

NANTUCKET AFFORDABLE HOUSING TRUST

~~ MINUTES ~~

Tuesday, February 2, 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: Brian Sullivan, Brooke Mohr, Penny Dey, Reema Sherry, Dave Iverson, Kristie Ferrantella, Allyson Mitchell

STAFF IN ATTENDANCE: Tucker Holland (Housing Specialist); Ken Beaugrand (Real Estate Specialist); Eleanor Antonietti (Land Use Specialist)

Public Present on Zoom: Atty. Michael Wilson; Atty. Arthur Reade; Susan Campese (NILB); Howard Dickler; Dave Armanetti (Richmond Great Point); Julie Lindner (ACK Now); Meghan Perry; Tobias Glidden (ACK Now)

I. Call Meeting to Order

Brian Sullivan called the meeting to order at 1:04 pm

Brian Sullivan 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

Brooke Mohr **moved to approve the agenda**. Kristie Ferrantella seconded the motion.

ROLL CALL of those participating:

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

Agenda adopted by **UNANIMOUS** consent.

III. Approval of the Minutes

- January 14, 2021
- January 19, 2021

Brooke Mohr **moved to approve the Minutes for the meetings on January 14, 2021 and January 19, 2021**. Kristie Ferrantella seconded the motion.

ROLL CALL of those participating:

1. Brooke Mohr Aye
2. Penny Dey Aye
3. Reema Sherry Aye
4. Kristie Ferrantella Aye

- 5. Allyson Mitchell Aye
- 6. Dave Iverson Aye

Minutes adopted by unanimous consent.

Brian Sullivan abstains voting. He was absent on January 14, 2021, and left the meeting on January 19, 2021 before adjournment

IV. Mortgage for CCAP Application – post closing

- 17 Clarendon Street - post closing
 - Approve subordination of the mortgage from David R. Gray to the Nantucket Affordable Housing Trust Fund, registered as Document No. 164438 in favor of the mortgage from David R. Gray to The Cape Cod Five Cents Savings Bank, registered as Document No. 168147
 - Authorize the Chair to sign documents related to subordination on behalf of Trust

Mike Wilson explains reason for request.
NO CONCERNS

Penny Dey **motioned** to approve the subordination of the mortgage from David R. Gray to the Nantucket Affordable Housing Trust Fund, registered as Document No. 164438 in favor of the mortgage from David R. Gray to The Cape Cod Five Cents Savings Bank, registered as Document No. 168147 and to authorize the Chair to sign documents related to the subordination on behalf of the Nantucket Affordable Housing Trust. Reema Sherry seconded the motion.

ROLL CALL of those participating:

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

Motion carries by unanimous consent.

V. 2021 Town Meeting Warrant Articles – GUIDANCE

Brian Sullivan asked Tucker Holland to inquire with Town Counsel as to how the Trust may or may not weigh in on Warrant Articles.

Tucker Holland there was a question as to whether the Trust can recommend or weigh in on different Warrant Articles. John Giorgio (Town Counsel) explained that a recommendation must be voted at a duly posted meeting. We can also include a short recommendation in Finance Committee (“FinCom”) booklet to be coordinated between Town Manager and FinCom. Cites email from Town Counsel on 1/28:

These is no legal prohibition against the Trust from stating a recommendation on any article that becomes before Town Meeting as long as the recommendation was voted at a duly posted meeting of the Trust. There is certainly inherent authority in the Trust’s enabling legislation to make such recommendation. If the Trust wished to include a short recommendation in the Finance Committee booklet, that should be coordinated with the Town Manager and the Finance Committee.

Atty. Giorgio goes on to make particular note that:

if there is a ballot question associated with a warrant article, the Trust should take care not to produce or mail any written material using Town resources advocating presumably for the passage of the ballot question. It may, however, make a recommendation with respect to town meeting action, but the ballot question should not be referenced.

Brian Sullivan we should have a posted item on future agendas for each article and then make a Board decision as we move forward for each article rather than deal with it in an *ad hoc* manner.

VI. Presentation of Citizen’s Warrant Article – Arthur I. Reade, sponsor

▪ *Affordable and Year-round Housing Stabilization Fund*

Arthur Reade filed this article once Town Meeting warrant re-opened. Town has continuing need for technically affordable (under the State Act) and year-round (“YR”) housing. Various proposals have been made. 2/3 of the funds derived by the Town on the 6% local option portion of the Room Occupancy Tax, which now includes Short-Term Rentals (“STR”) since 2019, could be diverted to affordable housing purposes. This could provide a substantial revenue source. Furthermore, the people supporting that industry are large part of population that need housing. Exact mechanisms would need to be worked out but there is provision in State statute relating to this and it has been proposed or enacted at several areas on the Cape. The article relating to the Land Bank (“NILB”) fee is perhaps more controversial than this might be.

Brian Sullivan thanks him for the proposal

Penny Dey asks where the Select Board (“SB”) is in decision making process on how to allocate these funds.

Kristie Ferrantella explains that she, Tucker, Brian Turbitt, Denice from FinCom, Libby, and Town Counsel have been meeting to look at various options. There is an agenda item to discuss the allocation of the funding on tomorrow night’s SB Agenda. That recommendation is a line item in the Town Budget of \$475,000 and a debt exclusion article for \$7.5 million for Safe Harbor maintenance. This will be discussed tomorrow night.

Penny Dey asks what total from room occupancy tax was in 2019.

Kristie not sure but there was up about \$5 million compared with last year.

Brian Sullivan yes, it was about a \$5 million gain and the total was nearly at or over \$7 million.

Penny Dey so accurate that roughly \$5 million is generated from STRs of private homes.

Brooke Mohr the budget as proposed originally by Town Administration included an increase of lodging tax into the General Fund up from \$1.9 million last fiscal year to in excess of \$4 million this fiscal year. There was clear intention to funnel STR bump into the General Fund, not directing it towards affordable housing. Believes the only mechanism for locking STR funds into specific purpose is through stabilization fund and you have to go to Town Meeting (“ATM”) to get the money out, creating a level of inflexibility for the Trust as to ready access. We could have an article to that effect at every ATM rather than delaying a particular project until the money is released.

Arthur Reade Brooke is right that the State Statute requires that these funds be held in a stabilization fund subject to the mechanism of ATM. We could have an annual vote. Point is to get funds directed to this purpose.

Brian Sullivan asks Atty. Reade if this would be in perpetuity

Arthur Reade This should be treated as an ongoing need.

Penny Dey asks if this article would require a Ballot confirmation.

Arthur Reade does not think so

Brian Sullivan is it a majority or a 2/3 vote?

Arthur Reade believes it is a majority vote

Ken Beaugrand believes that the original intent in the 6% STR tax legislation was to have it dedicated

towards affordable housing. If true, that would be supportive of this.

Arthur Reade it would go to the General Fund if no other action is taken by the Town. There are other purposes which have their own stabilization funds.

Penny Dey why don't we ask for the full percentage to go towards affordable housing?

Arthur Reade the 2/3 figure is arbitrary. Some of the funds have been used for the General Fund and Visitors Services. We don't want to completely wipe that out as they are relevant to the business being taxed.

Julia Lindner speaking as Exec. Director for ACK*Now. One of our initiatives is a bylaw to regulate STRs. We are trying to limit number of investors purchases homes to run STR businesses. Recalls her presentation on merits of their proposal at previous Trust meeting. Mr. Reade filed his article since she presented their position in January. It is imperative that we fund affordable housing and that it be part of the Town's budget. If you attach this directly to lodging tax, you are effectively creating an unhealthy dependency. The rise of investors running STRs is causing some of the pressure on housing. This would be tying the problem to the solution. We agree that STRs should be part of the picture, but we feel there is a better solution. Additional lodging tax and other revenue streams go to the more stable General Fund. The Trust and community would be better served by dedicating a stable amount from the General Fund every year. Clarifies that the Town has relied on rental and lodging tax as a whole in its budget. It is not on a specific line item such as Visitors Services but goes into the General Fund.

Arthur Reade we will be having further discussions with the Trust and other groups. A lot of interesting questions raised today. We all need to be working on this.

Brian Sullivan asks that we carry this forward to a future agenda.

VII. Housing Production Plan – UPDATE

- Housing Survey available on the Town website – Affordable Housing Trust webpage: <https://nantucket-ma.gov/184/Affordable-Housing-Trust>
- Open until February 12th, 2021

Tucker Holland We are in midst of work with consultants. Survey is out and live accessible through Trust page on the Town website. It is open until 2/12, and available in English, Spanish, and Portuguese. 450 people have completed it. We are in process of signing people up for 6 different focus groups. 48 slots available, of which 29 are filled thus far. A reminder is going out today. Anticipates full house for those. Following the survey work and the focus groups, the next session with the consultants will be March 23rd for the 2nd Webinar when we will share some of the ideas and findings that have been generated up to that point.

Brian Sullivan we updated our 2021 Meeting Schedule on the webpage.

VIII. Housing Bank Bill - UPDATE

Brian Sullivan Allyson had asked that we give overview and update on status of this. MV Times has recently written some articles related to it.

Tucker Holland We originally submitted this Bill about 5 years ago through Home Rule Petition process. 3 most recent ATM votes were unanimous in support of the measure. The Bill mimics the Land Bank Enabling Act and, if passed, would provide an ongoing revenue stream of 1/2 % on real estate transactions over \$2 million, paid by the seller. Many have advocated and testified up at the State House. It has progressed with some favorable recommendations along the way. Since we initiated our measure, other communities have jumped on board in this last year, including Boston, Somerville, Provincetown, Concord, Brookline and others. Mass. Assn. of Realtors targeted and fought the Bill. Our approach is now strength in numbers and there is a Transfer Fee Coalition that would allow communities to opt in such that if one of the versions out there were passed, it would allow us latitude

to do what we intended. There are various schools of thought amongst legislators. The Coalition has set a threshold level at the median home price in given community. Our Representative, Dylan Fernandes, and others are proposing an alternate version referred to as the ‘luxury version’ which would fit with what we are trying to do. There is increasing activity around passage of a transfer fee in support of housing. 25 people across Commonwealth actively engaged in steering committee. Martha’s Vineyard has hired a full-time person with strong community organizing experience to focus on passage of this. Tucker spoke with her, Laura Silver. We will be participating in call next week with the Cape & Islands Coalition and other regional housing representatives to talk to the legislature about our housing priorities. The Governor’s Housing Choice Legislation passed during the prior session. It makes it easier to pass zoning that supports creation of affordable housing. Specifically, most bylaw changes require a 2/3 vote but now, if it is related to housing, the threshold is simple majority. We already have had numerous aspects to our Zoning By-law that are helpful to housing. We need to turn our attention from zoning to funding to address the issue effectively. There will be a push in this session to see some form of Housing Transfer Fee pass the legislature. It will be introduced in the House at start of this session and simultaneously introduced in the Senate. Several Senators are competing to be the one Senator who can sponsor the Bill. We may end up with Senator Joe Comerford (Franklin Co.) as our Senate sponsor.

Tobias Glidden asks Tucker if he knows if the \$1 million would be tied to inflation.

Tucker Holland Dylan Fernandes is working on draft he will submit. New legislation needs to be submitted by 2/19. We are meeting with him next Thursday and will meet with Cape and Island delegation the next day. We are waiting to see his draft.

Ken Beaugrand thinks the \$1 million is a threshold as opposed to being a cap.

Tobias Glidden with inflation over next 20 years, we might see values go up. Thinks we should tie this to inflation. 10 years from now, \$1 million may not be a lot for a house.

IX. Land Bank Donation – Rowland Building

Tucker Holland recaps the matter as discussed in prior meetings and structure of the deal as to who bears what costs for move and site work. We are contemplating moving to 7 Amelia Drive. Since last discussion, Brian Turbitt has connected with Vertex, the Town’s on-call OPM (Owner’s Project Manager) to assess management of this move to meet NILB time table. They have clarified that it is important that the building be moved by June 15th. They have indicated that if the building cannot be moved by then, they would still donate the house without the \$87,000 grant towards cost of the move. We have had input from Erika (Mooney) re. getting Over the Road Permits. At this point, we are still not certain it can happen by June 15th.

Reema Sherry asks if Toscana can do it by the date.

Tucker Holland NILB originally reached out to Toscana so thinks yes but we need the OPM to ensure that it can all be coordinated.

Brian Sullivan there was some discussion at prior meetings about a proposal that 1st fl. would be office space with subterranean and 2nd fl. Apartments. There was some concern about lower level apartment. Tucker Holland not essential to determine that at this stage. The new roadway that will connect Amelia to Waitt Drive will go right by this building. It will have relatively high visibility. There may not be another 1st fl. residential situation on that street. There is a case to be made that keeping the 1st floor as office or residential makes sense for a few reasons. The Board needs to determine if we want to set up this ‘fish bowl’ situation which would be a challenge for privacy. The architect assessing the feasibility of this felt that a more private living situation could be created in below grade level.

Eleanor Antonietti points out that in CN (Commercial Neighborhood) zoning, no more than 50% of the first floor can be residential use.

Dave Iverson we are trying to get away from below grade dwellings (“DU”).

Allyson Mitchell what will be layouts of the other DUs we plan for the site? We need a vision for the overall development of the lot.

Brooke Mohr what is logic of not funding the move if we cannot meet their deadline

Ken Beaugrand the NILB Board feels it's important to have area available for public to access this summer.

Penny Dey if we are serious, to get it permitted and done by June 15th we need to move quickly.

Brian Sullivan concerned about location and full build out of this site. Wants to find way to repurpose this building but may not be suited to this site. Concern about subterranean apartment.

Dave Iverson smart to hone in on what cost per unit will be. We need to look carefully at whole lot and we need to get RFP. We might do better with different approach.

Reema Sherry Would hope that the NILB would be more understanding that their June 15th deadline might be highly unreasonable given procurement hurdles. May be worth going back to them.

Ken Beaugrand they have numerous others who are interested in the building. We need to make decision based on what is best for the Trust.

Tucker Holland thinks we will have input from the OPM to address questions raised today.

Tobias Glidden encourages the Trust to take advantage of this opportunity. If it fits, go for it and make it happen. The NILB has made an effort to work with the Trust. Don't wait around.

Meghan Perry agrees with Tobias. Fish or cut bait. You need to make a decision.

Brooke Mohr we are between a rock and hard place due to time frame not allowing us to do adequate financial assessment. We have to balance timeline with our fiduciary responsibility. We could equally be criticized for either accepting or not accepting.

Dave Iverson asks Tucker where we are in the process.

Tucker Holland The on-call OPM is going to prepare an RFP after assessing our ability to meet the time table along with ability to procure the required work specific to moving this structure to 7 Amelia Drive. They know we need to make a determination about moving forward rapidly. Not sure determining what the remainder of the development of the site is critical. Cannot imagine that the cost per unit would be less than repurposing this donated building. We can figure out the layout later. Thinks it would be good to make it happen but does share the concern about the time table.

X. Financial DISCUSSION

Tucker Holland resuming previous discussions about upcoming funding plans, work group has determined that recommended funding would come from Town's ordinary and over-ride funding to meet various program requirements outlined in the Spreadsheet on Pages 100-103 of Packet. Over 3-4 year period, it accumulates to roughly \$3-4 million. Best approach is to support \$475,000 operating budget with one over-ride for \$7.5 million for Safe Harbor maintenance. We need to know that we could count on it to do projects in pipeline whether or not it would be spent next year. This is on Agenda for tomorrow's SB meeting. This would allow us to do work that we need to do over next year including going to CPC in the Fall and hitting up other sources for ongoing reliable funding. We need to know where voters think ongoing funding should come from.

Kristie Ferrantella we have confirmation from Town Counsel that CPC funds must go to 100% AMI or less. They are looking at Special Act to see if we increase that. We need to look at variety of options. Brian Sullivan clarifies that this involves a one-time \$7.5 m. over-ride with \$475,000 this year and \$7.5 million would be restricted to 200% AMI.

Tucker Holland Any expenditures over \$100,000 require SB approval.

Kristie Ferrantella we are asking for the \$475,000 to be a yearly line item.

Tucker Holland this would include additional staff person and an allocation for office expenses.

Brooke Mohr borrowing authorizations cannot be used for admin or office space. Important that that is available every year to cover those expenses.

Kristie Ferrantella asks that Board members let her know if there is anything for her to relay back to SB.

Julia Lindner asks for clarification as to whether the over-ride for \$7.5 million in 2023 is a one-time over-ride or in perpetuity.

Tucker Holland one-time over-ride

Julia Lindner suggests describing this as a capital over-ride to avoid misleading people into thinking it would be repeating.

Tobias Glidden How many units are on SHI list? If we are going to present this to SB and the public, suggests reminding them of what we have done and how many more we need and want to create.

Kristie Ferrantella this is meant to line us up to be at our 10% by 2025. Having a visual for the community is good idea.

Brian Sullivan asks Tucker if the Communications Group can work on that.

Brooke Mohr will help.

Tucker Holland this will be the recommendation we will present to SB tomorrow night. It would be helpful to have a vote to show the SB that Trust supports this recommendation.

Brooke Mohr **moves that the Trust recommends that the Trust supports this recommendation.**

Reema Sherry seconds.

ROLL CALL of those participating:

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

The motion carried unanimously.

XI. Other Business

▪ Next Meetings

- Special February meeting: Tuesday, February 8, 2021 at 1:00pm
- Regular February meeting: Tuesday, February 16, 2021 at 1:00 pm

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

NONE

XIII. BOARD COMMENTS

NONE

XIII. 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.

Specific matter requires confidentiality.

The **MOTION** was made by Brooke Mohr and seconded by Reema Sherry to **go into executive session** to consider the purchase, exchange, lease, or value of real property where an open meeting

may have a detrimental effect on the negotiating position of the public body, and not return to open session.

ROLL CALL of those participating:

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

The motion carried unanimously.

XIV. Adjourn

Open Session Meeting ended at 2:26pm

Submitted by:

Eleanor W. Antonietti

Approved