

## NANTUCKET AFFORDABLE HOUSING TRUST

~~ MINUTES ~~

**Tuesday, December 14, 2021**

Remote Meeting *via* Zoom – **12:30 pm**

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**Trust Members:** Brian Sullivan (Chair), Brooke Mohr (Vice-Chair), Penny Dey, Dawn Hill Holdgate, Reema Sherry, Dave Iverson

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**ATTENDING MEMBERS:** Brooke Mohr, Penny Dey, Dave Iverson, Reema Sherry, Brian Sullivan

**ABSENT:** Dawn Holdgate

**STAFF IN ATTENDANCE:** Tucker Holland (Housing Specialist); Ken Beaugrand (Real Estate Specialist); Allyson Mitchell (Housing & Real Estate Office Manager); Vicki Marsh (Town Counsel)

**ANTICIPATED SPEAKERS:** Hilary Rayport, Billy Cassidy, Dave Armanetti, Anne Kuszpa, Steve Hollister

**Public Present on Zoom:** Renee Ceely, Art Gasbarro, Peter Kaizer Jr., Keith Bergman, Jason Graziadei, Meg Browsers, Kimberly Reed, Howard Dickler

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### **I. Call Meeting to Order**

**Brian Sullivan** called the meeting to order at 12:33pm & reads Public Participation Guidelines

### **II. Approval of Agenda**

**Penny Dey moved to approve the agenda.** Reema Sherry seconded the motion.

ROLL CALL of those participating:

1. Penny Dey                      Aye
2. Reema Sherry                Aye
3. Dave Iverson                 Aye
4. Brooke Mohr                 Aye
5. Brian Sullivan               Aye

Agenda adopted by **UNANIMOUS** consent.

### **III. Approval of Minutes**

**Brooke Mohr moved to approve the minutes from Tuesday August 24, 2021.** Penny Dey seconded the motion. Dave Iverson abstained.

ROLL CALL of those participating:

1. Penny Dey                      Aye
2. Reema Sherry                Aye
3. Dave Iverson                 Aye
4. Brooke Mohr                 Aye
5. Brian Sullivan               Aye

Agenda adopted by **UNANIMOUS** consent.

**Brooke Mohr moved to approve the minutes from Tuesday September 21, 2021.** Dave Iverson seconded the motion.

ROLL CALL of those participating:

1. Penny Dey Aye
2. Reema Sherry Aye
3. Dave Iverson Aye
4. Brooke Mohr Aye
5. Brian Sullivan Aye

Agenda adopted by **UNANIMOUS** consent.

**Brooke Mohr moved to approve the minutes from Thursday, September 30, 2021.** Dave Iverson seconded the motion. Dave Iverson abstained.

ROLL CALL of those participating:

1. Dave Iverson Aye
2. Brooke Mohr Aye
3. Brian Sullivan Aye

Agenda adopted by **UNANIMOUS** consent.

#### **IV. Public Comment**

**Tucker Holland** acknowledges past member of the Board Judith Wegner, who passed away recently. Her contributions to the Trust were many, she was a terrific ally for the work the Trust does as the Chair of the Planning Board and in life. Brian Sullivan echoes the sentiment.

#### **V. 31 Fairground – Building Permit Update & Additional Financing Request**

**Billy Cassidy** notes that he submitted a check to the PLUS department today and will have building permits this afternoon.

**Anne Kuszpa**, asking for additional grant funding towards the development of the Wiggles Way project. 22 units of affordable housing, 100% affordable, income qualified. Through the regulatory process, the project has been redesigned and we think it's better in terms of appearance and livability. Increased from 5 to 8 buildings, increase of total livable square footage. Change in the construction methodology, driving towards a Net Zero project. Also been nationwide increases in materials, labor, etc. that necessitate a price adjustment. Total grant asking for is \$2.266 million,

\$856k for redesigns out of the planning board and HDC process

\$600k is towards solar

\$810k for inflation and change in construction techniques

Some changes...more smaller buildings. No more than three families per buildings. Apartments themselves are larger and more energy efficient. Project contains 1, 2 & 3 Bedroom units. Modeled to serve 50%, 80%, 110% and 150% households, so cost increases can't be covered by rents, there are no market rate units. Rents are controlled by the state issued affordability formulas. Our rent roles can't absorb these additional costs, so we are coming to you with a grant rather than a loan. We are not comfortable taking on any additional debt for this project.

Steve Hollister put together a change order document, and an amended schedule of draws. He has advised us that the cost per square foot is in line with what the market would expect right now. The original agreement with the Trust states that if the project exceeds the original pricing due to changes in the project construction and specifications because of the regulatory process necessary for the approval for the project, that Housing Nantucket can come back for additional funding. With your support, we can execute this change order form and the builder can order the buildings. We are still on track for July 2022 occupancy. Need to make sure we can still accommodate 50% AMI which is one of the primary reasons we need monies in the form of a grant rather than a loan.

**Penny Dey**, we all knew this was coming, just concerned with what form it takes. Wondering how much the Net Zero will change the tenant's utility bills and is that calculated into the rent formulas?

**Anne Kuszpa**, the state allows for a utility allowance which reduces rent by a certain amount if tenants pay their own utilities, we presume around \$100 a month. Our experience as managers, we believe the tenants should pay utilities themselves, so they can be conscientious of their usage. We're still working out the utilities cost...the solar hasn't been approved by HDC yet.

**Penny Dey**, has anyone figured out what the carrying cost is on this, if it gets extended or added term on to the existing loan? We should figure that out.

**Billy Cassidy**, first, Housing Nantucket owes Fairground Commons, LLC money. Second, we could do infrastructure work today for future solar work, if solar work needs to be tabled in the discussion today.

**Reema Sherry**, solar is separate than the buildings from what I understand. Has anyone spoken to Lauren Sinatra about grant possibilities for the solar? Anne could you do that?

**Anne Kuszpa**, has spoken to Lauren, understanding is that there is a Community Wind Fund for renewable energy projects, but the grant application won't be open until this spring.

**Penny Dey**, can we talk about Mr. Cassidy's money being due?

**Peter Kaizer**, we were looking for clarity on whether or not we were going to come to terms on the increased funding on this meeting, there's nothing else holding up the payment to Mr. Cassidy. As of right now, based on a \$6.75 million loan, 1/2% over 50 years/600 months, looking at \$12,700 a month in debt service or \$153,000 a year. We found ourselves with a slight enough buffer to justify for our financial purposes this project, but if you add another \$2.2 million loan, that's an increase in monthly debt service to \$17,000...a \$4,300 a month increase, a \$51,000 swing a year which gets us -\$30,000 annually.

**Penny Dey**, I think it's highly unlikely that the rental rates are going to stay the same for 50 years. Also, whatever obligations you have on the developer, that is not contingent on what we're talking about.

**Brian Sullivan**, was inflation factor on increased rent accounted for, when you decided you couldn't take on increased debt service?

**Anne Kuszpa**, yes, we included increased rents as well as increased expenses. Also, we are withholding payment to Fairgrounds Commons because the project has changed so much. Our agreement with you all, was for a very different project, before we make payments on this, we want to know exactly how much the extra costs are going to be and where they're going to come from. We need to know that you'll continue to support the project before we move forward.

**Reema Sherry**, can we make the loan go longer, if we wanted to make the monthly payment the same and just extend the term of the loan?

**Peter Kaizer**, probably a 70-year term...adding 20 more years to the current term.

**Brooke Mohr**, appreciate Housing Nantucket coming to us, before they leap into the ordering of the buildings, that is smart and fiscally responsible. Can we split the difference? 70 years is a long time. Maybe we table the solar for the time being?

**Brian Sullivan**, if there is approval made here today, it goes to the Select Board correct? In the January meeting?

**Vicki Marsh**, yes, any expenditure over \$100k, you go to the Select Board. You will not have final approval on this until January, after their January executive session.

**Dave Iverson**, I think we should take solar out of the equation and figure out what it costs to have the infrastructure existing and then solar further down the road.

**Anne Kuszpa**, if we got a grant approval we could move forward quickly. If some project needs to be funded by the loan, we'd need to have a board meeting and get our board to discuss and agree to terms. Would need to be included in the timeline.

**Penny Dey**, I'm not comfortable with contractual obligations not being met until we sort this through.

**Vicki Marsh**, you should discuss this in executive session further. But keep in mind, you're always going to have to go to the Select Board for their approval, so whether you decide today or need further information, the approval will have to be withheld anyhow until the Select Board executive Session.

**Brooke Mohr**, if this Board were to give you a sense of the meeting, that we are willing to support a financially viable grant and loan extension in principle, is that enough for Housing Nantucket for now, given that we won't get a final green light from Select Board until January?

**Brian Sullivan**, what happens with the modular company if there is no financial commitment made? Where does the project timeline go if there is continued delay?

**Billy Cassidy**, if Fairground Commons isn't paid today, there is no agreement going forward.

**Brian Sullivan**, keeping this item open to carry into executive session.

**Steve Hollister**, important for the Board to know, Housing Nantucket moved this forward as fast as they could. The \$750k is due upon ordering the modules, not a specific date. Not all the modules have

been ordered. HN wanted to bring this to this Board as quickly as possible to keep things moving in a timely manner.

## **VI. Richmond Wildflower Acceleration**

**Dave Armanetti**, on the regulatory side, we're hustling to overcome inherent delays to get local building permits issued in time to get to DHCD. Permit for building 1, 2 Wildflower Drive was issued several weeks ago. Permit for 2 Bluestem Place (second building), Paul Murphy has final application and has committed to pushing that through in the next day or two. Building 3, similarly, all that paperwork is also with Paul as of today and has promised to get his final review done there in an expedited manner.

**Tucker Holland**, thanks Dave and Richmond for all their work on this. Brooke Mohr agrees.

**Dave Armanetti**, in addition to the regulatory progress, we're full speed ahead in the field. The first 4 of the 12 modules for the first building were delivered last week, sitting at the site. The foundation excavation for the first two buildings is underway. Foundation subcontractor is on island and ready to start forming. The first buildings will be set the week after New Years and the next two will be coming right after that. We don't expect any delays in the occupancy right now. We'll be starting our outreach in terms of AMI marketing right after the new year.

## **VII. Annual Town Meeting Citizen Warrant Article Presentation – Hilary Rayport**

*\*SEE ATTACHED PRESENTATION FROM MS. RAYPORT\**

**Penny Dey**, we were surprised at the Housing Authority that nobody approached us about this. I would like to suggest that Hilary considers having the AHT Planning Board appointee serve on the new commission rather than take away a seat from the Housing Authority. There is a value in having appointed seats, rather than voted in. Personally, I don't support them being elected.

**Brooke Mohr**, one of the three Planning Board reps, must be the rep that also sits on the AHT, so there are two housing reps on the NP&EDC.

**Dave Iverson**, how will this help with affordable housing?

HR, going through this process because I think there could be something better in long range planning. Three documents we're working of of...Open Space, Master Plan, Municipal Harbor Plan...all from 2012 or earlier. The community is changing so rapidly, and land use is changing drastically, we need to take long term planning seriously. Also, I think elected positions mean that those elected seats feel a responsibility to the people. I think there needs to be more transparency.

**Brian Sullivan**, I find it hard to get people to run for elections, based on the time commitment, the public view of it in this small community, etc. I feel like we lose good people who aren't willing to go through an election process.

**Dave Iverson**, the transparency piece bothers me...this suggest to me that Board members and town

employees are being dishonest, which bothers me. I caution that phrase. Also, the master documents/plans are 10-year processes.

**Renee Ceely**, surprised that someone would choose to eliminate a Housing Authority role without discussing it with us first, this appointed position has been on the NP&EDC since its beginning. The Housing Authority is always represented and consulted in affordable housing decisions.

### **VIII. 12 & 12R Bartlett Road – Purchase & Sale**

**Vicki Marsh**, packet has the almost final P&S, there may be some small changes but this is pretty much final. Also included is a temporary access agreement which is under negotiation. This is the license for the Trust to be able to enter the property and do necessary inspections and testing on the property to make sure there are no environmental and building issues that would prevent the development of an affordable housing project on this site. Potential closing date, depends on the completion of the inspections, will be February 15<sup>th</sup>.

**Brian Sullivan** – recused himself. **Brooke Mohr** is the chair now.

**Dave Iverson**, we found that 30 Acres Rd. is a private road. There have been access issues with the people who control that road, some problems gaining access or not being allowed to gain access. Hoping to get in touch with the HOA that allows us access to 30 Acres Rd.

**Vicki Marsh**, the P&S provides that the Trust doesn't need to accept the title if there are easements or restrictions on the deed that won't allow for affordable housing development purposes. If we were to find out that these access restrictions would prevent the development of this property for affordable housing, we would have the ability to ask the seller to negotiate with the HOA to provide us with the release and enable development of the project. There are ways that we are protected in terms of restrictions on this property.

**Dave Iverson**, a tender touch with the HOA is probably most effective, should be some discussion about how to approach. It would be nice to have two forms of egress.

**Tucker Holland**, reached out to NFD to see if they require two cuts for egress, no opinion.

**Vicki Marsh**, the P&S is the means to secure out ability to move forward and allows us to do our due diligence.

**Penny Dey** moves to approve and execute the Purchase and Sale Agreement between Bear Vault LLC and the Trust for purchase of land and buildings located on 12 and 12R Bartlett Road, Nantucket shown as Lots B and C on a plan recorded with Nantucket County Registry of Deeds in Plan File 46-J. Reema Sherry second.

ROLL CALL of those participating:

- |                 |     |
|-----------------|-----|
| 1. Penny Dey    | Aye |
| 2. Reema Sherry | Aye |
| 3. Dave Iverson | Aye |

4. Brooke Mohr Aye  
Agenda adopted by **UNANIMOUS** consent.  
Brian Sullivan abstained.

**Penny Dey** moves to approve and execute the Revocable License Agreement between Bear Vault LLC and the Trust for license to enter upon the property located at 12 and 12 R Bartlett Road, Nantucket for the purposes of conducting surveys, inspections and tests and an environmental site assessment of the property. Reema Sherry second.

ROLL CALL of those participating:

- |                 |     |
|-----------------|-----|
| 1. Penny Dey    | Aye |
| 2. Reema Sherry | Aye |
| 3. Dave Iverson | Aye |
| 4. Brooke Mohr  | Aye |

Agenda adopted by **UNANIMOUS** consent.

Brian Sullivan abstained.

## IX. 8 White Street Deed Acceptance

**Vicki Marsh**, deed presented by the Bird family, to the Trust for \$1.2 million, 8 White street Nantucket. Restriction is being imposed, affordable housing restriction, the Trust is restricted to use the property for year round residential housing purposes, and. if it is not available for affordable housing, the town can sell to third party with 100% of the funds then going back to use for affordable housing.

**Tucker Holland,** Brian Turbitt is teed up for next week, monies are coming out of the \$6.5 million authorization as part of Article 10 this past ATM. Those monies are the most flexible in terms of AMI levels. Environmental report came back clean.

**Vicki Marsh**, been required to file a uniqueness declaration on this property, have not received any objections as of yet, expires on December 17<sup>th</sup> and then the closing should happen on December 20<sup>th</sup>.

**Dave Iverson** moves that we vote to approve and execute the following documents to effectuate the Trust's acquisition of 8 White Street:

1. Acceptance of Deed from Alpine C. Bird and Donald J. Bird, Trustees of Chandler Surfside Realty Trust to 8 White Street, Nantucket ;
2. Settlement Statement for 8 White Street; and
3. Any other closing documents approved by Town Counsel necessary to effectuate the Trust's purchase of 8 White Street;

And further to authorize the Chair or Vice Chair of the Board of Trustees to execute the documents on behalf of the Trust. Penny Dey seconds.

ROLL CALL of those participating:

4. Penny Dey Aye
5. Reema Sherry Aye
6. Dave Iverson Aye
7. Brooke Mohr Aye
8. Brian Sullivan Aye

Agenda adopted by **UNANIMOUS** consent.

#### **X. Communications Update**

Carried to next meeting.

#### **XI. Other Business**

None.

#### **XII. 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 Penny Dey 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. Penny Dey Aye
2. Reema Sherry Aye
3. Brooke Mohr Aye
4. Dave Iverson Aye
5. Brian Sullivan Aye

**The motion carried unanimously.**

#### **XIV. Adjourn**

Open Session Meeting ended at 2:11pm

Submitted by:  
Allyson Mitchell