



Town of Nantucket Finance Committee

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

MINUTES

Thursday, January 12, 2023

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

Called to order at 4:00 pm by Ms. Kronau

Staff in attendance: Libby Gibson, Town Manager; Brian Turbitt, Director of Finance; Susan Carmel, Assistant Financial Director; Mariya Basheva, Financial Analyst; Terry Norton, Town Minutes Taker; Tucker Holland, Housing Specialist

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

Absent Members: McEachern, Bloomer, Vieth

Late Arrivals: Grause, 4:10 pm

Other Speakers: Arthur Reade, Reade, Gullicksen, Hanley, & Gifford LLP; Penny Dey, Affordable Housing Trust Fund (AHTF); Brian Sullivan, AHTF Chair

Documents used: Draft minutes as listed; Citizen Warrant Articles for 2023 Annual Town Meeting.

Adoption of Agenda

Motion **Motion to Approve.** (made by: Schaeffer) (seconded)

Roll-call vote Carried 5-0//Glowacki, Schaeffer, Maury, Kronau, and Roche-aye

I. ANNOUNCEMENTS

II. APPROVAL OF PRIOR MEETING MINUTES

1. January 9, 2023

Motion Not at this time.

Roll-call vote N/A

III. PUBLIC COMMENT

1. None

IV. PUBLIC HEARING AND DISCUSSION OF CITIZEN WARRANT ARTICLES FOR 2022 ANNUAL TOWN MEETING (ATM)

1. Affordable & Year-Round Housing Stabilization Fund, Arthur Reade

Discussion **Reade** – This article has the same as last-year’s article, which did not pass. Affordable year-round housing within 150% to 200% annual income is a serious need. We need to encourage the State by showing we will use every possible avenue to meet the housing need. There is a connection between the Occupancy Tax and affordable housing; the workforce involved in supporting sources of the funds are all within the range qualifying for affordable housing. The Stabilization Fund would be created with passing of this article; the funds would then be set aside until the next town meeting when a vote is made to move those funds in totality for use in purchasing properties. Every year the funds are set aside, and the following Town meeting made available for use as needed. It would remain in effect for at least three years once it passes. Last year’s revenue from the tax was in the range of \$12m; the means about \$8m would be available for affordable housing. Hopes for a positive recommendation.

Schaeffer – From the time the money is raised to when it’s spent, asked the timeframe.

Turbitt – If this were to pass, it would be over a year. The money would have to be appropriated at every Town meeting with a 2/3rd vote; if that vote doesn’t pass, it will stay in the fund.

Glowacki – Asked if it could go into a Fund with more flexibility such as a general use fund.

Turbitt – It has to be appropriated at Town meeting for a specific purpose. There's a high hurdle to get the money out. We're talking about a problem that's more than 20 years old and we're trying to solve it with an unstable source of revenue. If the fund doesn't have enough to cover a debt service, it would fall back to the general fund to fill the gap. The Town has made a substantial effort of allocating over \$65m to affordable housing. This year alone we allocated \$1.6m to affordable housing; this is a tax-base problem that's existed for a long time. If this article were to pass, it would take \$4m to \$8.5m out of the budget; we'd have to cut the budget by that amount with the impact being on personnel. We are meeting to discuss a \$5m override, which would authorize AHTF to budget.

Glowacki – Doesn't understand the need to restrict money in this way in order to show good faith.

Reade – Once these funds are set aside, they can't be used for any other purpose. Once a 2/3rd vote takes place, no further action is required at Town Meeting or the ballot. The overrides require a ballot vote, where voters tend to be more conservative. The trend in rentals and hotel rooms is up; he can't conceive of anything other than an upward trend.

Schaeffer – The amount of money pulled out and how it would be made up. Another issue is acquiring the land.

Grause – Asked how we would turn off the stabilization fund.

Turbitt – it would be in effect for 3 years; then town meeting would vote to adopt or remove. Though we might think the Occupancy Tax might continue trending up, last quarter it was down about 11% yes.

Grause – Asked if the definition of affordable housing is suitably restrictive to 80% of mean income.

Reade – The language refers to affordable and year-round; it can cover all types of year-round housing.

Grause – We are approaching a point where we'll be at 10% of affordable housing. Other types of work-force housing would benefit.

Roche – She's concerned about the fact doing this could take away money from the budget and having to cut from somewhere else.

Dey – We have an article this year to expand the definition of affordable to include up to 240% of medium income. This has been an issue for the 50 years she's lived here. It's the popularity of Nantucket where the median cost of a house is \$4m.

Sullivan – Yesterday, Nantucket received its certification for another 2 years of Safe Harbor. If we have 5000 houses, it will cost us another \$400m to get to a secure housing position. Setting a limit to 6% would not impact tourism and that 6% would go to affordable housing. He feels we should be putting override into our budget to protect the Town employees. He supports this because we need a "fire hose." We need housing as infrastructure, that's how critical it is. There's a significant base of year-round residents who've been here 30 years; he sees them selling their properties to move onto retirement; that inventory is being lost to investors and the land bank and will only increase over the next 10 years.

Kronau – The \$5m override provides more immediacy for the ability to spend; having to go to ATM causes a delay and the opportunity can be lost. While it's attractive to take money from the Occupancy Tax, she's not concerned about where the money comes from. Asked if overrides have to spend for that which it is allocated.

Turbitt – The 1st year of the override, it has to be used for the stated purpose in the appropriation; after that it becomes part of the levy. After the 1st year, the override is removed from the budget calculations.

Kronau – Asked if this is an override, is a way in the future to ensure that the money is only used for AHTF.

Turbitt – That is a Town Administrator decision; he doesn't foresee a change in thinking.

Grause – Asked how the \$5m override would be funded.

Turbitt – It would be through the tax base. We would ask for a permanent override so that it would be in the levy every year.

Grause – It becomes permanent and disconnected from the stated purpose with no sunset.

Turbitt – Unless an “underride” were proposed to remove it. He’s never seen that.

Dey – The source of the funding does matter; Mr. Reade’s article puts it on our guests and visitors.

Grause – Raising the levy puts it on summer visitors.

Maury – He’s ready to vote but has questions to submit to Ms. Gibson and Mr. Turbitt. He’d like to know what funds are being allocated to support tourists and short-term visitors. He believes the reason the State legislature extended the Occupancy Tax to STRs was because of the large seasonal influx of visitors and the strain on the budget to support them.

Consensus has mixed feelings about voting on a motion today.

Grause – Asked if there’s a chance of a compromise such as requesting one \$8.5m override to allow the money to be used more flexibility.

Turbitt – He’s not sure how to merge the two. He’s not prepared to propose an override for general fund operations; if this were to pass, it could be catastrophic and require an override to close the gap. He doesn’t think the voters are averse to a debt exclusion. We are going to talk to AHTF about this on Tuesday and find out if they believe the number has to be higher; we could also talk about marrying the two overrides together. He’s not sure how the Select Board or Town Manager would feel but the conversation can continue.

Reade – He is open to any discussion that would lead to a resolution of the issue.

Turbitt – With Mr. Reade’s article and in building the 2025 budget, we would have no idea how much would be going into the Stabilization Fund.

Glowacki – If you have more money, more money could be put into the Stabilization Fund.

Turbitt – The problem is money might not get to where we want it to go. It creates a lot of uncertainty in budgeting.

Gibson – We are focused on housing but people need to understand the range of other high-ticket pending issues: collective bargaining, solid waste management, capital projects and debt service, stormwater, coastal resiliency, Baxter Road alternative access, Town employee housing, sustainability. She understands the concern of operating with overrides; all overrides that are in place now have always been used for their intended purpose.

Sullivan – He’s looking for all and any opportunities. Asked if the money would be used for bonding and is the \$5m to be used for staffing and programs or to be used for purchasing opportunities.

Turbitt – He’s already made the calculations with some would be left for unanticipated items.

Motion No action at this time.

Roll-call Vote N/A

V. COMMITTEE REPORTS

1. None

VI. NEXT MEETING DATE/ADJOURNMENT

Date: Tuesday, January 17, 2023; 4:00 p.m. via ZOOM

VII. OTHER BUSINESS

1. No meeting on January 19, 2023
2. Adjournment

Motion Motion to Adjourn at 5:03 pm. (made by: Schaeffer) (seconded)

Roll-call Vote Carried 6-0//Glowacki, Schaeffer, Grause, Roche, Maury, and Kronau-aye

Submitted by:

Terry L. Norton