

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

Evaluation Criteria

November 15, 2019

**FOR DISCUSSION WITH AHT**

Strategy	Effectiveness at		Proximity to Employment and Goods & Services	Access to Public Sewer / Water Infrastructure	Creates New Supply	Opportunity for Energy Efficient Design <sup>6</sup>	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	Allocation % (Range)
	Effectiveness at Maintaining 40B Safe Harbor	Adding Supply to Meet 10% Requirement									Number of New Units Added for \$20MM	
1. Dispersed Site Purchases & Development	Moderate <sup>1</sup>	Low	Low <sup>3</sup>	Low	Low <sup>5</sup>	Moderate	\$ 688,514	Limited <sup>7</sup>	\$ 669,764 <sup>9</sup>	Low	30 across the entire island	~10-30%
2. Buy-down of Existing Year-Round Rentals	Moderate <sup>2</sup>	Low	Moderate <sup>4</sup>	Moderate	None	Low	\$ 250,000	None	\$ 250,000 <sup>10</sup>	Low	0 <sup>12</sup>	0-10% <sup>13</sup>
3. Multiple Pocket Developments (6-30 units)	High	High	High	High	High	High	\$ 488,630	Moderate/High <sup>8</sup>	\$ 62,500 <sup>11</sup>	High	60-80 total across several locations	~60-90%

**FOOTNOTES**

<sup>1</sup> There is a timing challenge to acquiring 11 properties, improving them, having them not sit vacant for an extended period, and having the timing of approval of multiple LAU applications sync to allow for one year of Safe Harbor

<sup>2</sup> Vacancies would need to be made available at each site which may result in the displacement of current year-round tenants

<sup>3</sup> Sites spread around the Island would, almost by definition, not necessarily be in proximity to employment and goods & services

<sup>4</sup> Dependent on the location of the existing rental units

<sup>5</sup> Some new units would be built under local zoning at acquired property locations (6 of 24 units according to the proponent pro-forma)

<sup>6</sup> Utility and energy costs go hand-in-hand with affordability

<sup>7</sup> Assumes \$25,000 per existing unit CDBG rehabilitation grant

<sup>8</sup> A factor is the timing of a tax credit award for 6 Fairgrounds Road (Ticcoma Green); this may or may not affect timing of next award to Nantucket depending on overall demand for tax credits and scoring of the next project

<sup>9</sup> According to the March 26, 2019 proponent proforma for Neighborhood First shared in advance of the 2019 Annual Town Meeting and incorporating \$25,000 of CDBG funding per existing unit for rehabilitation

<sup>10</sup> Per the proposal submitted by the owner of existing rental units on the Island: \$250,000 per unit the Town would like on the SHI list (25% would be restricted at 80% AMI and the rest would continue to be at market rate)

<sup>11</sup> Working on this analysis with respect to certain opportunities; for reference, 6 Fairgrounds Road (Ticcoma Green) economics equates to approximately \$62,500 per unit

<sup>12</sup> No new units would be added to Island housing inventory, only existing rentals would be converted to count on SHI list

<sup>13</sup> As originally proposed there are numerous issues; however a refined version with better economics and addressing other aspects like displacement, this type of program may merit consideration in filling gaps in achieving Safe Harbor

**COMMENTS**

General

There is a case-by-case nature to the implementation of each of these strategies; what may be suitable and appropriate in one location may not be so in another

There will be a number of criteria by which each opportunity will be evaluated; in addition to those noted in the chart above, the below have also been identified as factors. More may emerge.

Appropriateness of scale and density in a particular location, with attention paid to current zoning

Massing, design, site layout

Susceptibility to delay

Traffic / parking considerations

How many other SHI unit developments within a certain proximity

The case-dependent nature of the evaluation of opportunities is important to emphasize

Keeping flexibility is key

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. Maintenance costs for a diverse set of single family homes is unknown

3. Based on the original article proponent's economics, we would be paying \$690k to receive a \$12k annual benefit (1.7% ROI)

4. Could be attractive / more economical if a portion of sale price is donated

5. DHCD has noted concern as the sole strategy for maintaining Safe Harbor, coordinating 11 different sites and LAU applications presents multiple challenges, as well as the likelihood DHCD could not provide additional subsidy

6. Consider prioritizing opportunities where existing unit count exceeds three units

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. Under the Buy-down of Existing Rentals model, as proposed, units are already in the year-round rental stock, therefore there would be no increase in year-round supply

3. Buy-down of Existing Rental units may require additional investment to ensure units are up to code

4. 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

5. While original proposition from a specific rental unit owner was not economically compelling, this concept may be worth exploring further

6. Exploration of an ownership buy-down program could be explored; units would need to be brought down to 80% AMI to be eligible to count on the SHI list (a requirement of the use of these funds)

Strategy 3 - New Affordable Developments:

1. Multiple projects can be organized as mixed-income communities of appropriate scale for the particular location

2. Massing, density and aesthetics need to be evaluated on a case-by-case basis; this is a significant concern of the community and the committee

3. Potential subsidy from state and federal sources could be in the range of 50% of the cost of new construction

4. The Town could seek sites near transportation, employment, school and other services and in so doing reduce reliance on travel by car