



Town of Nantucket Finance Committee

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

MINUTES

Tuesday, March 23, 2021

*This meeting was held via remote participation using ZOOM and YouTube,
Pursuant to Governor Baker's March 12, 2020 Order Regarding Open Meeting Law*

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

- Staff in attendance: Libby Gibson, Town Manager; Brian Turbitt, Director of Finance; Rick Sears, Deputy Director of Finance; Tucker Holland, Housing Specialist
- Attending Members: Kronau, Maury, Grause, McEachern, Roche, Schaeffer, Glowacki, Vieth, Harrington
- Late Arrivals: Harrington
- Other Speakers: Brooke Mohr, Vice chair Affordable Housing Trust Fund (AHTF) and Article 97 sponsor; Anne Kuszpa, Director Housing Nantucket; Arthur Reade, Article 38 sponsor; Eric Savetsky, Nantucket Islands Land Bank Executive Director
- Documents used: Warrant Articles for 2020 Annual Town Meeting; Nantucket Islands Land Bank Five-year Cashflow Projection

Adoption of Agenda.

- Motion Motion to Adopt the agenda as drafted. (made by: Maury) (seconded)
- Roll-call Vote Carried unanimously//Grause, McEachern, Schaeffer, Maury, Vieth, Roche, Glowacki, and Kronau-aye

I. ANNOUNCEMENTS

II. PUBLIC COMMENT

1. None

III. APPROVAL OF PRIOR MEETING MINUTES

1. No action at this time.

IV. COMMITTEE REPORTS

1. None

V. REVIEW AND DISCUSSION OF WARRANT ARTICLES FOR 2020 ANNUAL TOWN MEETING (ATM)

Grause – Recused himself from discussion as a committee member and voting on Articles 23, 24, 38, and 97.

Kronau – There will be no public comment on articles today. The intent today is to deliberate and come to a motion on each article.

1. Article 23 (Appropriation: Affordable Housing Trust Fund(\$475k))

Discussion **Turbitt** – Three weeks ago, the Select Board and Town Administration came up with a modification of the proposal to raise and appropriate \$2m for both article 23 and 24. Asked for a motion not to adopt for Article 23.

\$375,000 would go into salaries and operating expenses. \$125,000 would go into Article 10 as a capital article. AHTF endorsed the plan to submit \$600,000 of that money into a debt service to allow for a borrowing authorization for \$6.5m, which would allow AHTF to execute a portion of the plan that was sent to the Housing Director. Safe Harbor Maintenance \$7.5k relates to Article 24 development of 135/134 Orange Street.

Holland – The document page FY22 Budget Discussion Document - Anticipated Needs shows the Habitat for Humanity (H4H) and Housing Nantucket anticipated ask based upon plan production schedule for the coming year. It also shows the Closing-the-Cost Assistance request. Reviewed other operating line items that these monies would support. Explained AHTF's pilot Shared Equity/Downpayment Assistance Plan for year-round residents; working with up to \$300,000 per house.

Glowacki – Asked which buildings Maintenance of Buildings refers to.

Holland – It would be H4H and Housing Nantucket rental units.

Maury – Confirmed that the \$600,000 debt service is exclusively for the pilot Shared Equity/Downpayment Assistance Plan. It seems to him that \$7.5m is a lot of money that hasn't been widely discussed with the public. Asked if there has been a lot of discussion about this and how it relates to unit creation in the list of priorities for housing.

Holland – This is a program the AHTF has talked about in various forms for a while; we heard from the public during the Housing Production Plan (HPP) process and that this is a missing element for year-round housing. This provides ownership opportunity and reaches income levels not deeply served by the rental program.

Maury – We used to talk a long time about appropriations for affordable housing. It seems to him it is being just added now; it wasn't part of the discussion 2 weeks ago and what article was it a part of.

Holland – It wasn't part of the Article 2 weeks ago. It was since added to establish a more significant budget for the housing effort. The AHTF has wanted to implement this program for some time now.

Maury – Asked if the AHTF voted that this is a higher priority over a housing creation initiative.

Mohr – There has not been a vote on funding a shared equity program; however, the conversation for a long time has been about adding such a program. We are driven by the 10% requirement of 40B. The shift in the budget has afforded the opportunity to implement the program now. The Trust is committed to maintaining Safe Harbor; we are excited at the commitment of Town Administration for support housing at this level and allowing us to address this missing need.

Maury – Ms. Mohr said AHTF has been working on the details of this program for some time; asked where those details are so FinCom can review the parameters.

Mohr – A program like this would go through a detailed analysis for different implementation options; reviewed the possible options that would be chosen with the help of the consultant. The best model for Nantucket would be forthcoming; a more detailed form would be available before ATM but is not available today or within a week.

Maury – Asked when that information would be available.

Holland – Rick DeCovis, the consultant is preparing the final report, which would be the basis for determining the options. That report could be available in a couple of weeks, but it is not going to have answered every question.

Maury – Recalled the lengthy discussions on the \$10m for Neighborhood First and getting details on how that money would be spent. Now we are being asked to support spending with even less details. Doesn't see how we can go to ATM with no framework on how money will be spent. People are hurting in their businesses and private lives; we need to be able to tell people what they are getting for the money. Suggested tabling this for next year.

Mohr – People are hurting because they are losing housing; the Town has kicked this can down the road for a long time.

Maury – This committee and Town has appropriated \$10s of millions for housing over the past 5 years. We are talking about a specific program that hasn't been designed; moving that forward is inappropriate at this time.

Holland – Neighborhood 1st was approved at \$10m; he agrees that we need greater definition by the time we get to ATM. However, 2 weeks ago, the funding for this program wasn't available. AHTF is now ready to pull the details together but we are not in a position to do that today.

Kronau – Shares Mr. Maury's concerns about appropriating money for an incomplete program. This does feel like it's being rushed through.

Vieth – The Neighborhood First article was sold to the public as they were going to purchase existing properties; after ATM approved the \$10m, the program changed because it turned out properties were too expensive. Her concern is that if we give money now to an ill-defined program and it is approved at ATM, that program then changes. The public needs to know what they are supporting.

Glowacki – He thought the Select Board discussion about Article 10 was in lieu of a positive recommendation for Article 24, not another bite of the apple for a whole new section of things.

Gibson – This has evolved since the initial recommendation. We have obtained the \$7.5m override. She's not privy of all the details of the Shared Equity program but she's been aware of it for a while. This is a recommendation by us to provide more leeway.

Turbitt – When we came up with the \$2m, the question was could AHTF could commit any of that to a borrowing article to advance some of their initiatives and goals. They decided on the \$600,000 to fund a debt service initiative. The authorization to borrow, doesn't insure that money will be borrowed; it does allow a program to be advanced for consideration. They have to jump through a lot of hoops to access money they have been authorized to. This is what it could do and AHTF came up with a program they might or might not move forward with.

Roche – This is not the first time we've heard of a Downpayment Assistance Program (DAP); such a program has proven to be most successful in solving housing problems. We've spent all of the \$20m for purchase of the Orange Street property.

Mohr – Reviewed how the \$20m was spent: purchase 2 lots on Orange Street, purchase 31 Fairgrounds Road, commitment to acquire property on Vesper Lane, a covenant buydown under the Neighborhood First, 12 units at Richmond Development, and funded H4H and Housing Nantucket units.

Holland – None of the monies expended by AHTF in excess of \$100,000 can be expended without Select Board approval.

Harrington – We did allocate \$20m without a clear plan; now they are asking for \$7.5m without a clear plan. This is the same as two years ago.

Glowacki – This sounds like an unrestricted ask, as it is called in the philanthropy world. Asked if this is supported under Article 10, would the sponsors of Article 97 be okay with a vote to take no action.

Kronau – Held that question until after the discussion regarding Article 23 & 28.

Maury – Asked if these are unrestricted funds or what; could the borrowing be used for another purpose.

Turbitt – The \$1.5m in Article 10, we would reserve \$600,000 until the borrowing is affected. The borrowing would be in line with the way the purpose is written in Article 10; it would have to be cleared with Bond Counsel.

Maury – He'd be more comfortable if the money could be used to finish projects currently underway.

Turbitt – We would build it in the Article as both for a DAP and with the flexibility to complete some other projects. AHTF has to go through a lot of gates to expend these funds.

Holland – Explained how it was outlined for not only the DAP but also other projects.

Roche – It sounds like \$9m is being paid back to AHTF via a loan; asked for clarification.

Mohr – Yes, a significant portion will come back to us over a long period. The Select Board added to their strategic plan a priority for workforce housing, the Shared Equity is in response to that priority. We've focused hard on SHI list management and Safe Harbor maintenance; that

has left a large portion of our year-round population not being taken care of in this housing crisis. There are currently 480 families on the waiting list for housing. We are very aware of how broad and deep the need for housing in across the Island for all income levels. We've worked hard to plan for that.

Roche – In the past, we had several discussions with AHTF about what would be done with the chunk of money the Town had given them. When we gave them the \$20m they did something with it. This has the potential to be very effective and we will get some money back. She thinks the DAP and Shared Equity is a reasonable use.

Vieth – The projects under way with the \$20m are not yet providing housing. She likes the DAP to help someone buy something now. Asked if there is a price limit on the cost of the house. Also, at one point the Town stood up against high-density development; now it seems the Town has put forward a number of its own high-density developments, a lot of which are in the same neighborhood. She has concerns about giving money for more high-density projects. We have a challenge trying to meet SHI but she's having trouble with "heads without beds" and is there a way to approach landlords.

Maury – We need a better designed plan.

Kronau – The Equity Share is to keep housing in the year-round listing and those houses won't land on the SHI list.

Mohr – An Equity Sharing program would not generate SHI listings; it would be in an effort to maintain Safe Harbor and reach 10%. A unit under homeownership priced at 80% area medium income (AMI) would require a large subsidy; this program would hope to achieve is to meet the needs of people who don't qualify for the covenant program allows and so move off Island. The DAP could help some people on the waiting list to have support to buy a home.

Kuszpa – Currently there are about 245 people who qualify for our affordable rental program. The covenant program has 48 qualified actively looking households and another 120 who let their qualifications expire because there are no covenant homes available. This sort of funding would meet a need.

Kronau – Asked Mr. Grause in his capacity as a member of H4H Board of Directors, if H4H pays for maintenance on houses constructed under its program.

Grause – No, AHTF has provided H4H with funding for land acquisition and construction. Once the family takes position of the home, maintenance is their responsibility.

Holland – This is a new program that came up during the course of Community Preservation Committee where housing authority struggles to maintain their low-income housing. It would be a program to assist organization where maintenance is a program. One tenant of the \$20m is to do housing within the existing zoning.

Motion **Motion Not to Adopt Article 23.** (made by: Schaeffer) (seconded)

Roll-call Vote Carried 8-0//Schaeffer, Roche, Vieth, Maury, McEachern, Glowacki, Harrington, and Kronau-aye; Grause recused

Glowacki – Asked the total dollar amount of Article 10.

Turbitt – The \$23m inclusive of the \$6.5m.

2. Article 24 (Appropriation: Affordable Housing Trust Fund (\$7.5m))

Discussion **Turbitt** – Stand-alone borrowing article contingent on a debt exclusion. This was discussed and asked for at a higher amount. It is for continuation of the Safe Harbor program.

Holland – This is an anticipated subsidy requirement for development of 135/137 Orange Street. AHTF is looking at 24 units on this lot for mixed income levels. There is a possibility to seek tax credit but there are challenges; however, the tax credit program is very competitive. If Nantucket gets an award for 6 Fairgrounds, we would have to wait a number of years before requesting another award.

Vieth – Asked if there is a back-up plan if the public doesn't approve the plan this year.

Holland – He can't make promises if we don't have funding required to do what we need to do.

Kronau – She'd like to not make a motion now but get an idea of what it might be; Articles 24, 38, 27 and Article 10 next week are tied together.

Glowacki – This is one of the less complex articles and he'd proposed a positive motion. Consensus agrees.

Kronau – Asked if the Committee has enough information to make motions today (yes).

Motion **Motion to adopt.** (made by: Roche) (seconded)

Roll-call Vote Carried 8-0//McEachern, Harrington, Glowacki, Vieth, Roche, Schaeffer, Maury, and Kronau-aye; Grause recused

3. Article 38 (Affordable and Year-round Housing Stabilization Fund) Arthur I Reade, Jr. et al

Discussion **Vieth** – What would help her if it were broken down where each funding source is come from. Asked Mr. Reade if he'd be open to this being held for next year or amended so it doesn't start right now. We don't know what we're going to get from the lodging tax.

Kronau – \$6.5m with borrowing on Article 10 and \$7.5m from appropriation with \$1m left over from Article 10. We're looking at \$14m and change. That's excluding the housing sale bill.

Turbitt – It's right around \$15 that would be fully allocated. Some is done to give AHTF flexibility to do things when the opportunity arises. That doesn't include any provisions from Article 38 or 97.

Vieth – It's been hard to reach this point and do it this way. She thinks this Article is a steadier source of revenue.

Reade – He'd be amenable to have it start in FY2023; resubmitting would push it off yet another year. He'd like to see a recommendation with a FY2023 start year. He thinks 2/3rd of the lodging tax is a reasonable amount but is open to suggestions; we don't know how much money 2/3rd will generate.

Maury – In the event this passes, and we have the fund set up and funded, we still 2/3rd majority vote to access the money.

Turbitt – It would require 2/3rd vote at ATM to withdraw the money. Doesn't know a scenario for a companion article to fund it another way. The way Town Administration has proposed is the best way to move this forward. As of today we have received \$7.1m in short-term rental tax; The \$2m we are proposing is 28% of that collected amount. Delaying this for a year will have the impact of the Town not being able to fund anything for AHTF in the next budget cycle. If this were to pass with a delayed implementation to July 1, 2023, he would recommend no funding for AHTF in FY2023, because there would be no mechanism for dollars. He would recommend putting it into the FY2022 budget.

Vieth – Pointed out that 2 weeks ago, the \$2m wasn't in the budget. This would be an on-going source of funding with a lot of checks and balances. It does allow AHTF to plan because they know what the percentage will be and how much money that could be.

Glowacki – Doesn't agree with Ms. Vieth. Supports Mr. Turbitt's recommendations. As he understands, we can vote to close the stabilization fund; suggested a sunset provision after 5 years.

Kronau – Money in the budget can be spent when it is needed without going to Town Meeting. She doesn't like the stabilization fund idea because it puts restrictions on use of the money. In the spirit of Article 24, asked what a potential motion might be.

Maury – His hypothetical motion would be not to adopt. Majority agrees.

Kronau – Asked if the Committee has enough information to make motions today (yes).

Motion **Motion not to adopt.** (made by: Harrington) (seconded)

Roll-call Vote Carried 7-1//Schaeffer, Maury, Roche, McEachern, Harrington, Glowacki, and Kronau-aye; Vieth-nay; and Grause recused

4. Article 97 (Home Rule Petition: Allocate Portion of Land Bank Real Estate Transfer Fee to Support Year-Round Housing) Brooke Mohr, et al

Discussion **McEachern** – He has to recuse from discussion and vote on this article.

Kronau – She sent an email to Jesse Bell and Eric Savetsky asking them to break down their financial of the next 5 years. Asked Mr. Turbitt to screen-share that. She has received over 130 emails with 3 were for the article and the rest against.

Savetsky – Reviewed the 5-year projection. The Article proposes to divert 25% of our transfer revenue; that will have a major impact on our mission. Short of cutting personnel, expenses, and capital projects, most money would have to come out of our acquisition, reducing it to \$6.6m from \$11m.

Mohr – This is the first time she’s seen the document; she’d appreciate an opportunity to review and respond to the document.

Kronau – Reminded Ms. Mohr that this is not a public hearing and that she will consider her request. Asked for a hypothetical motion.

Glowacki – He’d make a hypothetical motion not to adopt.

Vieth – She thinks the article is creative but it’s hard to support because there is room on the housing bank bill and it’s not fair to the Land Bank. This isn’t the forum to have a referendum on whether or not they have enough money and how they spend their money.

Schaeffer – Asked if there has been any support to overturn the Land Bank Act.

Mohr – There are two land banks in Massachusetts; Nantucket has requested 11 times to amend its enabling legislation; those requests were passed by Legislature as requested.

Kronau – Asked if the 11 amendment requests were in line with the charter.

Savetsky – There have been numerous minor language changes; the largest was to request permission to operate the golf course.

Kronau – Asked if the Committee has enough information to make motions today (all but one).

Motion **Motion not to adopt.** (made by: Harrington) (seconded)

Roll-call Vote Carried 7-0//Schaeffer, Maury, Roche, Vieth, Glowacki, Harrington, and Kronau-aye; Grause and McEachern recused

VI. NEXT MEETING DATE/ADJOURNMENT

Date: Thursday, March 25, 2021; 4:00 p.m.

Adjournment:

Motion **Motion to Adjourn at 5:45 p.m.** (made by: Roche) (seconded)

Roll-call Vote Carried unanimously//Schaeffer, Roche, Vieth, Maury, McEachern, Harrington, Grause, Glowacki, and Kronau-aye

Submitted by:

Terry L. Norton