

NANTUCKET AFFORDABLE HOUSING TRUST

~~ MINUTES ~~

Tuesday, March 22, 2022

Remote Meeting *via* Zoom – 12:30pm

Trust Members: Brian Sullivan (Chair), Brooke Mohr (Vice-Chair), Penny Dey, Dawn Hill Holdgate, Reema Sherry, Dave Iverson, Shantaw Bloise Murphy

ATTENDING MEMBERS: Brooke Mohr, Penny Dey, Dawn Holdgate, Shantaw Bloise Murphy

ABSENT: Dave Iverson

STAFF IN ATTENDANCE: Tucker Holland (Housing Director); Ken Beaugrand (Real Estate Specialist); Allyson Mitchell (Housing & Real Estate Office Manager)

ANTICIPATED SPEAKERS:

Public Present on Zoom:

I. Call Meeting to Order

Brian Sullivan called the meeting to order at 12:30pm & reads Public Participation Guidelines

II. Approval of Agenda

Penny Dey moved to approve the agenda. Shantaw Murphy seconded the motion.

ROLL CALL of those participating:

1. Brooke Mohr Aye
2. Shantaw Murphy Aye
3. Penny Dey Aye
4. Brian Sullivan Aye

Agenda adopted by **UNANIMOUS** consent.

**Dawn Holdgate drops off call for vote*

III. Minutes for Approval

Approval of December 2, 2022 minutes moved to later in the meeting, when there is a quorum of members who were present.

Penny Dey moves to approve minutes from Tuesday, February 15, 2022. Brooke Mohr seconds.

ROLL CALL of those participating:

1. Brooke Mohr Aye
2. Shantaw Murphy Aye
3. Penny Dey Aye
4. Brian Sullivan Aye

Agenda adopted by **UNANIMOUS** consent.

has been a great deal of excitement. We had a significant amount of curiosity and enthusiasm by members of the public, who have been coming in to check things out. These are atypical foundations going in, it's an old method of building using Styrofoam blocks filled with concrete, but they are extraordinarily energy efficient. We'll start digging another couple of foundations the following week, the first two buildings are on track for the end of April to be delivered. They're going online at the factory April 4th. Last Tuesday, we received unanimous approval, the landscape plan, by the HDC. There wasn't even discussion about it, and I thought that was a good sign.

Brian Sullivan, do you think there is opportunity for some sort of story board near the road, to educate the public away from the site, but promote the project?

Billy Cassidy, yes, I've been thinking of that. We could create a little area where people could get off of the road and get out and walk around.

Anne Kuszpa, a lot of people are also inquiring about how to get on the list. For the 80% units and below, we'll be conducting a lottery that will be advertised at least 4-8 weeks in advance, with an info session. All of that will be publicized. All units above 80%, we'll be selecting tenants from our Ready to Rent list. So we encourage people to submit their applications for that list and keep us updated with changes.

Brooke Mohr, estimated timing for the lottery applications?

Anne Kuszpa, really depends on when the units will be ready. We're working towards fall.

Brian Sullivan, notes Reema Sherry has joined the meeting.

VII. Wildflower Acceleration – UPDATE

Dave Armanetti, we are continuing construction out at the site, going well. Two of the three buildings have been set, the first 8-unit building is 80% complete, including interior. That one is heading for a mid-April completion and CO date. The second building – 10-unit building - is 20% complete interior. All but 4 modules for the third building are on site. The last ones are coming on the island this week and the set is scheduled for next week. No delays or unexpected issues which has been great. The other piece of the puzzle is that we've formally started our marketing plan and implementation 10 days ago, all packets have been made available electronically and in paper. We've also started advertising in the newspapers. Our application deadline is in mid-May, so thus far, we're getting real good response on the ground in terms of people picking up packets and are interested. SEB Housing – our housing consultant – reported that they're getting expected number of hits on their website in terms of traffic. The Board may recall, we have 12 AMI restricted units in this phase, six 50% AMI, and six 100% AMI units.

Allyson Mitchell, we need you to vote on the Estoppel and Agreement in the packet.

we take applications the first quarter of the year and we allocated “tickets” and the tickets have an expiration date on them. The hard thing is that people can’t look for a house or commit to the purchasing process without knowing they have the down payment assistance available. We might want to set up a 6-month ticket, and then they could renew for another 6 months depending on the availability of funds. My very first thought is, thank goodness we’re finally here, because we’ve been talking about this for a very long time.

Shantaw Murphy, I agree with Brooke in the sense that the once a year just doesn’t seem to serve everyone. This reminds me of the covenant program and how the approval process works, with the renewal concept.

Brian Sullivan, I wonder in the early phase, if we need to have a conversation with some banks as to what the tipping point would be for them.

Brooke Mohr, where this gets complex is regarding the AMI restriction...are we just qualifying based on the buyer’s income or is there a price restriction on resale to keep it affordable to someone? I guess if its restricted at 200% AMI overall, that puts a bit of a governor on who can buy it and that might put a governor on who can buy it.

Brian Sullivan, not necessarily. We would need to file a restriction, whether its year-round occupancy or a new AMI language that lasted in perpetuity or something.

Brooke Mohr, yes, so the covenant program has two pieces...you have to qualify with your income and it has a cap. In theory, it keeps them affordable to someone who makes 150% and below. There is then a natural governor on pricing if you can only sell it to someone who can qualify for a mortgage and their income has to be below 150% AMI and their assets have to be at a certain amount. So my question is, do we actually put a price cap on it? I don’t know, just something to answer.

Reema Sherry, maybe we need to look at modifying the covenant program up to 200% AMI?

Brian Sullivan, I would warn against modifying against the program, because there is an inventory that exists in place and you wouldn’t want to adjust that inventory, but you could add a second tier...

Reema Sherry, when we are considering awarding this assistance, we should consider awarding at a variety of income levels. Let’s not reinvent the wheel though.

Brian Sullivan, I would be curious if staff could reach out to some of the communities in the West that have programs in place, and we could look at the structure of those down payment assistance programs, to see if there is any modeling that might be worthwhile.

Penny Dey, are we doing anything to try to get these funds recycling through in perpetuity? Also there needs to be no subjectivity here, as little as possible, in the decision-making process.

Henry Sanford, is 175% AMI the limit for the Trust’s mandate to help?

Tucker Holland, its somewhat of a self-defined limit, as to what the community/Trust has determined to be moderate. All of the funding articles generally have an upper limit of 200% AMI. There is an article on the warrant, the housing bank legislation, the upper limit has been moved up to

240% on this year's ATM.

Henry Sanford, with these limits of AMI, you need to reverse engineer what the housing cost burden is. So each target property would propose a certain housing cost burden, depending on the debt, the utilities, the taxes, etc. I believe that right now, in order to afford a \$2 million property with an 80% mortgage, you need to be making 275% of AMI, so that could be one way for the Board to help with the down payment assistance. If you think about the Land Bank and their exemptions on first time home buyers...like if you sell the house within 5 years you owe the Land Bank the full 2%...the Board could incorporate something like that. Or dare I say, lobby the Land Bank to exempt all year-round residents, first time home buyers, the entire fee.

Anne Kuszpa, have you all considered the universal deed rider as a solution? For example, there is a resale price multiplier that you can adjust for whatever price point and target AMI you're looking to serve, so that it's as affective and affordable for that next buyer. That's what we use for the 175% Richmond Workforce units, the Sachems Path units. The other benefit is that you can get a mortgage from a lender that's not just a local bank.

Brian Sullivan, I appreciate you bringing that to the conversation, could you send over what you're using for the 17% units at Richmond?

Anne Kuszpa, Town counsel developed that, so we certainly can send that over. It's already been tailored for the 175% units.

Tucker Holland, I wanted to mention, we have a gentleman named Nate Scott, who is an employee of Ocean Spray, who has been able to work remotely during the pandemic, he's one of those people who is looking to own a home on Nantucket and wants to figure it out.

Nate Scott, introduces himself and talks about his time on Nantucket. Looking to buy a covenant home, got approved, and didn't realize that there would be an 11% down payment on his loan. Had saved for a 3% down payment.

Brooke Mohr, as to timing, I think that this could be really valuable to have further fleshed out in time for Town meeting, the community has been waiting for this opportunity. In terms of understanding what this warrant article and ballot question means for the community, it would be really useful for us to explain what we're going to do with that money.

Brian Sullivan, what would be the price of a 240% AMI house? I want to understand if the limit is up, where are people competing in the marketplace and inventory?

Penny Dey, if this does pass at Town Meeting, it also has to pass at the ballot, and the funds would be available July 1 of 2022, yes? Are you going to draft something?

Tucker Holland, the Board has provided a lot of great thoughts today, definitely going to be looking into them before our next meeting. Expect to have a full discussion of this at our April meeting. I think it would be ambitious to have a program fully designed and approved at Town meeting though. There are a lot of moving parts to something like this, and we want to be doing it thoroughly and

properly. Will want input from a variety of different folks along the way.

Penny Dey, also, keeping in mind, any unintended consequences of something like this.

Brian Sullivan, in a low inventory situation, would this drive pricing higher? Something to consider.

IX. Housing Proposal by Cliff Williams – PRESENTATION

Brian Sullivan, we had spoken to Cliff awhile back, now he has a presentation with a little more information to present.

Cliff Williams, was hoping to come back in January, but the Planning Board needed everything before then to review and make a recommendation. I didn't get the recommendation I wanted from them, but the NP&EDC is looking for a positive recommendation from this Board for Article 63 before they review. Plans in packet are a rough draft, but plans show 5 homes, around 20 x 30. The Skyline community would like to cut off access to Skyline for this neighborhood, so I propose the access being through Richmond, and the Skyline access would be limited to bicycles and a walking path.

Brian Sullivan, you're looking for a positive recommendation on what warrant article?

Cliff Williams, Article 63.

Brian Sullivan, to be clear, you're hoping we'll make a positive recommendation on Article 63 to change zoning, and you're suggesting that this presentation you're showing us it something you might do if the zoning changes.

Cliff Williams, correct. I envision a model similar to a Monomoy Village. A way for smaller families or single people to get into the market. It would be a turn key situation, we'd put the road in, put the houses up, and through the help of the Trust and whoever else could help, we could get these on the market for \$1.1 million depending on the lumber cost. It would be 1BR, but also have a walk-in basement and an unfinished second floor with a lot of potential.

Penny Dey, we haven't made recommendations on articles in the past have we? Not on a citizen's article. I am not comfortable supporting an article that's going to change zoning.

Brooke Mohr, I think this idea is clever, an unfinished house to make it more affordable, we can't sponsor anything that doesn't come with a plan for a deed restriction and an AMI restriction, and there's nothing on that here. I think you're ahead of yourself to ask for our support on a zoning change with no commitment or lock-in to this having an affordable component, built into it.

Cliff Williams, I'm open to anything, I intend for this to be an affordable development. I'm just trying to figure out a public-private partnership for affordable housing. I'm trying to get support to bring to the Planning Board. They're looking for your input.

Brian Sullivan, I think this needs to go back to the drawing board, so we're looking at more of a wholly conceived idea. I like the idea you have about growing into these homes, but without restrictions and income limits, you're at \$1.1 million with an incomplete house, you're above 150% AMI at those numbers as it is. The overall concept I appreciate, I like the Monomoy Village model, I

like the size of the units, but what's in front of us in this proposal is missing a lot of nuts and bolts.

Cliff Williams, I'm a novice when it comes to that, that's why I'm bringing this piece of property to the Trust and the Town, saying, you show me what you want and let's try to develop the property. I'm wide open to whatever you want to do.

Brian Sullivan, have you re-costed the road development, going back towards Richmond?

Cliff Williams, the Richmond Group is still responsible for bringing certain utilities down through Clay St. By December of 2022 the road is supposed to be given to the Town.

Brian Sullivan, have you had an engineered plan drawn on this for road & utilities yet?

Cliff Williams, no I have not, but I would endure that expense into the project. The water was already delivered down Skyline by the Town due to the PFAS problem.

Brian Sullivan, what is your intention on the other side of the road as you have drawn?

Cliff Williams, same thing, it would be for affordable housing. But I'm open for any recommendations.

Brian Sullivan, my last question is, you came in looking for an Article 63 recommendation, which is a zoning change, but you also need a sewer district change.

Cliff Williams, correct, there is also an article for that.

Brian Sullivan, personally, I'm not sure how to direct you, other than it seems that the price being above 150% Ami is a challenge, so it needs to re-cook. You also have a fair amount of costing to do in terms of infrastructure and utilities too. We did hear from a couple of members who don't want to vote on a citizen's warrant article, and as a practice we haven't done that.

Brooke Mohr, I know you want to get this through Town Meeting this year, but I'm uncomfortable it feels like the cart before the horse. We need a more fully fleshed out proposal to bring anything to the public. Also, we generally have been only working within current zoning, generally speaking, with the funding we've gotten. So zoning changes are a bit of a hurdle for me personally, and not without a written and a very detailed financial plan for how these would become affordable.

Brian Sullivan, are these separate lots?

Cliff Williams, it's just one lot right now, but you can subdivide it into two lots from where it stands right now.

Brian Sullivan, have you considered looking at it within current zoning? Main house, guest house, tertiary dwelling?

Cliff Williams, yes, but I figured we could get more bang for our buck with more houses.

Brian Sullivan, within the current zoning, you're looking at 6 units compared to 10. If you haven't spec'd it out fully, the cost to achieve 6 units might be less expensive per unit than 10 units. I think you need to go through the details. Unfortunately, your proposal is a long way from any type of contract discussion.

Brooke Mohr, an alternative suggestion – and you would have to work the number out – but maybe

committing to put a deed restriction on all of the units built on the property and an AMI cap, then you are making a commitment that if this property gets rezoned for greater density, that no matter who owns it, that they would be subject to those deed restrictions. And see what the voters of Town Meeting would say about that.

Reema Sherry, I think that a deed restriction is the best place to start. Setting up either covenants or a general affordability restriction would probably help sell it at Town meeting. People would know that yes, this is going to be for affordable housing no matter what.

Penny Dey, if Clifford needs to get a certain return on his investment, the prices are probably going to be higher than any AMI% can qualify for.

Brian Sullivan, what I'm hearing is that we're not in a position to vote on an article today, unless somebody wants to go in another direction. Clifford, we're happy to look at a more detailed proposal in the future, but it needs a lot more work before it should come back to us. We need to have a better understanding of what's happening here. The buckets of money we have to work with, with in 3 buckets – 80% AMI, 100% AMI & 150% AMI. So you would need to get your pricing down to those AMI levels.

Cliff Williams, do you want to meet this week? I don't want to lose any opportunity before Town Meeting?

Brian Sullivan, well, we're meeting now and we're all here. I don't know that the Board can meet again this week.

Penny Dey, could Clifford work with staff, looking at the math?

Brian Sullivan, I think that's reasonable yes.

Brooke Mohr, there are some people who do this for a living. The gentleman who helped with Sachem's Path, Kevin Maguire. I think you need to engage a professional to help you work out the finances and the terms of this. Our staff know a lot but they're not housing developers either. But someone like Kevin, for relatively short money, can give you the advice you need to flesh out a proposal that has more teeth and detail.

Tucker Holland, I'm happy to connect Cliff with Kevin, to see if he has time. I wanted to back up a little bit...Cliff had come and said he has this property and is interested in having it serve the year-round community, which we always say is terrific. So we met a few weeks ago where I encouraged him to get together with professionals like we're talking about, who could help shape the proposal so that we really had something complete to look at. We can't advise on some areas, like what return he's looking to make. Use 31 Fairgrounds for example...a developer teams up with a housing agency to do their math and make a fulsome proposal to the Board to consider. I know that Cliff is very well intentioned, but there are a lot of holes here and it's important to be able to answer them all before the Board would be in any position to consider whether they like the whole proposal or didn't. The concept of serving year-round, particularly home ownership, is something that is very much needed,

but we need to see the whole picture and we don't have that.

X. Transfer Fee - UPDATE

Tucker Holland, a lot of activity happening. The Globe just agreed to publish an op-ed from several folks involved in the effort in an upcoming edition. There is a lot of work being done behind the scenes by our consultants with legislators, trying to figure out the path to a transfer fee being passed that includes Nantucket. It's good that Boston has gotten so heavily involved in this area, but as we all know, we don't want the train to be just having Boston on it. Stories and letters have been collected from year-rounders and we encourage anyone that has a story to share to do so. We're fighting the good fight. The MA Association of Realtors is fighting vigorously on the other side, but it is a big topic of conversation at the state house we understand.

Penny Dey, can you recap what the schedule is for the legislature?

Tucker Holland, key dates – our own home rule petition has been reported out favorably by the revenue committee. The statewide is still before the housing committee. They gave themselves an extension on that and a number of other bills until May 9th. The formal legislative session ends July 31st, that is the end of the session for anything that would have any controversy associated with it, in order to pass in informal session between August and December. It has to be by unanimous vote. One vote can bring down a bill. In addition to the op-ed by Dan O'Connell and a Dr. at Mass General Brigham. Also, our own Ken Beaugrand and a realtor from the Vineyard have authored a terrific piece as well, that is going into Banker and Tradesman, which is a widely read publication by legislators.

XI. Housing Demand & Supply RFP - REVIEW & DISCUSSION

Brian Sullivan, we touched based on this a few meetings ago. Looks like staff started to draft up some more detail to it...

Tucker Holland, the Board has been considering putting out an RFP to get a better understanding around the supply and demand for year-round housing, across all income levels, in addition to trying to answer some broader questions about what kind of year-round housing does it take to sustain this island. Looking for thoughts from the Board as to how to further refine this. We would like to share this with other Boards who we think could have good input, like the finance committee, the select board, and others, to have their input and make sure we are going after all the information that would be useful to all of us in addressing the housing issues here.

Reema Sherry, the page that's labeled development objectives pretty much covers the scope, and we'd love the rest of the board's input on that portion. And then like Tucker said, the criteria for evaluation we talked about that and added a few things. If we concentrate on those two areas, we think we should be able to come up with a really specific RFP.

Brooke Mohr, I like the direction of this because, I'm starting to conceptualize the information we need is about how our housing supply fits into the economic sustainability of Nantucket. That is the bigger question that is really beyond the Affordable Housing Trust even...how many people does it take to staff up the businesses that exist on Nantucket and where are they going to live? How do we house them and make sure there is enough housing to house them? We know there's a shortage, but it's hard to understand because we also know that a lot of people live in conditions that aren't transparent to most of us. How many workers are actually here working?

Brian Sullivan, the phenomenon that I'm seeing right now, related to that, is how fast businesses are driving up the pricing in the marketplace in both residential homes for sale and for rent, seasonal rentals. In the period of the last 45 days, it's drastic and its dramatic. I'm no longer concerned at all about an STR taking up opportunities, its businesses capturing housing stock out of the community and driving the price up. It's shocking to me on a daily basis, in my professional aspect.

Penny Dey, we have to also track the commuting workforce, which is nothing new here, but it supports businesses.

Brian Sullivan, it's important that we make the scope of this project large enough, that its truly a housing conversation. How does this RFP also meet the desires and needs of the Select Board terms of what they're trying to achieve in year-round housing and town employee housing? And how does it affect the NP&EDC. I'd like to push this to a scope of 20-40 years.

Reema Sherry, if everybody can take a look at it this week and send in suggestions, that would be the best thing, and we can move forward. Staff can talk to other departments and they may want to get in on this.

XII. Other Business

- Upcoming Meeting – Tuesday, April 19, 2022 at 12:30pm

Allyson Mitchell, can we go back and vote on the minutes from December 2, 2021?

Brooke Mohr moves to approve the minutes from Thursday December 2, 2021. Penny Dey seconds.

ROLL CALL of those participating:

1. Brooke Mohr Aye
2. Penny Dey Aye
3. Dawn Holdgate Aye
4. Reema Sherry Aye
5. Brian Sullivan Aye

Agenda adopted by **UNANIMOUS** consent.

**Shantaw Murphy abstains*

XIII. Board Comments

None

Penny Dey makes a motion to adjourn. Brooke Mohr seconds.

ROLL CALL of those participating:

1. Brooke Mohr Aye
2. Penny Dey Aye
3. Dawn Holdgate Aye
4. Reema Sherry Aye
5. Shantaw Murphy Aye
6. Brian Sullivan Aye

Agenda adopted by **UNANIMOUS** consent.

XIV. Adjourn

Open Session Meeting ended at 2:28pm

Submitted by:
Allyson Mitchell