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MEETING POSTING
TOWN OF NANTUCKET

Pursuant to MGL Chapter 30A, § 18-25
All meeting notices and agenda must be filed and time stamped with the Town Clerk's Office and posted at least 48 hours prior to the meeting (excluding Saturdays, Sundays and Holidays)

Committee / Board	**AFFORDABLE HOUSING TRUST**
Day, Date, and Time	**TUESDAY, April 25, 2023 @ 1:00 PM**
Location / Address	**REMOTE PARTICIPATION *VIA* ZOOM (*See Below*)** THE MEETING WILL BE AIRED AT A LATER TIME ON THE TOWN'S GOVERNMENT TV YOUTUBE CHANNEL AT https://www.youtube.com/channel/UC-sgxA1fdoxteLNzRAUHIxA
Signature of Chair or Authorized Person	Tucker Holland Housing Director
WARNING:	**IF THERE IS NO QUORUM OF MEMBERS PRESENT, OR IF MEETING POSTING IS NOT IN COMPLIANCE WITH THE OML STATUTE, NO MEETING MAY BE HELD!**

AGENDA FOR 4-25-23

Please list below the topics the chair reasonably anticipates will be discussed at the meeting

PLEASE CLICK ON FOLLOWING LINK TO JOIN ZOOM MEETING:

Join Zoom Meeting
https://us06web.zoom.us/j/87692339363?pwd=aUIxV0d5c09FRitKVWcwU1FqYk10QT09

Meeting ID: 876 9233 9363
Passcode: 215024

I. Call to Order

II. Approval of Agenda – ACTION

III. Public Comment

IV. CCAP Applications - REVIEW & APPROVE

V. Article 18 & Annual Town Meeting - DISCUSSION

VI. Surfside Crossing - DISCUSSION

VII. Proposal by Shelly Lockwood - REVIEW & DISCUSS

VIII. Downpayment Assistance Program - DISCUSSION

IX. Other Business

<u>Next Meeting: May 2, 2023, via Zoom</u>

X. Board Comments

XI. 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.

XII. Adjourn

Housing Funding

Discussion with FinCom
2/21/2023

Tucker Holland, Housing Director

Brian Sullivan, Chair, Nantucket Affordable Housing Trust

Agenda

- Background – Definitions, AMI, Chapter 40B
- Funding Since 2019
- Where Funding Has Been Deployed / Committed
  - "Heads in Beds"
- Planned Uses for Balance
- SHI & Safe Harbor / Certification of Housing Production Plan
- Going Forward
  - Funding Articles on 2023 Warrant

Key Terms

SHI

The Subsidized Housing Inventory, or SHI, is used to measure a community's stock of low or moderate-income housing, according to M.G.L Chapter 40B.

DHCD

The Department of Housing and Community Development for the State of Massachusetts. The DHCD determines what units are eligible to be included on the SHI list and qualify as contributors to "Safe Harbor."

Housing Production Plan (HPP)

The Housing Production Plan was created by the Town to outline the next five years of housing development. The HPP helps the Nantucket achieve "Safe Harbor" status from the DHCD.

Safe Harbor

Safe Harbor status means that the Town, despite not yet meeting the 10% SHI minimum, may impose conditions on, or deny, the issuance of a 40B permit, resulting in more control over the type, location, and design of residential development while continuing to meet housing needs through HPP strategies.

AMI

AMI stands for Average Median Income. In order for a unit to qualify on the SHI list, it must be deed restricted and be affordable for low-income households. A low-income household is a household making >80% of the AMI.

AMI on Nantucket

- 100% AMI for a Family of Four: **$136,100**
- 80% AMI Household Income Limits – "Affordable Housing"
  - 1 Person - $65,950
  - 2 Person - $75,350
  - 3 Person - $84,750
  - **4 Person - $94,150**
  - 5 Person – 101,700
  - 6 Person - $109,250

Chapter 40B

- The commonwealth's regional planning law
- In 1969, the legislature added the affordable housing part (Sections 20-23), to address regional housing disparities
- Law assumes communities have met their regional "fair share" if at least **10%** of their housing stock is included in the Subsidized Housing Inventory (SHI). This inventory addresses affordable housing for low-income households, and is subsidized by a federal or state program.
    - Good-faith progress: "Safe Harbor"

Funding Since 2019

Total = $67.625M

- **ATM 2019 / FY20**
  - Article 28 ($5M CPC bonding); Article 32 ($750k CPC); Article 37 ($20M bonding – "Neighborhood First; CHIP grant $25k)
- **ATM 2020 / FY21** **pandemic*
  - Article 32 ($150k CPC)
- **ATM 2021 / FY22**
  - Article 8 ($485k – operating); Article 10 ($1.625M w/ $6.5M bonding authority); Article 24 ($7.5M debt exclusion); Article 32 ($800k CPC)
- **ATM 2022 / FY23**
  - Article 8 ($480,127 – operating); Article 10 ($1.625M w/ $10M bonding authority); Article 20 ($10M debt exclusion); Article 37 ($5M bonding)

Funding Deployed / Committed

"Heads in Beds" already = 36 households

- 31 Fairgrounds Road (22 units) - $13.9M **$1.8M in grants, $8.5M in loans*
- 135 / 137 / 141 Orange Street (~28 units) - $3.9M
- Vesper Lane (~14 units) - $2.6M
- 12+12R Bartlett Road (~12 units) - $2.6M
- Richmond Wildflower Acceleration (24 units) - $2.6M **$925K in buy-down grants, $1.675M in loans*
- Richmond Violet Place Acceleration (48 units) - $5.95M **$2.38M in buy-down grants, $3.57M in loans*
- White Street (~6 units) - $1.2M
- Habitat – Beach Grass Road (2 units) - $1.1M
- Habitat – Benjamin Drive (3 units) - $975k
- Somerset Road + Thirty Acres Lane (2 units) - $2.6M

Total = $37.4M

Planned Uses for Balance

Grand Total "Heads in Beds" = 236+ households

- 6 Fairgrounds Road / Ticcoma Green (64 units) - $7.5M reserved
  - $117k / unit
- 135 / 137 Orange Street development (~28 units) - $6.5M
  - 50% of per unit construction financing requirement at 31 FG
- 12+12R Bartlett Road development (~12 units) - $2.8M
  - 50% of per unit construction financing requirement at 31 FG
- Vesper Lane development (~14 units) - $3.3M
- Amelia Drive development (3 units) - $1M
- Sparks Avenue affordability buy-down (8+ units) - $4M
- White Street development (~6 units) - $3M

Total = $28.1M

NANTUCKET SHI LIST PROGRESS OVER TIME

Nantucket must have 490 housing units to meet the 10% requirement. Nantucket recently achieved 332 units on its SHI (6.78%).

Going Forward

With continued financial support, we intend to:

- Ensure achievement of 10% requirement & continuity of Safe Harbor
- Provide homeownership opportunities through
  - Buydown of planned units
  - Offering Down Payment Assistance for repurposing of existing stock
  - Development of new stock through public / private partnerships
- Continue our successful Closing Cost Assistance Program
  - 75 year-round families assisted in owning a home to date

- Housing Funding Options on ATM23 Warrant
  - Article 10 – including additional bonding authorization
  - Article 18 – $6.5M
  - Article 33 – CPC bond obligation payments for prior $10M
  - Article 35 – Citizen's article for stabilization fund for housing to be funded by 2/3 of STR revenue

Q&A

Issued by: Town of Nantucket Select Board and Surfside Crossing LLC
Embargo date: Tuesday April 18, 2023 2 p.m.

Joint Statement

While much work has been done in recent years, the Select Board, on behalf of the Town of Nantucket, and the developers of Surfside Crossing recognize the acute shortage of year-round housing on the Island — particularly ownership opportunities.

The situation has only worsened in recent years and is now challenged by greatly increased construction costs and an elevated interest rate environment.

Meanwhile, thinking by the Select Board, and the developers — and perhaps the community overall — has collectively evolved during this time to a point where the desire is to jointly embrace opportunities to assure that a significant majority of the units in the Surfside Crossing development are reserved for year-rounders.

Accordingly, the Select Board, on behalf of the Town, and the developers have agreed on a set of principles that allow them to shift away from the appeal of the Housing Appeals Committee ("HAC") decision and move forward in good faith collaboratively. The Select Board and developers acknowledge that there are two separate appeals outside of the Town's control. The Select Board does not support these other appeals.

These principles are:

1. The Select Board and the developers agree that the best version of the project allows for 75% of the project to directly serve year-round housing needs.
2. To that end, all parties are committed to working together to achieve the 75% year-round objective through, wherever viable, long-term deed restrictions at a variety of income levels (e.g., AMI's from 100-240% -- above and beyond the 40B requirement that 25% of the project be restricted at 80% AMI or less) up to and including simply a "year-round" restriction without any income element.
3. In all cases, if law or practicality does not permit a permanent restriction, the minimum restriction length would be 30 years — potentially with an option to renew. Permanent restrictions are desirable.
4. For the units that are to be year-round (e.g., the 75%), there would be a requirement that they are owned either by year-rounders, or by local businesses or local not-for-profits for the exclusive use of their local employees.
5. It is important to ensure equal if not greater opportunity for individual ownership, alongside any local business and/or non-profit ownership.
6. All parties recognize that this is a private project, and that commitments from other parties (e.g., local businesses, non-profits, philanthropists, Town/AHTF) are needed in a timely manner prior to a planned summer construction start in order to define the potential restrictions, and to have them vetted and ready for implementation by the time the developer begins any pre-sales.

7. All parties recognize that the municipality and its affiliates, such as the Affordable Housing Trust Fund, need to be provided adequate time to implement restriction programs (e.g., 6 months).
8. All parties acknowledge it is important not to impede the project's forward progress and understand that work with interested stakeholders to affect year-round restrictions is commencing now.
9. All parties recognize that under the 40B law the financial structure of the development is designed to enable a return of up to 20% of development costs and that the economic feasibility of the project requires preserving a realistic projection of earning this profit. Therefore, in order to earn the target profit, restrictions that reduce the value of unrestricted market-rate units will need to be offset with public or philanthropic grants or subsidies. Generally, the size of the subsidy or "buy-down" needed for restrictions on a unit-by-unit basis will be based on the difference between the unrestricted market price of a unit, had the majority of these market rate units not been restricted, and the price a year-round buyer is willing to pay with the restriction in place.

In summary, the Select Board and Town of Nantucket are actively engaged with the developers of Surfside Crossing, and others, with an aim of reserving up to 75% of the homes in the development for year-round Nantucket residents.

While there are details to work out and, importantly, other potential collaborators to involve, the Select Board on behalf of the Town has, at the request of the developers, elected at its April 13th, 2023, Executive Session to drop the appeal of the HAC's issuance of the comprehensive permit as part of beginning this collaborative process.

The Select Board has determined that at this point, given the urgent need for affordable and attainable housing, the interests of the Island are best served by all parties working collaboratively on this set of shared principles for assuring that this development serves year-rounders to a very great extent.

If these project goals are achieved, and 75% of the project can serve the year-round community over the long haul, this could be a model for how 40B could work in other seasonal communities.

Shelly Lockwood Housing Help Proposal

I propose extending the benefits and initiatives of the Affordable Housing Trust to a new group - Small Business Owners - to help them buy employee housing.

~ Strict eligibility rules for buyers - under a certain # of employees, annual revenue, etc.

~ Houses acquired cannot be sold out of the loop at market rate, creating a Covenant type program of employee housing homes on Nantucket.

~ Homes are not for single employees or one family (although could be). Hopefully each purchase will house the amount of persons the Board of Health allows to live in the house.

GOALS

To help Small Business Owners provide housing for year 'round and seasonal employees

To provide stable, clean, safe, fairly priced housing to year 'round and seasonal employees

BUSINESSES

~ The number one issue small business owners on Nantucket struggle with is employee housing.

~ Businesses sometimes can't get open or stay open, and when they are open for business, can't serve as many customers as they'd like.

~ Increasing numbers of small business owners are already buying employee housing and factoring the cost into their business plans. This would help more small business owners do the right thing.

~ The business owner gets the mortgage and owns the house - numerous tax benefits for the business owner.

~ Home owners can alter the homes, if desired, and plans are legal/permitted - add an apartment to the basement, split into a duplex, etc. creating more units and more privacy for residents.

RESIDENTS

~ provides stability, job security, pride, safety

~ reasonable rents allow for savings and perhaps to become a home owner someday

~ steady employment allows for continuity with a company which can lead to advancement and higher wages

IDEAS

~ 20% down payment given to buyer, paid back if/when they sell

~ business owners use the program's numerous benefits to buy fair market value homes

~ cannot be sold back into the open market - once a business owner gets a house with the program's benefits, the house must be sold back into the program at a rate determined by the program, using market factors, similar to Covenant pricing for resale.

~ homes are integrated into neighborhoods allowing pride of place and less NIMBY blow back from neighbors.

~ take programs already vetted and in use, such as Covenant model of deed restriction, paying first $850,000 of Land Bank fees, etc. and expand the eligibility/application to a new group

~ current home ownership programs help single families or individuals, placing the cost of home ownership on "smaller shoulders" than a business has

~ only Year 'Round business owners, under a certain size, would qualify

~ homes are not taken out of the year 'round housing stock because year 'round residents are buying them and at least some year 'round employees are renting them

~ will add units to the SHI number? Not sure about this, but would be fantastic if it did.

~ will help retain the small businesses we have on the island and help attract new businesses