

NEIGHBORHOOD FIRST ADVISORY COMMITTEE

**Monday, August 26, 2019
1:00 pm
4 Fairgrounds Rd
PSF Community Room**

Advisory Committee Members: Doug Abbey (Co-Chair), Peter Hoey (Co-Chair), Posie Constable, Penny Dey, Howard Dickler, Kristie Ferrantella, Dave Iverson, Brooke Mohr, Eric Savetsky, Brian Turbitt, Joseph Grause

ATTENDING MEMBERS: Posie Constable, Penny Dey, Kristie Ferrantella, Peter Hoey, Dave Iverson, Brooke Mohr, Joseph Grause, Brian Turbitt

REMOTE PARTICIPATION: Doug Abbey *by phone*

ABSENT: Howard Dickler, Eric Savetsky

Early Departures: Brian Turbitt (leaves at 1:57 pm)

STAFF IN ATTENDANCE: Tucker Holland (Housing Specialist), Ken Beaugrand (Real Estate Specialist), Eleanor Antonietti (Zoning Administrator), Megan Trudel (Administrative Specialist)

Public Present: Anne Kuszpa (HousingNantucket); Andy Buccino & Will Stevens (Stephens & Company, Inc. – energy consultants)

I. Call Meeting to Order
Meeting called to order at 1:05

II. Approval of Agenda
ROLL CALL VOTE:

Peter Hoey Aye
Kristie Ferrantella Aye
Brooke Mohr Aye
Joseph Grause Aye
Dave Iverson Aye
Posie Constable Aye
Penny Dey Aye
Brian Turbitt Aye
Doug Abbey Aye *by phone*

Agenda adopted by **UNANIMOUS** consent.

III. APPROVAL of Minutes

a. July 29, 2019

Tabled to next meeting to allow for different format

IV. Review of year-round housing status on Nantucketⁱ

Tucker HOLLAND Converted this into a more helpful format with narrative to explain where we are and will be. Gives overview of narrative. Rules around 10% requirements and what counts and when it counts are complex so this is an effort to clarify. Chart shows numerous projects which comprise current 191-unit count on SHI list as maintained by DHCD. Developments and scattered site rentals contribute. Most recent additions are with Richmond rental project, Housing Nantucket project, and Surfside Crossing. Units can fall off the list – for example, if building permits are not pulled or COs are not issued in a timely manner

DISCUSSION of what needs to happen for units to be maintained on the list. Gives example of when an affordable unit is for sale.

On topic of why more year-round (“YR”) residences have not been built since last census - 650 net new Building Permits issued during 5-year period examined, predating Richmond project, are probably mostly for seasonal homes. Projected loss of 640 YR residences since last census. Critical to stay ahead of the curve, paying attention to what stays on and falls off. How do we meet current requirement of 490 which remains in place until DHCD issues new number based on 2020 Census? Remainder of Richmond rental units to be built out, some at Beach Plum, scattered site rentals and ownerships with Housing Nantucket, Habitat, and Ticcoma Green are in the pipeline.

Tucker HOLLAND explains that Habitat is working hard on having their units count towards SHI list but it cannot be retroactive. Intent of Neighborhood First program is to help insure that we stay in Safe Harbor on way to meeting 10% requirement. Looking at final chart which shows best estimate of timing of when additional planned units will count toward SHI total.

DISCUSSION about developing strategies to meet Safe Harbor in Years 3 & 4, if not yet at 10%. Richmond project represents 244 units with some ownership units that could provide incremental contribution towards Safe Harbor.

Doug ABBEY *by phone* underscores importance of showing incremental as well as the risks when we may be out of compliance with deficit of 24 units needed per year.

We are relying on Richmond. We you have to do 24 ownership or rental units per year to get 1 more year. At issue is the deficit in 2021-2023

CONSENSUS is to add deficit in total count to identify the target and timeline and to demonstrate what will happen with reasonable set of assumptions that could lead us to a deficit – highlight need for action.

V. Review of legal opinion regarding use of funds

Peter HOEY submitted several questions to Tucker and Town Counsel. Polls group for any questions they have.

We are trying to understand what we can do and what the process is for using money. Whatever we recommend, the Select Board has to approve the grant.

Joseph GRAUSE states funds can be used to buy land but feels that new construction is more efficient use of capital than buying existing properties.

DISCUSSION about intent of article regarding use of existing housing and/or creating more new housing.

VI. Comparison of alternative solutions by criteriaⁱⁱ

Doug ABBEY *by phone* States goal was to lay out alternative solutions for making recommendations. Assembled list of 10 criteria to capture good measurement tools to compare alternatives. Goes over list on Strategies to Add to Nantucket Affordable Housing Inventory. This is a draft for discussion. Goes over pros and cons of Strategy #1 – Dispersed Home Purchases.

DISCUSSION Timing is key challenge. Ratings are None, Low, Limited, Moderate, & High, according to 10 categories. Large state and federal subsidies available primarily for new construction. Maintenance of existing Single Family homes DU is variable. Town will also be competing with our target population to buy houses. We need to be sensitive to scattered site.

Doug ABBEY *by phone* points out that there is comment section. Goal is not to conclude that we are going to totally eliminate any given strategy, but rather consider eliminating the least desirable.

Ken BEAUGRAND goes over pros and cons of Strategy #2 – Buy-down of Existing Year-Round Rentals to convert market to affordable units. Provide 38 units of housing at a cost \$250,000/each. The owner would take care of maintenance of property, but we would have no equity to show. Not adding inventory. Dislocating as many people as you are housing. No negotiations yet. Need input from this committee.

CONSENSUS is that this example may not be best alternative, but should not eliminate this option as a concept. We would be paying to buy ownership unit and convert to rental.

Doug ABBEY *by phone* explains Strategy #3 – New Affordable Developments. Leveraging capital. Sites are generally close to employment, retail opportunities, and public infrastructure and are creating new supply to release pressure on demand. Rent is by definition affordable based on 30% of income. State and federal subsidies are substantial with Low Income Tax Credit at play. Economies of scale can be replicated at several available sites.

DISCUSSION of concerns and questions with this strategy. Would fund under this article require us to use prevailing wage and municipal construction rules? The idea is to have flexibility in keeping costs down with savings in scale, but there are some savings in medium scale. Need to have flexibility in terms of concept.

Suggestion to find scattered tracts of land and build smaller density projects.

Tucker HOLLAND clarifies make-up of projects such as Sachems Path & Ticcoma Green in terms of SHI list and AMI levels served.

VII. Public Comments

Andy BUCCINO (energy consultant) Explains there is risk to new homeowner with home that is energy inefficient. Are there criteria to acknowledge this so we can be sure we are building energy efficient homes without being prohibitive to affordable residents?

Doug ABBEY *by phone* clarifies that we are comparing new construction to existing housing. Attached housing is in general more energy efficient than detached and new construction will be more efficient. Agrees that we can add criteria for energy efficiency.

VIII. Other Business

HOLLAND asks Committee to look at dates. All meetings are on Monday. No concerns. All future meetings will be downstairs.

- a. **Future Meeting Dates** – Community Room, 4 Fairgrounds Road, 1:00-3:00pm
 - Monday, September 23rd
 - Monday, October 28th
 - Monday, November 18th
 - Monday, December 16th
 - Monday, January 27th
 - Monday, February 10th

IX. Adjourn

The **MOTION** was made by Penny Dey and seconded by David Iverson 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 VOTE:

Peter Hoey Aye
Kristie Ferrantella Aye
Brooke Mohr Aye
Joseph Grause Aye
Dave Iverson Aye
Posie Constable Aye
Penny Dey Aye
Doug Abbey Aye^{by phone}
The Vote was **UNANIMOUS**

Open Session Meeting ended at 2:08pm

Submitted by:
Eleanor W. Antonietti

ⁱ See attached document titled, “**Nantucket SHI List Management – Neighborhood First Advisory Committee – August 2019 – DISCUSSION DRAFT**”

ⁱⁱ See attached document titled, “**Neighborhood First Advisory Committee – Strategies to Add to Nantucket Affordable Housing Inventory – Evaluation Criteria – August 26, 2019 – DISCUSSION DRAFT**”

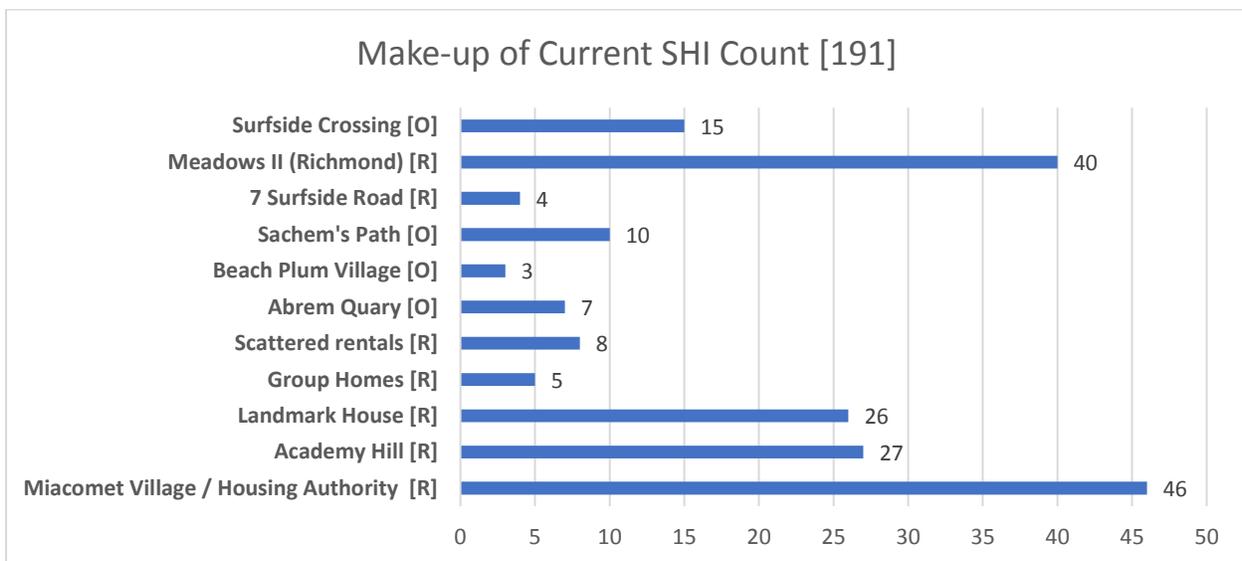
Nantucket SHI List Management – Neighborhood First Advisory Committee

August 2019 **DISCUSSION DRAFT**

The below is intended to summarize the Town's status with respect to the Commonwealth's Chapter 40B requirement that 10% of year-round housing be eligible for the state's Subsidized Housing Inventory ("SHI") list.

Per the 2010 Census, Nantucket has 4,896 year-round housing units (out of 11,650 total housing units), therefore our 10% requirement equates to 490 units. This number will be reset in 2021 / 2022 following the 2020 Census. Best guess is the 10% figure is unlikely to swing more than 25 units and it is equally likely it could go down as it could go up.

Nantucket is presently at 191 units on our SHI list, or 3.9% toward the 10% requirement.



[R] denotes Rental units; [O] denotes Ownership units

At 191 units, we need to create 299 more SHI-eligible units to meet the state mandate. *This is not easy.* It requires continued resolve and resources.

It will take a significant effort on the part of the Island community to add these units. The effect of this gap is that developers can use the 40B process to gain approvals for projects that may not be consistent with Town goals or good planning practice in terms of density, proximity to employment, and availability of public infrastructure. So, the Town has a two-fold challenge:

- First -- provide on a regular basis over the next five years sufficient additions to the SHI list so that we are exempt from unfriendly 40B challenges; and,
- Second -- address the severe shortage of affordable housing so that we reach the 10% threshold and therefore are protected from further 40B challenges.

But that is not the end. We will still have a significant year-round housing shortage on the Island with more needs to be met through concerted action.

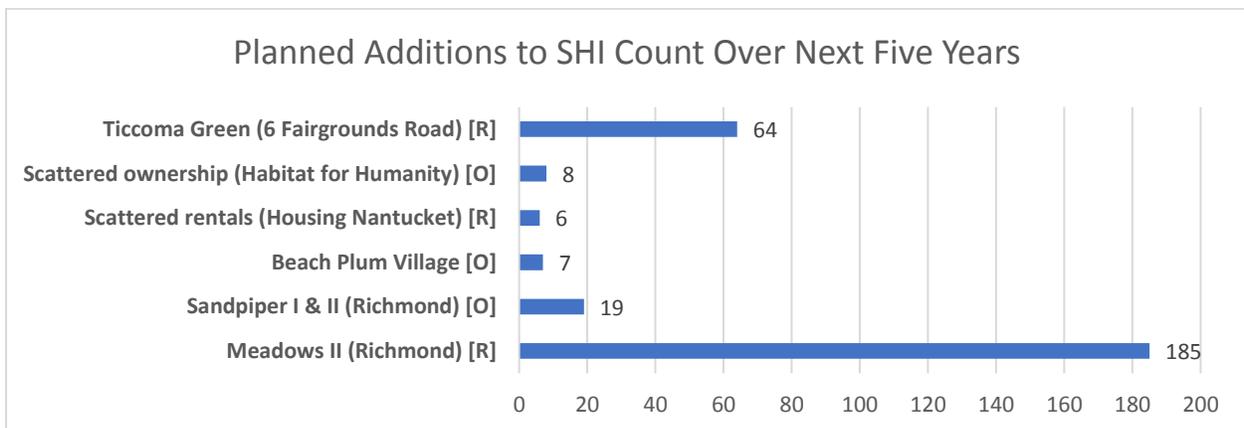
We recently were granted a two-year certification of our approved 2016 Housing Production Plan by the Department of Housing and Community Development based on the production of 59 units this year that are eligible for inclusion on our SHI list. (Because Nantucket has an approved Housing Production Plan, creation of 0.5%, or 24 units in our case, of SHI-eligible units in one year equates to a year of Safe Harbor; the maximum Safe Harbor period DHCD allows is two years at present.)

The 48 or greater units equates to two years of Safe Harbor, whereby the Town could deny an unfriendly 40B proposal which came before the Zoning Board of Appeals during this period.

The two-year period expires June 13th, 2021, provided that the units that gave us Safe Harbor remain on our SHI list. This requires the 40 Richmond units to receive Certificates of Occupancy (CO's) within 18 months following the pulling of building permits (by the end of 2020), and would require Surfside Crossing pulling building permits for at least 4 of the affordable units within one year of the ZBA's issuance of the Comprehensive Permit (by June 13th, 2020). The four units at 7 Surfside Road already have been built, received CO's and have been filled according to DHCD guidelines.

In the event that the Surfside Crossing project does not pull its building permits within the first year, we are planning to submit evidence this fall to the Department of Housing and Community Development for building permits representing four (4) or more additional units at Meadows II (Richmond) which would demonstrate that the 48 units required in Nantucket's case for two years of Safe Harbor are not reliant upon Surfside Crossing units.

The following are planned to be additional contributors to the Town's 10% requirement over the course of the next five years:



Assuming these units happen as planned, this would bring us to a total of 465 units, not accounting for any units being contributed by Surfside Crossing. Therefore, we would be 25 units short of our 10% requirement given no change in the 490 figure.

The best estimate at the timing for these units being eligible for counting on our SHI list is noted in this chart:

Estimated Timing for SHI Unit Additions	2019	2020	2021	2022	2023
Meadows II (Richmond) [R]	26	32	40	40	47
Sandpiper I & II (Richmond) [O]		7	6	6	
Ticcoma Green (6 Fairgrounds Road) [R]		64			
Beach Plum Village [O]	7				
Scattered rentals (Housing Nantucket) [R]	1	1	2	1	1
Scattered ownership (Habitat for Humanity) [O]		1	3	2	2

Note that due to current limitations in DHCD guidelines, no more than two years of Safe Harbor can be provided by the Richmond project alone. Also note that due to the neighbor appeal delaying the timing of 6 Fairgrounds / Ticcoma Green, while the units will aid in achieving our overall 10% requirement, it is unlikely they will come on-line at a time when they could provide Safe Harbor.

In order to be ready for the expiration of our current Safe Harbor period in 2021, we want to be in position to create 24 units or more in the first four months of 2021.

Inherent in the Neighborhood First charge is to help us stay in Safe Harbor on the way to meeting our 10% requirement.

Neighborhood First Advisory Committee - Strategies to Add to Nantucket Affordable Housing Inventory

Evaluation Criteria

August 26, 2019

DISCUSSION DRAFT

Strategy	Effectiveness at Maintaining 40B Safe Harbor	Effectiveness at Adding Supply to Meet 10% Requirement	Proximity to Employment and Goods & Services	Access to Public Sewer / Water Infrastructure	Creates New Supply	Total Cost Per Unit on SHI List	Ability to Use Off-Island Subsidy	Net Local Taxpayer Subsidy per Unit	Efficient Use of Town Financial Resources	Potential Number of New Units Added for \$20MM
1. Dispersed Home Purchases	Moderate ¹	Low	Low ³	Low	Low ⁵	\$ 688,000	Limited ⁶	\$ 669,250	Low	30
2. Buy-down of Existing Year-Round Rentals	Moderate ²	Low	Moderate ⁴	Moderate	None	\$ 250,000	None	\$ 250,000	Low	0 ⁹
3. New Affordable Developments	High	High	High	High	High	\$ 453,125	High ⁷	? ⁸	High	60-100

FOOTNOTES

- 1 There is a timing challenge to acquiring 11 properties, improving them, and having the timing of approval of multiple LAU applications sync to allow for one year of Safe Harbor
- 2 Vacancies would need to be made available at each site which may result in the displacement of current year-round tenants
- 3 Sites spread around the Island would, almost by definition, not necessarily be in proximity to employment and goods & services
- 4 Dependent on the location of the existing rental units
- 5 Some new units would be built under local zoning at acquired property locations (6 of 24 units according to the proponent pro-forma)
- 6 Assumes \$25,000 per existing unit CDBG rehabilitation grant
- 7 A factor is the timing of a tax credit award for 6 Fairgrounds Road (Ticcoma Green), which could be next summer, which would require a cooling-off period following the award
- 8 Working on this analysis with respect to certain opportunities; for reference, 6 Fairgrounds Road (Ticcoma Green) economics equates to \$62,000 per unit
- 9 No new units would be added to Island housing inventory, only existing rentals would be converted to count on SHI list

COMMENTS

Strategy 1 - Dispersed Home Purchases:

1. Under the Dispersed Home Purchases & Development model, the Town could end up competing with potential year-round buyers
2. Under the Buy-down of Existing Rentals [YR] model, units are already in the year-round rental stock, therefore there would be no increase in year-round supply
3. Maintenance costs for a diverse set of single family hmoes is unknown

Strategy 2 - Buy-down of Existing Year-Round Rentals:

1. Buy-down of Existing Rental units results in no equity from Neighborhood First capital
2. Buy-down of Existing Rental units may require additional investment to ensure units are up to code
3. Buy-down of Existing Rentals may result in displacement of current year-round residents in order to meet program requirement of units counting on SHI list

Strategy 3 - New Affordable Developments:

1. Projects can be organized as mixed-income communities (e.g., 6 Fairgrounds Road / Ticcoma Green)
2. Potential subsidy from state and federal sources could be in the range of 50% of the cost of new construction