NANTUCKET AFFORDABLE HOUSING TRUST

~~ MEETING MINUTES ~~

Tuesday, December 20, 2022

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

Trust Members: Brian Sullivan (Chair), Reema Sherry (Vice-Chair), Brooke Mohr, Meg Browers, Dave Iverson, Shantaw Bloise-Murph, Penny Dey

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ATTENDING MEMBERS: Reema Sherry, Penny Dey, Meg Browers, Brian Sullivan

ABSENT: Shantaw Bloise-Murphy, Brooke Mohr, Dave Iverson

STAFF IN ATTENDANCE: Tucker Holland (Housing Director), Hayley Cooke (Housing & Real Estate Office Manager), Ken Beaugrand (Real Estate Specialist), Vicki Marsh (Town Counsel)

ANTICIPATED SPEAKERS: Anne Kuszpa, Dave Armanetti, Billy Cassidy, Laura Silber

PUBLIC PRESENT ON ZOOM: Robert Liddle, Mary Mack, Elizabeth Blair (Housing Nantucket), Jerome Vigil, Jason Graziadei, Leslie Rosandberg

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I. Call Meeting to Order

Brian Sullivan called the meeting to order at 12:35pm & reads Public Participation Guidelines

II. Approval of Agenda

Reema Sherry moved to approve the agenda. Meg Browers seconded the motion.

ROLL CALL of those participating:

1.	Penney Dey	Aye
2.	Meg Browers	Aye
3.	Reema Sherry	Aye
4.	Brian Sullivan	Aye

Agenda adopted by 4-0 vote.

III. APPROVAL of Minutes

•Minutes from 11.15.22

Penny Dey made a motion to move the approval the minutes from 11.15.22 to the next meeting. Meg Browers Seconded.

ROLL CALL of those participating:

1.	Penny Dey	Aye
2.	Meg Browers	Aye
3.	Reema Sherry	Aye
4.	Brian Sullivan	Aye

Motion adopted by 4-0 vote.

IV. PUBLIC COMMENT for items not otherwise on the agenda

- Member of the public, Mary Mack, brought forth questions about adding travel fees to the boat to go towards affordable housing funding.
- Mary Mack asks about why we cannot have mobile units temporarily to allow for housing, similar to the town mobile office. Brian Sullivan noted the MA building code regarding housing and that the building in reference is used for office space.

Brooke Mohr arrives late at 12:40pm

- David Armanetti from Richmond announced that they have started marketing and outreach for the next phase of the Meadows II affordable Apartment Units. 24 Units are AMI restricted from 70%, 80%, 100% 120% levels. An information packet was shared during the meeting (on screen) with details about how to apply for these units and learn more information. As noted, info session is January 12, applications due by February and the lottery is second week of February. Application also available in person at the Richmond leasing office. These materials will also be distributed via the Town's social media and news and also in the Housing Newsletter, out January 11.

- Tucker Holland noted that the 100% AMI level units were already included in the first phase, and this is the second phase opening up.

V. Rental Incentives, Aspen Skiing Co. – DISCUSSION

Brian Sullivan: Mary Mack had sent along an email about efforts in Aspen to get people to offer more housing opportunities to people in the community – they offer incentives, such as ski passes. This might be an opportunity to explore other incentives that exist in our community. I think we can develop and flesh this out more over time.

VI. CCAP/CFAP – ACTION

CCAP – Abreu, 1 Aster Court

Penny Dey makes a motion to approve the CCAP Application for the Abreau household at 1 Aster Court. for up to $15,000 pending closing costs. Seconded by Reema Sherry.

ROLL CALL of those participating:

1. Penny Dey Aye
2. Brooke Mohr Aye
3. Meg Browers Aye
4. Brian Sullivan Aye
5. Reema Sherry Aye

Motion adopted by 5-0 vote.

VII. CFAP AND CCAP Program Summary – REVIEW & DISCUSSION

Item carried on to the next meeting.

VIII. Recent Request to DHCD for (Re)Certification of HPP ("Safe Harbor") – UPDATE

Tucker Holland: I just wanted to confirm that we recently submitted 50 units mostly from the Violet Place Acceleration and two single family homes within the Sandpiper II development toward our new period of certification under our 2021 Housing Production Plan.

Brain Sullivan: What is the date that the Safe Harbor would run?

Tucker Holland: We anticipate it running from December 12 to December 11, 2024 if DHCD finds everything in order.

Brian Sullivan: So, this is a continuation f how many years of Safe Harbor we have been maintaining?

Tucker Holland: We entered into our first period of Safe Harbor the summer of 2019, have been in 3.5 years, this would increase Safe Harbor to 5.5 years. Next spring, we anticipate the new Safe Harbor number for DHCD. It could go up, it could go down depending on the 2020 census.

IX. Conditions for Additional Funding – 31 Fairgrounds – DISCUSSION & ACTION

The AHTF Members, Staff, and Town Counsel had a lengthy discussion about the loan and grant agreement conditions and interest rates. Highlights included below. Full discussion available for viewing via the meeting recording.

Vicki Marsh: At the last meeting Housing Nantucket came for a request for $1.76 million. You voted to authorize a grant of $1 million and a loan of $760,000. You had said it would be on the same terms of the original request, based on performance standards. We did not discuss the conditions and performance standards at the last meeting. We need to come up with some conditions or terms that would govern whether this additional loan would be able to become a grant or the terms of it changed. I reviewed the simple standards such as them not being at fault with the loans, they keep the project in good condition, it is in compliance with DHCD standards, etc. I'm opening this to discussion to see if there are other conditions you find important. The other term is the interest rate – are we charging the same interest rate as in the prior loan?

Brian Sullivan: The term of this loan is 7 years, starts in year 51. If we are discussing interest, are we carrying interest between year 1 and 50, or only in the 7 years?

Vicki Marsh: That is part of what you need to determine.

Penny Dey: What was the interest rate on the first loan? Also, this is way in the future I want to make sure we aren't missing items because we aren't going to be here.

Tucker Holland: I wanted to clarify what Vicki said – we are the senior lender, we are the only lender.

Vicki Marsh: You are correct.

Brooke Mohr: I seem to remember the interest rate was half a percent. I could be corrected on that. To me, I prosed splitting this between a grant and loan is because the future is far away. A loan with some incentive for forgiveness gives some control over the long-term future of the project at the 50-year mark to the municipal authority.

Brian Sullivan: Any thoughts on the half percent? Some thumbs up here. We can come back to that. To your point Brooke and Penny, 50 years is a long time. The property owner will have a lot of equity by the time the property needs improvement. How do we want to handle this note if there is a refinance or line of equity? Do we want to allow that in the note? Is there a cost?

Vicki Marsh: I think we want to have a provision that says any refinancing, sale, transfer of interest is going to require the Town's prior written consent. That allows us to sit at the table and work things out. And then if we aren't satisfied, we don't approve it. And come up with a way to keep it viable, provide funding.

Brian Sullivan: Can I take it so far as, rather than just an approval opportunity, and option to meet at same terms? Approval or option? So that the Trust has the ability to exercise option to buy the project back.

Brooke: I'm good with that.

Brian Sullivan: We covered half a percent for interest, we covered transfer or approval, you covered some conditions? What else, Vicki?

Vicki Marsh: I would draft an amendment to the current documents regarding the terms.

Brian Sullivan: Do we want to have a summary report every 5 years of their DHCD compliance?

Vicki Marsh: I think that we get a copy of that anyway, I can make sure that is an additional condition.

Brooke Mohr: I'm worried about timing. We are now at the point where previous funds have been spent and these funds are needed to move the project forward. I don't think we can kick this down the road another month.

Vicki Marsh: We have to bear in mind we need to go back to the Select Board for their approval.

Brian: Are you able to finish the note in a manner that we can get it to the Select Board?

Vicki: I have to have things ready very quickly for the next executive session. It's doable. But don't you want to look at it yourselves before going to the Select Board?

Penny Dey: We can have a special meeting by Zoom if we need to, to review that.

Vicki Marsh:. I can certainly get the documents done. I need you to look at them. And housing Nantucket has their counsel, I don't know if he will want to look at them. I will make this happen for you guys. I can get the docs to you beforehand, then we can meet, then we need to get them to a Select Board meeting. Tucker, if you can see if we can get on an Agenda for January 5?

Brooke: Let's get this on the scheduled to get it posted.

A special meeting will be held on Wednesday, December 28th.

Penny Dey: I would like to ask on 31FG that the construction committee set up a meeting. Billy, Steve, Tucker and myself. After Christmas.

Brian Sullivan: Are there any other items or conditions you want to review with us regarding this document?

Vicki Marsh: Not at this time.

Billy Cassidy: I don't know if this is part of the matter, but I was told by Mr. Hollister that there was cash on hand at the Trust that can augment what Housing Nantucket has available that can patch through this period. Is there any such thing? I was told there was $600k+ available.

Vicki Marsh: I'm not aware of what funds Steve Hollister is referring to, but any Funds that are available in the Trust account – a Warrant needs to be issued with the Select Board to release the funds and through the finance director. It's not just a bank account we can release funds out of.

Tucker Holland: I'm not aware of a $600k+ request that Steve referenced there. We did get a request a few weeks ago from Housing Nantucket for $2.8 million. That would put us above the original $6.1 million that for which there is underlying documentation. To release further funds, we have to have this new loan and grant agreement/amendment in place first to release additional funds.

Billy Cassidy: I may be misunderstanding. I don't want to mispresent what Mr. Hollister was saying.

Brian Sullivan: Let's put a pause on this. We have to work through the new agreements before further funds are released.

Anne Kuszpa: So of the $2.8, $1.858 is attributed to a change order, the rest is already approved. Maybe we can split them into two invoices, and put it in a change order invoice and an already approved amount. I don't believe we are actually over the original $6 million.

Brian Sullivan: Can you reach out to finance and see what they are tracking on this original number? I think this is where we are leading in this conversation. If there is any continued discussion, we can talk about it next Thursday.

Anne Kuszpa will potentially be asked to split the invoice into two by Friday – one for the approved amount and one for the change order.

X. RFP Timelines - DISCUSSION

Vicki Marsh: We are thinking of having you all look at the RFP drafts again and get us any comments you have and then we will give them a full consideration and ready for end of January.

Brian Sullivan: Is there a suggestion to have a special meeting for these RFPs toward the end of January?

Tucker Holland: I think that Vicki and I had discussed, was that we would recirculate the present draft for comment by the Board, which we would like to receive by January 2. The plan then is to have them ready for review and issuance following the regular meeting on January 17.

Brian Sullivan: If I can suggest end of the day January 5.

XI. Warrant Articles regarding serving up to 240% AMI – DISCUSSION & ACTION

- **Trust documentation**
- **CPC recommendation**

Vicki Marsh: Both of these warrant articles we address at the last meeting, there was one change with respect to the Declaration of Trust Amendment to the language to write in 'Area Median Income'. This article is the exact same otherwise. This amendment increases funding up to 240% AMI.

And the home rule petition – I believe Ken is taking that to the CPC for approval.

Meg Browers leaves the meeting.

Ken Beaugrand: Brooke is going to be bring that to the CPC.

Brooke Mohr: I drafted a document to the CPC for their January agenda. I am preparing an explanation of why we are proposing a change to their enabling documents. We will be asking for feedback from them. The idea is to have the AMI limits for the use of funds consistent across all of our borrowing authorizations, enabling documents, Trust documents, etc. so it increases our flexibility of funding. We can take action today on the change in our Declaration of Trust, but not on the CPC warrant.

Brooke Mohr makes a motion to recommend to the Select Board that a home rule petition regarding the AHT Declaration of Trust Amendment, as written by Town Counsel, be included on the Annual Town Meeting Warrant.

ROLL CALL of those participating:

1. Penney Dey Aye
2. Brooke Mohr Aye
3. Brian Sullivan Aye
4. Reema Sherry Aye

Motion adopted by 4-0 vote.

XII. Recommendations to Select Board for Funding in FY 2024 – DISCUSION & ACTION

Brooke Mohr: The conversation around funding affordable and attainable housing on Nantucket will revolve this year around a citizen warrant article that has been resubmitted, which recommends setting aside 2/3 of the room occupancy tax to a stabilization fund for affordable housing. You may remember this article came up 2 years ago, it was article 38. The challenge is that it is put in a stabilization fund and then requires a 2/3 vote at a future Town meeting to pull that money back out to be utilized or spent. So, it is a somewhat inflexible form of funding. At the Select Board last week, we had a preliminary budge presentation from the TON Finance Director. It is under consideration to bring an article that would be a permanent override for housing. A permanent override (example: the ongoing operating expenses for Our Island Home). The Finance Director has suggested to add a permanent override of $5 million per year to fund the AHTF on an ongoing basis. This supplies an ongoing revenue stream for our work at $5 million per year, in perpetuity. This is a significant change in funding strategy on the part of Town Administration. I find this interesting and exciting.

Brian Sullivan: The way the agenda item was written was a request to the Select Board for Funding for FY 2024. This is coming the other direction. This is a recommendation from Finance for the Trust. If this is a general override and doesn't get approved, are we asking for other budget monies?

Brooke Mohr: Yes. I have asked Libby and Brian for some clarification on a few things such as will this replace the $2 million/year that is already allocated in general funding? And so, my request to them is please don't depend on the override passing to replace our funding this year, and the following year there is a conversation of does this replace the $2 million dollars?

Brian Sullivan: I think this is a discussion, but there's not an action. I think we need to be making a future agenda for budget requests for Funding.

Penny Dey: What is the deadline for that, Tucker?

Tucker Holland: Town Administration has incorporated into the budget the same level of funding that we have had in recent years. The idea is that given the use of some of the capital budget funds that are allocated to the Trust, there are remaining funds that would support, for example, another $10 million bonding authorization. That is what I talked to Libby about regarding the status quo. What Brooke brought up was a brand-new item.

Penny Dey: One final note: I don't think the AHT should be taking positions on citizen warrant articles at Town Meeting.

Discussion to be continued at the next meeting.

XIII. Introduction of Down Payment Assistance Pilot Program - DISCUSSION

Brooke Mohr: I just want to introduce the concept with the details to come. We've been tossing this around for a long time. The inspiration to move on this now is twofold, there is the rising interest rate market, making people's ability to qualify for mortgages more difficult than ever. The applicants coming to Beth Ann Meehan's desk at Cape Cod 5 will not be able to purchase homes at 80% AMI and 175% AMI. The mortgages payments are so much higher because of interest rates. So applicants cannot be approved for the mortgages. There is a motivation around those units in particular (referencing Sandpiper II). Tucker and Beth Ann and I met, and we came up with a rough idea for a down payment assistance program. That the Trust might add a second mortgage similar to our CCAP that would loan $2 for every down payment dollar that the buyer is able to pay on their own, up to a certain cap. I don't think we are ready for a longer conversation today, but I want to start the conversation.

Brian Sullivan: Great. And to your point, we have been talking about this for years. It would be great to move on this.

Penny Dey: I agree it is critical need.

Reema Sherry: Would this be from the operational budget?

Tucker Holland: First of all, we are awaiting details from Beth Ann, so we need that. But these are not small sums of money. This would not come from our operational budget, but the capital budget. However, typically, we are getting interest or a deed restriction – Vicki can guide us on if the current funds, those types of funds can be used, because these are already deed restricted homes.

Vicki Marsh: It cannot come from operational funds. It does need to come from some other funding sources. I have a question about your closing cost program – where are those funds coming from? We need to think about where we are going to get this money. If we want to establish something that is going to enable us to do that, some sort of warrant article funding, then we need to think about that.

Brian Sullivan: Just so I am clear, we don't have an existing bucket to pull these funds from for what we are talking about now for these units?

Vicki Marsh: I don't think so. I would need to look at that bonding article again. I am very doubtful that the most recent bonding would allow us to do that. We need to find another mechanism for the next Town meeting.

Brooke Mohr: That will be too late for these specific houses.

Reema Sherry: I think we need to look and see what local grants are available that we could apply for.

This discussion will be continued at a future meeting.

XIV. Other business

<u>Upcoming Meetings:</u>

- Regular AHT meeting: January 17, 2022 at 12:30pm.
- Special Meeting: December 29, 2022 at 10:00am.

XV. Board Comments

Brooke Mohr: Should we consider going to twice monthly meetings leading up to Town Meeting? What about the 1st and 3rd Monday of the month?

Penny Dey: Can we start that in February? February 7th.

Tucker Holland: Why don't Hayley and I circulate a proposed schedule for 2023.

Brian Sullivan: One comment that I have – the repricing of the Covenant levels is something we are going to see happen. I believe after January 1. This may be one of the first years we will see this come down with the significant rise in interest rates.

Brooke Sullivan: I suggest that once the reprice happens, Anne do an update at the next meeting.

XVI. 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.

Penny Dey makes a motion to adjourn the regular meeting and go into Executive Session and not to return to regular meeting. Seconded by Reema Sherry.

ROLL CALL of those participating:

1.	Penney Dey	Aye
2.	Brooke Mohr	Aye
3.	Reema Sherry	Aye
4.	Brian Sullivan	Aye

Motion adopted by 4-0 vote.

Open Session Meeting ended at 2:02pm.
Submitted by:
Hayley Cooke