<td>None</td>
</tr>
<tr>
<td>Opportunity for Energy Efficient Design</td>
<td>Low</td>
<td>High</td>
<td>Low</td>
</tr>
<tr>
<td>Total Cost Per Unit on SHI List</td>
<td>$688,514</td>
<td>Limited</td>
<td>$699,764</td>
</tr>
<tr>
<td>Ability to Use Off-Island Subsidy per Unit</td>
<td>Moderate</td>
<td>Limited</td>
<td>Low</td>
</tr>
<tr>
<td>Net Local Taxpayer Subsidy per Unit</td>
<td>High</td>
<td>Low</td>
<td>None</td>
</tr>
<tr>
<td>Efficient Use of Town Financial Resources</td>
<td>Moderate</td>
<td>High</td>
<td>High</td>
</tr>
<tr>
<td>Potential Number of New Units Added for $20MM</td>
<td>60-80</td>
<td>30 across entire Island</td>
<td>0-10%</td>
</tr>
<tr>
<td>Allocation % (Range)</td>
<td>High</td>
<td>High</td>
<td>Low</td>
</tr>
</tbody>
</table>

### Footnotes

1. There is a timing challenge to acquiring 21 properties, improving them, having them not sit vacant for an extended period, 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 (6 of 24 units according to the proponent pro-forma)

6. Utility and energy costs go hand-in-hand with affordability

7. Assumes $25,000 per existing unit CDBG rehabilitation grant

8. A factor is the timing of a tax credit award for 6 Fairgrounds Road (Ticcoma Green); this may or may not affect timing of next award to Nantucket depending on overall demand for tax credits and scoring of the next project

9. According to the March 26, 2019 proposal preference for Neighborhood First shared in advance of the 2019 Annual Town Meeting and incorporating $25,000 of CDBG funding per existing unit for rehabilitation

10. The proposal submitted by the owner of existing rental units on the Island: $250,000 per unit the Town would like on the SHI list (25% would be restricted at 80% AMI and the rest would continue to be at market rate)

11. This would be the displacement of current year-round tenants in order to meet program requirement of units counting on SHI list

12. No new units would be added to island housing inventory; only existing rentals would be converted to count on SHI list

13. As originally proposed there are numerous issues; however a refined version with better economics and addressing other aspects like displacement, this type of program may merit consideration in filling gaps in achieving Safe Harbor

## Comments

1. There is a case by case nature to the implementation of each of these strategies; what may be suitable and appropriate in one location may not be so in another

2. There will be a number of criteria by which each opportunity will be evaluated; in addition to those noted in the chart above, the below have also been identified as factors. More may emerge.

   - Appropriateness of scale and density in a particular location, with attention paid to current zoning
   - Massing, design, site layout
   - Sustainability / delay
   - Traffic / parking considerations

   - How many other SHI unit developments within a certain proximity

   - The case-dependent nature of the evaluation of opportunities is important to emphasize

   - Keeping flexibility is key

### Strategy 1 - Dispersed Site Purchases & Development

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 is unknown

3. Based on the original article proponent’s economics, we would be paying $500K to receive a $12K annual benefit (1.7% ROI)

4. Able to be attractive / more economical a portion of sale price is donated

5. DWCD has noted concern as the sole strategy for maintaining Safe Harbor, coordinating 11 different sites and LAU applications presents multiple challenges, as well as the need/road DWCD could not provide additional subsidy

6. Consider prioritizing opportunities where existing unit count exceed three units

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

1. Buy-down of Existing Year-Round Rentals units results in no equity from Neighborhood First capital

2. Under the Buy-down of Existing Rental model, as proposed, units are already in the year-round rental stock, 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 Year-Round 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 brought down to 80% AMI to be eligible to count on the SHI list (a requirement of the use of these funds)

### Strategy 3 - New Affordable Developments

1. Multiple projects can be organized as mixed-income communities of appropriate scale for the particular location

2. Massing, density and aesthetics need to be evaluated on a case-by-case basis; this is a significant concern of the community and the committee

3. Potential subsidy from state and federal sources could be in the range of 50% of the cost of new construction

4. The Town could seek sites near transportation, employment, school and other services and in so doing reduce reliance on travel by car
Neighborhood First Housing Program  
Updated 3/26/19

Authorization for borrowing up to $20 million for the acquisition of scattered site housing to be converted to year-round rentals and added to our SHL list
Program to be administered by the Nantucket Affordable Housing Trust (NAHT) with oversight from the Select Board

24 units - property development and management to be performed by private 3rd party

### OPERATING INCOME

<table>
<thead>
<tr>
<th>Year</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>9</th>
<th>10</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rental Income</td>
<td>$ 465,565</td>
<td>$ 474,877</td>
<td>$ 484,374</td>
<td>$ 494,062</td>
<td>$ 503,943</td>
<td>$ 514,022</td>
<td>$ 524,302</td>
<td>$ 534,788</td>
<td>$ 545,484</td>
<td>$ 556,394</td>
</tr>
<tr>
<td>Vacancy Loss</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Collection Loss</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

### BONDING

<table>
<thead>
<tr>
<th>Annual Debt Service</th>
<th>$ 1,193,268</th>
<th>$ 1,153,956</th>
<th>$ 1,153,956</th>
<th>$ 1,153,956</th>
<th>$ 1,153,956</th>
<th>$ 1,153,956</th>
<th>$ 1,153,956</th>
<th>$ 1,153,956</th>
<th>$ 1,153,956</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cumulative</td>
<td>$ 1,193,268</td>
<td>$ 2,347,224</td>
<td>$ 3,501,180</td>
<td>$ 4,655,136</td>
<td>$ 5,809,092</td>
<td>$ 6,963,048</td>
<td>$ 8,117,004</td>
<td>$ 9,270,960</td>
<td>$ 10,424,916</td>
</tr>
<tr>
<td>Acquisition Cost</td>
<td>$ 12,120,000</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Improvements Cost</td>
<td>$ 4,404,325</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

E/I Ratio: #DIV/0!  
Income & Expense Escalation: 2.00%  
Vacancy Loss: 5.00%  
Collection Loss: 2.00%

### UNITS

<table>
<thead>
<tr>
<th>Location</th>
<th>2018 Transactions (Sales Price)</th>
<th># of Existing Units</th>
<th># of Existing Bedrooms</th>
<th>Unit Type(s)</th>
<th>Potential Units by Type</th>
<th>Potential Added Bedrooms</th>
<th>Estimated Improvement Cost</th>
<th>Estimated Monthly Income</th>
<th>Current Tax Bill</th>
<th>Sold From / To</th>
</tr>
</thead>
<tbody>
<tr>
<td>5 Witherspoon (c. 2002)</td>
<td>$ 1,400,000</td>
<td>2</td>
<td>3 + 2</td>
<td>Condo + Condo</td>
<td>-</td>
<td>-</td>
<td>$ 200,000</td>
<td>$ 5,303</td>
<td>$ 4,704</td>
<td>I to S</td>
</tr>
<tr>
<td>16 Waydale (c. 1975)</td>
<td>$ 1,100,000</td>
<td>2</td>
<td>3 + 1</td>
<td>House + Apt</td>
<td>-</td>
<td>-</td>
<td>$ 200,000</td>
<td>$ 4,803</td>
<td>3,696</td>
<td>YR to I</td>
</tr>
<tr>
<td>2 Evergreen (c. 1997)</td>
<td>$ 1,175,000</td>
<td>2</td>
<td>3 + 2</td>
<td>House + Cottage</td>
<td>-</td>
<td>-</td>
<td>$ 200,000</td>
<td>$ 5,303</td>
<td>3,948</td>
<td>Unknown</td>
</tr>
<tr>
<td>4 Meadow View Dr. (c. 1981)</td>
<td>$ 1,200,000</td>
<td>2</td>
<td>3 + 1</td>
<td>House + Cottage</td>
<td>-</td>
<td>-</td>
<td>$ 200,000</td>
<td>$ 4,803</td>
<td>4,032</td>
<td>S to S</td>
</tr>
<tr>
<td>9 Equator (c. 1987)</td>
<td>$ 1,200,000</td>
<td>2</td>
<td>4 + 2</td>
<td>House + Cottage</td>
<td>Apt (1)</td>
<td>1</td>
<td>$ 418,750</td>
<td>$ 8,183</td>
<td>4,032</td>
<td>YR to I</td>
</tr>
<tr>
<td>1A Thurston (c. 1979)</td>
<td>$ 1,325,000</td>
<td>2</td>
<td>3 + 2</td>
<td>House + House</td>
<td>Apt (1)</td>
<td>1</td>
<td>$ 418,750</td>
<td>$ 7,915</td>
<td>4,452</td>
<td>I to I</td>
</tr>
<tr>
<td>16 Pine Tree (c. 1989)</td>
<td>$ 765,000</td>
<td>1</td>
<td>2</td>
<td>House</td>
<td>Apt (1)</td>
<td>2</td>
<td>$ 475,000</td>
<td>$ 4,994</td>
<td>2,570</td>
<td>YR to YR</td>
</tr>
<tr>
<td>1 Washington Ave (c. 1983)</td>
<td>$ 1,085,000</td>
<td>1</td>
<td>4</td>
<td>House</td>
<td>Cottage (1)</td>
<td>3</td>
<td>$ 787,500</td>
<td>$ 6,035</td>
<td>3,675</td>
<td>Unknown</td>
</tr>
<tr>
<td>324 Milestone Road (c. 1987)</td>
<td>$ 1,025,000</td>
<td>1</td>
<td>4</td>
<td>House</td>
<td>Cottage (1)</td>
<td>2</td>
<td>$ 475,000</td>
<td>$ 5,571</td>
<td>3,523</td>
<td>Unknown</td>
</tr>
<tr>
<td>51 Hooper Farm (c. 1971)</td>
<td>$ 895,000</td>
<td>2</td>
<td>2 + 2</td>
<td>House + House</td>
<td>Apt (1)</td>
<td>1</td>
<td>$ 418,750</td>
<td>$ 7,606</td>
<td>3,007</td>
<td>YR to I</td>
</tr>
<tr>
<td>35 Friendship (c. 1989)</td>
<td>$ 950,000</td>
<td>1</td>
<td>3</td>
<td>House</td>
<td>-</td>
<td>-</td>
<td>$ 100,000</td>
<td>$ 2,307</td>
<td>3,192</td>
<td>YR to YR</td>
</tr>
<tr>
<td>Totals</td>
<td>$ 12,120,000</td>
<td>18</td>
<td>42</td>
<td>6</td>
<td>10</td>
<td>$ 3,893,750</td>
<td>$ 62,823</td>
<td>$ 40,831</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

For income calculations, the larger existing unit is assumed at 80% AMI rate; the second unit is assumed at 120% AMI rate; the third unit is assumed at Market rate.
Under "Sold To", I = Investment, S = Seasonal, YR = Year Round

Improvement cost for debt calculation above includes 10% contingency on Estimated Improvement Cost plus 1% closing cost on the acquisition price of the properties.

If properties were to cost 10% more over last year, borrowing would equate to $11,869,645 and annual debt service would rise to $1,290,420 ($97,152 more annually).
Neighborhood First Housing Program

Authorization for borrowing up to $20 million for the acquisition of scattered site housing to be converted to year-round rentals and added to our SHI list

Program to be administered by the Nantucket Affordable Housing Trust (NAHT) with oversight from the Select Board

24 units - property development and management to be performed by private 3rd party

INVESTMENT

<table>
<thead>
<tr>
<th>Property Details</th>
<th>Cost per Dwelling Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Address: Scattered Sites</td>
<td></td>
</tr>
<tr>
<td>Properties acquired:</td>
<td>$12,120,000</td>
</tr>
<tr>
<td>Units (after construction/renovation):</td>
<td>$688,514</td>
</tr>
<tr>
<td>Beds (after construction/renovation):</td>
<td></td>
</tr>
</tbody>
</table>

Uses of Capital

Acquisition $12,120,000
Improvements $4,283,125
Land Bank (Exemption A) 
Closing Costs (1%) $121,200
Broker Commission 
Total Uses = $16,524,325

Sources of Capital

Loan (Bonding) $16,524,325
Subsidies 
Equity 
Total = $16,524,325

CAPITAL EXPENSES

<table>
<thead>
<tr>
<th>Capital Expenditures</th>
<th>Per Dwelling</th>
<th># of Dwellings</th>
<th>Extended</th>
</tr>
</thead>
<tbody>
<tr>
<td>New 3-bedroom Dwelling</td>
<td>$687,500</td>
<td>1</td>
<td>$687,500</td>
</tr>
<tr>
<td>New 2-bedroom Dwelling</td>
<td>$375,000</td>
<td>2</td>
<td>$750,000</td>
</tr>
<tr>
<td>New 1-bedroom Dwelling</td>
<td>$218,750</td>
<td>3</td>
<td>$656,250</td>
</tr>
<tr>
<td>Conversion of existing space</td>
<td>$150,000</td>
<td>0</td>
<td>$150,000</td>
</tr>
<tr>
<td>Repairs and Upgrades at Existing Units</td>
<td>$100,000</td>
<td>18</td>
<td>$1,800,000</td>
</tr>
<tr>
<td>Sewer Connection Fees</td>
<td>-</td>
<td>0</td>
<td>-</td>
</tr>
<tr>
<td>Water - Connection Fees</td>
<td>-</td>
<td>0</td>
<td>-</td>
</tr>
<tr>
<td>Contingency</td>
<td>10%</td>
<td>0</td>
<td>$389,375</td>
</tr>
<tr>
<td>Total CAPEX =</td>
<td>$4,283,125</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

ANNUAL OPERATING EXPENSES

<table>
<thead>
<tr>
<th>Capital Expenditures</th>
<th>Amount</th>
<th>Per</th>
<th>#</th>
<th>Extended</th>
</tr>
</thead>
<tbody>
<tr>
<td>Real Estate Tax</td>
<td>$3.36</td>
<td>/thousand</td>
<td>$16,524,325</td>
<td>$55,522</td>
</tr>
<tr>
<td>Sewer &amp; Common Water</td>
<td>$50</td>
<td>/property/month</td>
<td>18</td>
<td>$10,800</td>
</tr>
<tr>
<td>Common Electric</td>
<td>$50</td>
<td>/property/month</td>
<td>18</td>
<td>$10,800</td>
</tr>
<tr>
<td>Insurance</td>
<td>$1,000</td>
<td>/property/year</td>
<td>24</td>
<td>$24,000</td>
</tr>
<tr>
<td>Administrative Fees</td>
<td>$1,000</td>
<td>/dwell/week</td>
<td>24</td>
<td>$24,000</td>
</tr>
<tr>
<td>Repairs &amp; Maintenance</td>
<td>$5,000</td>
<td>/dwell/week</td>
<td>24</td>
<td>$120,000</td>
</tr>
<tr>
<td>Marketing</td>
<td>$500</td>
<td>/dwell/year</td>
<td>24</td>
<td>$12,000</td>
</tr>
<tr>
<td>Replacement Reserves</td>
<td>$3,500</td>
<td>/dwell/year</td>
<td>24</td>
<td>$84,000</td>
</tr>
<tr>
<td>Landscaping</td>
<td>$1,400</td>
<td>/property/year</td>
<td>18</td>
<td>$25,200</td>
</tr>
<tr>
<td>DHCD Monitoring</td>
<td>$60</td>
<td>/SHI unit /month</td>
<td>11</td>
<td>$7,920</td>
</tr>
<tr>
<td>Management</td>
<td>10.00%</td>
<td>on gross rental income</td>
<td></td>
<td>$75,388</td>
</tr>
<tr>
<td>Contingency</td>
<td>5.00%</td>
<td>on non-management &amp; non-tax expenses</td>
<td></td>
<td>$15,936</td>
</tr>
</tbody>
</table>

Snow, Trash and Fuel / Utilities are Renter's responsibility

Total = $465,565

RENTS

<table>
<thead>
<tr>
<th>Rents</th>
<th>Market</th>
<th>120%</th>
<th>80%</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1-bedroom</td>
<td>$2,612</td>
<td>$2,496</td>
<td>$1,665</td>
<td></td>
</tr>
<tr>
<td>2-bedroom</td>
<td>$3,136</td>
<td>$2,996</td>
<td>$1,998</td>
<td></td>
</tr>
<tr>
<td>3-bedroom</td>
<td>$3,622</td>
<td>$3,460</td>
<td>$2,307</td>
<td></td>
</tr>
<tr>
<td>4-bedroom</td>
<td>$4,041</td>
<td>$3,861</td>
<td>$2,575</td>
<td></td>
</tr>
</tbody>
</table>

In Nantucket, 80% AMI = family of four earning up to $88,750/year; 120% AMI = family of four earning up to $133,100/year
End of Packet