

# NANTUCKET AFFORDABLE HOUSING TRUST

~~ MINUTES ~~

Thursday, January 14, 2021

Remote Meeting *via* Zoom – 1:00 pm

---

**Trust Members:** Brian Sullivan (Chair), Brooke Mohr (Vice-Chair), Penny Dey, Kristie Ferrantella, Reema Sherry, Dave Iverson, Allyson Mitchell

---

**ATTENDING MEMBERS:** Brooke Mohr, Penny Dey, Reema Sherry, Dave Iverson, Kristie Ferrantella, Allyson Mitchell

**ABSENT MEMBERS:** Brian Sullivan

**STAFF IN ATTENDANCE:** Tucker Holland (Housing Specialist); Ken Beaugrand (Real Estate Specialist);

**Public Present on Zoom:** Howard Dickler

---

## I. Call Meeting to Order

Acting Chair Brooke Mohr called the meeting to order at 1:03 pm

Brooke Mohr announced that this Open Meeting of the Nantucket Affordable Housing Trust is being conducted remotely via Zoom, consistent with Governor Baker's Executive Order of March 12, 2020, due to the current State of Emergency in the Commonwealth due to the outbreak of the "COVID-19 Virus."

## II. Approval of Agenda

Penny Dey **moved to approve the agenda.** Dave Iverson seconded the motion.

ROLL CALL of those participating:

1. Penny Dey Aye
2. Dave Iverson Aye
3. Kristie Ferrantella Aye
4. Allyson Mitchell Aye
5. Reema Sherry Aye
6. Brooke Mohr Aye

Agenda adopted by **UNANIMOUS** consent.

---

**Nota Bene:** Acting Chair mistakenly included approval of the January 5, 2021, minutes as an AGENDA item. While the minutes were unanimously approved by voice vote, the item was properly noticed for the January 19, 2021, Affordable Housing Trust meeting when the minutes were approved by voice vote. To correct the record, the following motion was made:

Penny Dey **moved to revoke approval of the Minutes for the meeting on January 5, 2021.**

Reema Sherry seconded the motion.

ROLL CALL of those participating:

1. Penny Dey Aye
2. Dave Iverson Aye
3. Kristie Ferrantella Aye
4. Allyson Mitchell Aye
5. Reema Sherry Aye
6. Brooke Mohr Aye

Motion carried **unanimously.**

---

### III. Financial DISCUSSION

Tucker Holland An allocation to the Trust was not included in the planning for Town Budget this year. The Select Board (“SB”) asked the Town Manager and a team to examine ways to fund what the Trust needs in immediate term. The group met last week to discuss approaches. We will look at where we have committed existing available funds and then we will look at initial projections of need over next few years. This will be an ongoing discussion. Today we need to address an important component.

Tucker screen shares Financial Discussion Document with chart breaking out sources of funding since 2016. Chart shows various buckets and accumulated totals. We have a request to CPC in upcoming Town Meeting (“ATM”) appropriation, developed in cooperation with Habitat and Housing Nantucket. He goes over the uses which have either been expended or are committed, including operational and programmatic expenses. There are many things in the works related to extension of Safe Harbor period and other opportunities. We have included the planned funding of continued work by Habitat for Humanity. They will be coming back at next meeting with a request for additional support to cover a shortfall with another project. Housing Nantucket has several projects planned. If everything were to unfold as planned, over the course of next several months, we will have used all the funds available except the \$2.3 million. We need to financially plan for maintaining Safe Harbor. This involves local subsidy for 135 – 137 Orange St. and the build-out related to the Neighborhood First Advisory Committee (“NFAC”) pocket development strategy related build out and the development at the old Fire Station site unanimously supported by the SB. We need to know we will have funds available for required subsidy in advance of construction. We will need \$19 million. We have Other Projects and Programs to fund as well such as Habitat and Housing Nantucket unit creations, Closing Cost Assistance, Professional Services, Education, and Shared Equity / Downpayment Assistance. The Shared Equity program might require \$6 million to assist about 20 families with \$300,000 in subsidy.

Main focus today is the need over next 3 Safe Harbor periods. In discussion with Kristie, Ken, and Brian, Brian extrapolated the \$5 million bonding idea. The Town budget has limitations. Brian’s thinking is we have the CPC community resource dedicated to restricted uses such as housing, preservation and open space. He suggests we approach the CPC to ask if they would be willing to allocate another \$1.25 million in addition to the \$350,000 toward the \$5 million bonding. The group agreed this is worth pursuing and recommends assembling a joint application to the CPC on behalf of the Town and the Trust.

Penny Dey asks if instead of \$800,000, we are seeking over \$2 million.

Tucker Holland We need to know that the \$1.25 million is available next year in order to put out the RFP for a developer of the Orange St. project.

Ken Beaugrand We are looking to make an early application for the allocation of funding for FY 2023. We are trying to get a commitment that they would be prepared to allocate \$1.25 million over the next 15 years, in addition to the FY 2022 allocation of \$350,000 for housing purposes bonding.

Penny Dey We are talking about \$1.6 million a year.

Howard Dickler asks about the ‘grand total’ number at bottom of chart.

Tucker Holland there is a formula error.

Brooke Mohr asks Ken where does the \$1.6 million per year for 15 years would leave historic preservation.

Ken Beaugrand We generate \$2.3 - 2.4 million on the surtax. We have been generating \$500,000-600,000 from State match, so roughly looking at 10% of \$3 million dedicated to open space, 5% to

administration, and the balance of that would be available for historic preservation. \$1.6 million is a little more than 50% of amount available. There is money left over for additional housing, historic preservation or other specific needs.

Brooke Mohr concerned about constraints on future projects with restrictions on CPC bonding as to Area Median Income (“AMI”). Doesn’t want to be boxed in.

Tucker Holland the \$5 million warrant article was worded and approved to cover range from 30-200% AMI. We have asked Town and Bond Counsel to confirm that this could serve up to 200% AMI level. Waiting on answer.

Brooke Mohr there is some risk that this would dictate AMI levels for those projects and increases potential subsidies if we cannot have market rate units to offset costs of lower income units. This request to the CPC provides financial resources for us to complete projects under our mandate to maintain Safe Harbor and to get to 10% State requirement. It is not enough for us to work on other projects we have discussed such as homeownership opportunities and downpayment assistance programs. Without additional funding, those programs would be delayed for at least 3 years.

Kristie Ferrantella Thinks this is a good approach to back our ability to borrow what we need. Clarifies that the guarantee of this \$1.6 million for 15-year period is intended to allow us a one-time borrowing of \$19 million to cover our 40B for next 3 years. So CPC funds will be tied up for next 15 years to keep us in Safe Harbor now. We would not be continuously borrowing.

Ken Beaugrand concern is that we are restricting \$1.6 million of revenues available to the CPC would be committed for 15-year period to fund the cost of the bond.

Tucker Holland the \$1.6 million is really contributing to a 5-year period. If CPC and ATM approved what is being proposed, we would have necessary resources if the other independent things (Richmond, 6 Fairgrounds) – we should be at the 10% at the end of the 5 years.

Ken Beaugrand clarifies this would be CPC recommendation to the 2022 ATM for the funds available starting July 1, 2023.

Howard Dickler asks what the \$1.6 million will pay for over the 5 years.

Brooke Mohr the bonding debt service is \$1.25 million per year over the course of 15 years. We would expend the funds to pay for the 3 projects within next 5 years to maintain Safe Harbor. With that and full build-out of Richmond at Ticcoma Green, we will achieve the required 10%.

Ken Beaugrand the \$1.6 million do not come to the Trust. They are used to pay off cost of borrowing which is existing \$5 million plus additional \$15-17 million. The \$1.25 million funds the ability to borrow \$15-17 million depending on current interest rates.

Penny Dey is this predicated on knowing what the 10% will be in 15 years?

Tucker Holland predicated on what the 10% is now. This will be updated next year.

Brooke Mohr The CPC has been an important source of revenue for Housing Nantucket and Habitat projects. Concerned that by setting aside more than 50% of available CPC funds, we will have to find other sources to keep supporting Housing Nantucket and Habitat.

Ken Beaugrand it will likely be difficult to get additional funding. Over last 19 years, the CPC has allocated many millions of dollars toward historic preservation which may mean that not a lot is left that requires allocation toward historic preservation uses.

Kristie Ferrantella asks Tucker if his spread sheet projections for needed funding in next 3-4 years included Habitat and Housing Nantucket.

Tucker Holland Those numbers are not included in Safe Harbor portion but they are included in Other Projects.

Ken Beaugrand clarifies that it is a minimum of 10% to each of 3 areas. We are allowed to use up to 5% for administrative costs and the remaining 65% is to be allocated to the most pressing community issues. Anything that is below the 10% would be put into a reserve.

Penny Dey It’s going to be better if we have units built with people living in them when we go to

ATM for a vote. Asks when is the earliest ATM when we will be asking for a vote.

Ken Beaugrand 2022. We are filing an early application to the CPC.

Brooke Mohr asks if this is binding if CPC passes but it has not been voted on Town Meeting. Is there a chance it can be revoked.

Ken Beaugrand Town Counsel would have to answer that. Any vote that CPC takes and recommends to ATM is subject to ATM approval. A request this early would be subject to being challenged and over-ridden when the CPC makes its recommendations in the fall of 2021 for 2022 ATM.

Brooke Mohr This is not a sure thing.

Kristie Ferrantella Concerned about taking funding away from Housing Nantucket and Habitat which rely heavily on CPC funds. Should we increase how much we are seeking or is there money in the Town budget similar to Health and Human Services? We are all competing for the same funding but concerned that we collaborate rather than work against one another.

Allyson Mitchell The Trust needs a sustainable long term funding solution. We need to be creative.

Howard Dickler asks if any of the income from rentals is allocated to affordable housing. The SB is giving the Trust a mandate but no funds to carry out the mandate.

Kristie Ferrantella correct. The SB has held many discussion about allocation of the Short Term Rental (“STR”) tax. The concerns centered on whether it would need to be in a stabilization fund. She thinks that if the CPC funding does not work, they will have to rethink.

Ken Beaugrand there needs to be discussion as to prioritizing compliance with State requirements and the SHI list versus Habitat and Housing Nantucket needs. When you are asking this type of funding commitment from the CPC, coming back to them for other support may not be well received.

Brooke Mohr Sounds like the SB and Town Administration are directing us to ask the CPC for this without which there will be no funding for the Trust. She is concerned that this is another way for the Town to absolve itself of the responsibility to fund this critical priority in the SB’s Strategic Plan. The substantial revenue stream from STR tax is being put in the general fund, directed away from its intended uses. If we pursue this, we need to insist that necessary resources for our operations and Housing Nantucket and Habitat are allocated from the STR income. We should be asking for an additional \$1 million for those purposes from the SB. We could have direct funding if the SB directs Town Administration to allocate \$1 million of the 2022 budget lodging tax. Thinks we should delay this decision until we have a commitment from the SB.

Reema Sherry Concerned about all the restrictions on CPC funds. We need a committed Town budget funding to do our other programs. She shares Brooke’s frustrations.

Howard Dickler suggests that \$5 million in Town budget would be instrumental in our mission. What would be the tax outcome of a \$5 million over-ride to fund the Trust. We would go up the same 2 ½ % per year. Can we inquire with Brian.

Tucker Holland yes.

Kristie Ferrantella Agrees with Howard. Thinks it is worth delaying another month if there is no urgency with the CPC. She or Tucker can check with Dawn about getting this on the SB Agenda.

Brooke Mohr asks what downside is.

Ken Beaugrand any action by the CPC would not be formally confirmed until next fall. The concern is that the Trust needs to plan for and know what its funding sources will be to keep us in Safe Harbor and address SHI list.

Kristie Ferrantella asks if we would be able to use \$1 million from the STR tax, if the SB agrees to allocate it to affordable housing, to borrow the \$15 million.

Tucker Holland Brian said that any borrowing would be under the general obligation of the Town. Town Counsel mentioned having a general policy regarding having a certain amount of the STR income going toward housing.

Brooke Mohr so it cannot be used to bond for us because it fluctuates and is subject to approval every

budget cycle. STR tax has to be approved year by year unless the stabilization fund is created. That is restricted by an ATM vote as to its use. The options are 1) an annual budgetary allocation by the SB and approved at ATM which changes from year to year and cannot be used for borrowing; 2) CPC allocation that can be used for borrowing but has restricted uses, and; 3) a transfer fee (Housing Bank or portion of Land Bank fee) which is the most flexible. We need a flexible funding package.

Tucker Holland The sense of the meeting is to answer a few more questions before we go before the CPC. We don't need a formal vote today. We will continue this discussion at our next meeting.

Ken Beaugrand we will benefit by taking time to plan before going to the CPC.

Kristie Ferrantella asks if it is worth at least notifying the CPC that we are contemplating this.

Ken Beaugrand thinks it is better to wait until we have all the details ironed out. We need to give them notice 6 mo.s in advance of what we are requesting.

Brooke Mohr recalls that the Commissioners of the CPC expressed frustration that the onus is falling on them rather than the Town to fund housing initiatives. Thinks it would help to tell them that we are also pursuing a funding source from the STR tax.

Ken Beaugrand astute observation and thinks they would be more inclined to support if the Town committed money to housing.

Dave Iverson concerned about the restrictions connected to CPC funding. We need money that will not limit our ability to carry out our mission.

Tucker Holland We may not need to tie Town commitment to STR revenue. The Town has many revenue sources. We can discuss a specific request at our next meeting.

Ken Beaugrand it will be imperative to present the CPC with detailed account of our actions and activity with the funds they have committed in order to enhance understanding of timing from point of funding to shovel in the ground to people living in houses.

Penny Dey asks if Ken's being the Chair of the CPC is a potential conflict.

Ken Beaugrand clarifies that he is not a member of the Trust. He is performing a role as a Town employee in service of the Trust and other organizations. He has no financial benefit as a result of any of the transactions.

#### IV. Other Business

- **Next Meeting**

- Tuesday, January 19, 2021 at 1:00 pm

#### V. PUBLIC COMMENT (for items not otherwise on the agenda)

#### III. Adjourn

The **MOTION** was made by Penny Dey and seconded by Kristie Ferrantella to **adjourn**.

ROLL CALL of those participating:

1. Penny Dey                   Aye
2. Kristie Ferrantella       Aye
3. Dave Iverson               Aye
4. Allyson Mitchell         Aye
5. Reema Sherry             Aye
6. Brooke Mohr              Aye

**The motion carried unanimously.**

Meeting Duration: 1 hour 10 minutes

Submitted by: Eleanor W. Antonietti (minutes prepared via transcription of archived video recording)