



Town of Nantucket Finance Committee

February 22nd, 2024 – Minutes

131 PLEASANT STREET, TRAILER ROOM A AND REMOTE PARTICIPATION VIA ZOOM

Staff:	Brian Turbitt, Finance Director; Libby Gibson, Town Manager; Mariya Basheva, Assistant Town Accountant; Leslie Snell, Planning Director; Kristie Ferrantella, Housing Director
Attending Members:	Denice Kronau, Chair, Stephen Maury, Peter Schaeffer, Christopher Glowacki, Joseph Wright, Rob Giacchetti, Jeremy Bloomer, Jill Vieth, Joanna Roche
Absent Members:	

Calling Meeting to Order and Housing Department and the Affordable Housing Trust Fund Update

- Denice Kronau calls the meeting to order seeks approval of the agenda, Peter made the motion to approve, seconded by Jill. **Roll Call Vote: Jill – Aye, Chris – Aye, Rob – Aye, Stephen – Aye, Peter – Aye, Jeremy – Aye, Joe – Aye. Passes Unanimously.**
- Kristie Ferrantella and Brian Turbitt present the affordable housing trust fund update.
- Kristie explains the selection criteria for projects, emphasizing the Select Board's strategic plan and funding sources like PPC funds and neighborhood first funds.
- The focus is on rental projects due to state guidelines, which are easier to add to the subsidized housing inventory.

Funding and Project Allocation

- Kristie details the funding allocation: \$84 million appropriated, \$67.5 million spent or reserved, leaving \$17 million for upcoming projects.
- Breakdown of spending: 33% on vacant land acquisition, 33% on construction subsidies, 20% on acceleration projects, and 7% on existing home purchases.
- Brian discusses the classification of loans and the impact of long-term mortgages on the town's financial strategy.
- Stephen Maury questions the strategic use of leverage and the town's equity in property-level investments.

Project Breakdown and Challenges

- Kristie presents a chart showing the addition of units to the subsidized housing inventory and the increase in funding over the years.
- Discussion on the cost per unit and the challenges of comparing different projects.
- Stephen Maury questions the cost differences between Habitat for Humanity and larger institutional projects like 6 Fairgrounds.
- Brian Turbitt explains the economic differences and the role of donated labor in Habitat for Humanity projects.

Construction Subsidies and Acceleration Projects

- Kristie reviews the construction subsidies for various projects, including Habitat for Humanity and Richmond acceleration projects.
- Discussion on the timeline and completion dates for projects like 6 Fairgrounds and 31 Fairgrounds.
- Brian Turbitt highlights the importance of meeting Safe Harbor requirements and the challenges of funding cost overruns.
- Stephen Maury questions the expected cost and timeline for upcoming projects like 135 137 Orange Street.

Vacant Land and Future Projects

- Kristie discusses the potential for 31 units on vacant land and the RFP process for selecting developers.
- Brooke Mohr explains the challenges of developing projects quickly to meet Safe Harbor requirements.
- Denise Kronau inquires about the possibility of buying existing properties with capacity for additional homes.
- Kristie mentions the potential for adding more dwellings to existing properties like the one on Somerset.

Employee Housing and Fair Housing Act

- Discussion on the challenges of prioritizing municipal employees for affordable housing due to the Fair Housing Act.
- Vicki Marsh explains the guidelines for EOH Chelsea and the potential for local preference units.

- Christopher Glowacki asks about the application of the Fair Housing Act to non-income-restricted units.
- Kristie clarifies that the Fair Housing Act applies to income-restricted units, not all housing.

Borrowing Authority and Financial Strategy

- Brian Turbitt discusses the need for borrowing authority to support future projects and the role of financial advisors like Hilltop Securities.
- Discussion on the complexity of project structures and the need for better terms to protect the town's financial interests.
- Jeremy Bloomer questions the town's equity contribution and the potential return on investment for taxpayers.
- Brian explains the need for a structured approach to ensure the town's funds are used effectively.

Year-Round Units and Safe Harbor

- Kristie updates the committee on the increase in the number of year-round units required by the 2020 census.
- Discussion on the challenges of meeting the 10% goal and the impact of Safe Harbor requirements.
- Brooke Mohr explains the quirks of Chapter 40 B and the focus on rental projects to meet Safe Harbor.
- Stephen Maury questions the impact of being outside Safe Harbor and the potential for re-entry.

Leasing Land and Future Projects

- Discussion on the potential for leasing land to developers for additional revenue.
- Brian Turbitt explains the unique aspects of each project and the need for flexible RFPs.
- Jill Vieth questions the cost of projects and the potential for higher ground lease amounts.
- Peter Schaeffer inquires about the possibility of using eminent domain or town-owned land for large-scale housing projects.

Conclusion and Next Steps

- Denise Kronau announces the need to move on to other agenda items and suggests continuing the discussion in a future meeting.

- Stephen Maury asks about the possibility of buying restrictions on existing tertiary dwellings to count on the shy list.
- Kristie explains the development of a year-round deed restriction program for future projects.
- The committee agrees to continue the discussion in a future meeting, focusing on the remaining agenda items.

Article 20: Appropriation: Affordable Housing Trust - Finance Committee Discussion on Budget and Overrides

- Jill Vieth expresses concern about the \$45 million debt and the impact of the \$20 million level.
- Christopher Glowacki mentions that the expectation is to use the transfer fee to cover some of the amount.
- Stephen Maury clarifies that the overrides have already been passed and are being used for the debt.
- Brian Turbitt explains that the \$3 million from the annual \$6.5 million override will be used for debt service, with no additional cost to the taxpayer.
- Jeremy Bloomer questions the sufficiency of the \$3 million to cover the entire \$45 million debt, and suggests considering a larger project.

Clarification on Override and Debt Service

- Stephen Maury suggests focusing on a slide showing how the \$46 million will be spent.
- Denise Kronau emphasizes that the borrowing must be authorized by town meeting.
- Jeremy Bloomer questions the use of proceeds and suggests a tighter description for town meeting approval.
- Joseph Wright supports leveraging part of the \$6 million annually to borrow \$45 million.

Discussion on Permanent Override and Transfer Tax

- Christopher Glowacki clarifies that the term "permanent override" is a legal term and not necessarily permanent.
- Brian Turbitt explains that the current town administration committed to specific uses of the override funds.
- Stephen Maury and Christopher Glowacki discuss the role of the transfer tax in relation to the override.

- Brooke Mohr emphasizes the need to act locally and borrow money to keep projects moving forward.
- Brooke Mohr highlights the challenges of large-scale developments on Nantucket due to lack of dirt and political opposition.
- Motion to Adopt Article 20 - Appropriation: Affordable Housing Trust, made by Jeremy, Seconded by Peter. **Roll Call Vote: Jeremy – Aye, Joe – Aye, Joanna – Aye, Jill – Aye, Chris – Aye, Rob – Aye, Stephen – Aye, Peter – Aye, Denise – Aye. Passes Unanimously.**

Community Preservation Committee (CPC) Budget Discussion

- Glenna Stokes-Scarlett presents the fiscal year 2025 CPC budget, detailing projects for historic preservation, community housing, open space, and administrative costs.
- Kathy Richen mentions that this year saw a lot of vital requests, including urgent needs at the Unitarian Church and Landmark House.
- Peter Schaeffer questions the quality of the 25 apartments for \$25 million, and Stephen Maury raises concerns about the cost of church projects.
- Jeremy Bloomer questions the reimbursement process for CPC projects, and Denise Kronau confirms that projects are reimbursed after completion.
- Jill Vieth motions to adopt the CPC budget, and the motion is seconded and passed unanimously.
- Motion to adopt Article 34 (Community Preservation Committee Appropriation: Fiscal Year 2025 Budget), made by Jill, Seconded Peter. **Roll Call Vote: Jeremy – Aye, Jill – Aye, Chris – Aye, Rob – Aye, Stephen – Aye, Peter – Aye, Denise – Aye. Passes Unanimously.**
- The CPC has no Budget transfers so the motion is to take no action.
- Motion to take no Action on Article 35 (Appropriation: Community Preservation Committee: Fiscal Year 2025 Budget Transfers), made by Jill seconded by Peter. **Roll Call Vote: Jeremy – Aye, Jill – Aye, Chris – Aye, Rob – Aye, Stephen – Aye, Peter – Aye, Denise – Aye. Passes Unanimously.**

Article 53 Zoning Map Change: LUG-2 to R-20 - 25 Rugged Road and Article 58 Zoning Bylaw Amendment: Middle Income Inclusionary Housing

- Christopher Glowacki supports the planning board's decision on the zoning map change, despite concerns about the covenant program.

- Stephen Maury and Jill Vieth express concerns about the zoning change undermining the covenant lot program.
- Leslie Snell explains the 50% voting threshold for housing choice articles and the planning board's positive recommendation.
- Motion to support the Planning Boards motion on Article 53 (LUG-2 to R-20 - 25 Rugged Road) made by Peter, seconded by Chris. **Roll Call Vote: Jeremy – Aye, Jill – Nay, Chris – Aye, Rob – Aye, Stephen – Nay, Peter – Aye, Denise – Nay, Joanna – Aye. Passes 5-3 to**
- Anne Kuszpa explains Article 58 Zoning Bylaw Amendment: New Section 139.9 - Middle Income Inclusionary Housing, which requires developers to include middle-income units in projects with five or more units.
- Christopher Glowacki raises concerns about the impact on large employers like the hospital and the town, and suggests an amendment to exempt them.
- The rest of the discussion on Article 58 is tabled until a later date when more information is available.

Compromise on Short Term Rental (STR) Article

- John Giorgio presents the final compromise version of the STR article, which includes definitions and prohibitions on corporate ownership and affordable housing units.
- The article also includes a grandfathering provision for properties that paid the rooms excise tax before January 1, 2024, and owned the property before May 7, 2024.
- Rob Giacchetti questions the explicit inclusion of LLCs, trusts, and S corps in the definition of natural persons.
- Brooke Mohr clarifies that the definition of corporation is limited to those not tied to natural persons.
- Steven Cohen emphasizes that the article is about limiting who can get a Certificate of Registration, not about zoning or permissive articles.

Discussion on Short-Term Rental Articles 59,60,61 and 62

- Jill Vieth expresses a need to understand the zoning piece before voting on the STR article.
- Steven Cohen clarifies that the zoning article is only necessary if there is a negative court case, and the motion is to take no action on it.
- John Giorgio and Jeremy Bloomer discuss the simplicity and clarity of the STR article for the public.

Motions on Articles 60, 61 and 62.

- Denice Kronau asks for a motion on Article 60
- Motion to adopt Article 60 as written (General Bylaw Amendment - Short Term Rentals), made by Peter, Seconded Jill. **Roll Call Vote: Jeremy – Aye, Joanna – Aye, Jill – Aye, Rob – Aye, Peter – Aye, Denice – Aye. Passes unanimously**
- Motion to take no action on Article 61 (General Bylaw Amendment - Short Term Rentals), made by Jill, Seconded by Rob. **Roll Call Vote: Jeremy – Aye, Joanna – Aye, Jill – Aye, Rob – Aye, Peter – Aye. Passes unanimously**
- Motion to take no action on Article 62 (General Bylaw Amendment - Short Term Rentals), made by Jill, seconded by Rob. **Roll Call Vote: Jeremy – Aye, Joanna – Aye, Jill – Aye, Rob – Aye, Peter – Aye, Denice – Aye. Passes unanimously**
- Denice Kronau notes that Article 59 is not on the agenda but decides to discuss it since it pertains to the discussion of warrant articles for the annual town meeting 2024.

Discussion on Article 59 and Comment Language

- Stephen Cohen requests the Commission to consider the comment language he suggested to explain the situation to the public.
- Jill Vieth and Denice Kronau discuss the need for the finance committee to support the planning board's motion and make a comment regarding Article 59.
- Rob Giacchetti questions the relevance of the comment language, suggesting it could be part of an FAQ.

Clarification and Support for Planning Board Motion

- John Giorgio highlights the significant steps taken by attorney Cohen's group to reach a compromise on Article 60's wording.
- John Giorgio explains that the comment is intended to clarify the situation and avoid a contentious discussion at the town meeting.
- Denice Kronau confirms the motion to support the planning board's motion and adopt attorney Cohen's verbiage as a comment.
- Motion to support the planning board motion and to adopt Attorney Cohen's verbiage as the comment on Article 59 (Zoning Bylaw Amendment: Definitions and Word Usage/Residential Rental Use/Cohen), moved by Joanna, Seconded by Peter. **Roll Call Vote: Jeremy – Aye, Joanna – Aye, Jill – Aye, Rob – Aye, Peter – Aye, Denice – Aye. Passes unanimously**

Conclusion and Adjournment

- Denice Kronau skips committee reports and other business, choosing to proceed directly to adjournment. Motion to adjourn by Jill, seconded by Peter. **Roll Call Vote: Jeremy – Aye, Joanna – Aye, Jill – Aye, Rob – Aye, Peter – Aye, Denice – Aye. Passes unanimously**
- Denice Kronau thanks all members for their participation and contributions to the meeting.