NANTUCKET AFFORDABLE HOUSING TRUST

~~ MEETING MINUTES ~~

TUESDAY, August 22nd, 2023.

Remote Meeting via Zoom– 12:30 pm

Trust Members: Brian Sullivan (Chair), Reema Sherry (Vice-Chair), Meg Browers, Dave Iverson, Shantaw Bloise-Murphy, Penny Dey, Tom Dixon

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ATTENDING MEMBERS: Brian Sullivan, Dave Iverson, Meg Browers, Penny Dey, Reema Sherry, Shantaw Bloise-Murphy, Tom Dixon

STAFF IN ATTENDANCE: Tucker Holland (Housing Director), Ellis Ramos (Housing & Real Estate Office Manager), Vicki Marsh (Town Counsel)

PUBLIC IN ATTENDANCE: Judi Barrett (Barrett Planning LLC), Andrew Burek (General Council for the Richmond Company)

I. Call to Order

Brian called the meeting to order at 12:35pm.

II. Approval of Agenda – ACTION

Reema Sherry made a MOTION to approve the agenda as amended to move item III to the next meeting. Dave Iverson seconded the MOTION.

ROLL CALL of those participating:

1. Reema Sherry Aye
2. Meg Browers Aye
3. Penny Dey Aye
4. Dave Iverson Aye
5. Shantaw Bloise-Murphy Aye
6. Bian Sullivan Aye

III. Approval of Minutes – ACTION

- March 28, 2023
- April 4, 2023
- April 7, 2023
- April 25, 2023
- May 3, 2023
- May 25, 2023
- May 30, 2023
- June 13, 2023
- June 20, 2023
- July 5, 2023
- July 25, 2023

- August 3, 2023
- August 8, 2023

IV. Public Comment

V. Election of Trust Officers – ACTION

Reema Sherry and Dave Iverson nominated Brain Sullivan for Chair of the Affordable Housing Trust Fund.

ROLL CALL of those participating:

1. Reema Sherry Aye
2. Meg Browers Aye
3. Penny Dey Aye
4. Dave Iverson Aye
5. Shantaw Bloise-Murphy Aye

Dave Iverson nominated Reema Sherry for Vice-Chair of the Affordable Housing Trust Fund.
ROLL CALL of those participating:

1. Reema Sherry Aye
2. Meg Browers Aye
3. Penny Dey Aye
4. Dave Iverson Aye
5. Shantaw Bloise-Murphy Aye
6. Brian Sullivan Aye

VI. Proposal from The Richmond Company Regarding Acceleration of 80% AMI Homeownership Construction – REVIEW & ACTION

Andrew Burek (General Council for the Richmond Company) said that he prepared some materials for this meeting at the request of Tucker Holland and Brian Sullivan. He said the package was a combination of some narrative along with a sketch plan which would bring all parties concerned with this request and an Update of the status of constructions of the two subdivisions that Richmond permitted for home ownership in 2017. He said that in reference to those maps you would learn that good progress has been made in terms of the Affordable construction. He said there are only seven remaining Affordable homes to be built in the Sandpiper Place one subdivision and in the Sandpiper Place two subdivision Richmond has sold a combination of 35 lots including 10 lots that require Affordable construction to Nantucket property owners who is tracking and construction those properties distinctly from Richmond's obligation. He said this request is particularly with focus on the Sandpiper Place one subdivision and one lot that remains Richmond's obligation. Andrew also said that this request is particularly with focus on the Sandpiper One subdivision and one lot that remains Richmond's obligation in Sandpiper two. He said most of the lots to be constructed pursuant to the workforce and affordable programs, are all under the affordable program. He also said that they have one workforce lot left and six affordable lots remaining. The workforce being at

175% distinction and the affordable lots being at 80% distinction. Andrew said that they are in a situation where they have existing financing and the ability to construct these homes, in fact two and three built are for Blue Accord which is 175% home and 3 Lilac court is the next 80% home. He said that the lottery for those builds has already been conducted and they had a healthy response to it, but they don't have enough supplies for all of them. In reaction to that they would like to replace their existing financing which only permits them to build two houses at a time and to observe the losses for that takes even longer. They would like to replace their finance with a facility that would enable them to have more homes under construction simultaneously and observe those losses to the point where they don't have to stagger the construction and have approval to participate in the program and folks that had been issued priority in the lottery to have their qualifications go on sale and must reapply because of regulatory constraints.

Brian Sullivan asked Andrew Burek if they are not seeking financing from any traditional banks?

Andrew Burek said they have self-financing from traditional banks, but the problem is for a bank program like this they would have to mix in market rate bills, basically they can't get finance for a completely workforce and affordable program. He said the bank indication to them would simply be that the sales proceeds simply just don't meet the amount of the loan and the collateral for it to meet the amount of the loan that they would be borrowing. They are looking for alternative financing.

Brian Sullivan asked if Andrew Burek could explain to the board members the time ratio of the project for permits as it was done in the original MOU.

Andrew Burek said that this project was permitted cooperatively as a process through Town Meeting and with the Planning Board. He said that one of the conditions that the director at the time had imposed on their subdivision was that he couldn't permit construction of all the market rate homes and sale of all the market range rate homes. First, they wanted to make sure that the developer was also required to build and sell to qualifying households the AMI affordable homes at a reasonably consistent rate. Andrew Burek also mentioned that what they negotiated with the director at the time was effectively that they would be permitted to sell lots or homes to the extent that 13 of them could be sold in each subdivision as a head start. Basically, they had an allowance for 13 market rate certificates of occupancy. Once that allowance was exhausted, they would be required to build at a 2 to 1 ratio, meaning that every certificate of occupancy that's issued for an AMI restricted home would get an allowance for 2 market rate certificates.

Brian Sullivan asked Andrew if he could share the timeline expected for build out and repayment of the loan.

Andrew Burek said that when the fonds become available, they would continue construction on all remaining units simultaneously and then 100% of the net proceeds after payment of mortgage would basically use to repay the AHT. He emphasizes that none of the proceeds would be targeted for Richmond or Richmond concerns, and on the final home sales they would use excess cash to make up the difference. He said in understanding that the Trust might have this fund 8invested in a money market account or otherwise earning an investment return earning a better rate of return, they are willing to pay the yield maintenance on that.

Brian Sullivan asked what do they see as a projected loss on cost of those units?

Andrew Burek said the rough loss of this units is between 400 thousand and 416 thousand, that is what they have been running on average.

Brian Sullivan asked if there is an offer of some other collateral to cover the deficit.

Andrew Burek said that is something that they are willing to discuss with the Trust.

Vicki Marsh asked Andrew if Richmond is Proposing that the entire loan amount borrowed from the AHTF would be repaid by the time the last units are built? And what is the interest rate that they are proposing to be charged?

Andrew Burek said that they are proposing that the loan would be fully retired once there is no more collateral. He said that in conversation with the Finance Director he mentioned that the AHTF has the funds on hand but wouldn't otherwise deploy them for rates that's less than its current investment return. They would like to fix the yield on this loan to be consistent with that investment return as of the date the loan is made.

Vicki Marsh asked Andrew Burek if in the event that they don't get the funds from the AHTF when would they estimate that they would be able to complete these seven units?

Anderw Burek said that the speculating to have built 2 by end of this year and 2 or 3 more by the fall but it would definitely push them to 2025. He also stated that Richmond's other concerns from a regulatory perspective is they wouldn't want the people that already have place holders of priority to have to re-do the lottery.

Tucker Holland let the Trust know that the Finance department has spoken to Bond Counsel about the ability to use bonded funds for this purpose and they said that this cannot be bonded funds. So, the Trust would have to use the 6.5 million that was approved at last year's Town meeting.

Brian Sullivan said that in conversation with the Finance Director was mentioned that the Town has an ongoing negotiation with Richmond in regards of the seer pump station. Has that been solved?

Andrew said that the negotiation is still ongoing, but they are tracking towards a resolution of the issue.

Tucker Holland asked Andrew Burek if the proceeds are expected to be less than the $3.1 million that would be coming from the Trust, why not have a larger Equity component at the front end of this.

Andrew Burek said the reason they are not offering a larger Equity component is cash constrains in term of; the sewer mitigation payment they need to make and the final infrastructure that they need to install still to fully release all the lots in the subdivisions.

Penny Dey asked if this ask is for acceleration of this project. Is there a plan and if yes what is the plan if the funds are not approved?

Andrew Burek said that the plan in place is to continue with their existing Financing which constrains them to build at a much lower rate.

Penny Dey said that she is concerned that if the Trust makes this loan that it will constrain their ability to proceed with other projects that the trust needs to do.

Dave Iverson asked if they did approve this loan, where does it leave the Trust for this year with their cash needs going forward. Tucker Holland shared with the Trust the planned use for the balance of the $70 million sheet. He said that he doesn't think that this loan would impede any of their plans for this year.

VII. Year-Round Deed Restriction Action Plan – DISCUSSION

Ellis Ramos asked the Trust to start thinking about the definition, goals, and more information in general that they would want the public to know in preparation of the Flyer that the communication department is working on.

Judi Barrett said she is working on the schedule for the Focus Group meetings for going forward.

Brian Sullivan said that in a meeting with Ellis Ramos they wondered about the idea of creating some sort of questionnaire survey that would help locate people into what category they might be most supportive in the conversation.

Brian Sullivan asked Judi Barrett if the expectation is that all Trust members attend the focus group meetings? And what would the schedule look like for this board moving forward.

Judi Barrett said that she wasn't anticipating anybody from the AHTF to be in the focus group meetings. She also said that her firm will staff the interviews, develop the interview protocol, carry them out and they will generate clear meeting summaries for the Trust.

Brian Sullivan asked Juddi Barrett is she will be delivering something that could get more participation out of the AHTF Board members in preparation of leading to the first focus group meetings.

Judi Barrett said she wanted to talk about project goals, how to identify critical issues, potential obstacles. She said basically create a framework for this program. It's time to have the conversation about who is going to be the supporters and who is going to oppose this program and how to win them over if necessary.

Brian Sullivan said that the Trust should have a meeting designated to this topic and they can work through a group-led discussion to really get the framework on the table. He said that the AHTF need the "box" of what this program looks like sooner than later so they can deliver it to Bond Counsel so that they can come back to the AHTF with their questions while the Trust is still developing the program. whether or not the Trust is going to be able to use the $6.5 million in a bonding opportunity or are they working with a smaller budget on an annual basis.

Judi Barrett said that until they get through the first round of Focus Groups meetings, they should send the framework to Bond Counsel.

Reema Sherri said that she included on her list someone that she thinks might not be supportive of the program, but she thinks it's important because they will hear from other people, and they might get clarity on why the community needs a program like this.

Tucker Holland said he agrees that the Trust members shouldn't be in the focus groups sessions because it might dampen the feedback that they would get. Also, with having people that oppose the program because it's important to understand where their concerns are.

Meg Browers said they should keep in mind that the Deed Restriction Program would be for current home owners or future home owners, who would be living here year-round and want to restrict their properties. She said that this program is dedicated towards year-round community members, so making sure that enough of those people are participating is very important.

Brian Sullivan said they should get as much participation from the Assessors' Office because they already have identified who is claiming year-round exemptions at the moment.

VIII. Other Business

<u>Next Meeting</u>

- 12:30pm on September 5th, 2023

IX. Board Comments

X. 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.

  i. 27 Fairgrounds Road
  ii. 44 Miacomet Road
  iii. 18, 18A, 20, 22, 24 and 26 Sparks Avenue

Penny made a MOTION to adjourn the public session, to move to executive session not to return to public session in Pursuant to MGL C. 30A § 21(A) with the Purpose 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. This motion was seconded by Dave Iverson.
ROLL CALL of those participating:

1. Reema Sherry Aye
2. Dave Iverson Aye
3. Shantaw Bloise-Murphy Aye
4. Meg Browers Aye
5. Penny Dey Aye
6. Bian Sullivan Aye

XI. Adjourn

This meeting was adjourned at 2pm.