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, December 3, 2024 @ 12:30 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	**Ellis Ramos** **Housing & Real Estate Office Manager**
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 12-03-24
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/88099072275?pwd=IN7dgRnufeanCE6LYEfMA2QVcR7hoH.1

Meeting ID: 880 9907 2275
Passcode: 775739

I. Call to Order

II. Approval of Agenda – ACTION

III. Public comments *for items not listed on the agenda.*

IV. Approval of Minutes – ACTION

a. October 18, 2024 *(continued from 11/19/24 meeting)*
b. October 28, 2024 *(continued from 11/19/24 meeting)*
c. November 1, 2024 *(continued from 11/19/24 meeting)*
d. November 7, 2024 *(continued from 11/19/24 meeting)*
e. November 19, 2024

Note: all Trust open meetings are recorded and available on the Town's YouTube channel

V. Announcements

a. The Nantucket Affordable Housing Trust is excited to announce the release of two Requests for Proposals (RFPs) for the development of affordable housing on Trust-owned vacant lots. For more details and to access the documents, please visit https://www.nantucket-ma.gov/199/Procurement

b. Richmond Development has opened applications for the lottery of 12 income-restricted rental units at Gooseberry Place within Meadows II. These units offer a range of affordability, with options for households earning 80%, 110%, and 120% of the area median income (AMI). Applications are due by December 9th and the lottery will take place on January 9, 2025. For more details and to apply, visit the Richmond Office at 1 Orchid Place or the Nantucket Atheneum.

c. Affordable Housing Trust Fund Quarterly Update to the Select Board will be at the December 4, 2024, meeting at 5:30pm.

VI. Review and Approve Closing Cost Assistance Program Application for Ilkania Acosta for a dwelling located at 7 Sandpiper Place – DISCUSSION/ACTION

VII. Review and Approve the Good Landlord Tax Exemption Guidelines for 2025 Annual Town Meeting Warrant Article – DISCUSSION/ACTION

VIII. Request for Approval of Draft Commitment Letters from Town of Nantucket to HallKeen Management for Workforce Housing Rental Project at 6 Fairgrounds Road. – VOTE

IX. Other Business

Next meeting: December 17, 2024, at 12:30pm

X. Board Comments

XI. Executive Session

a. Approval of Executive Session Minutes from
   - January 16, 2024 *(continued from 11/19/24 meeting)*
   - February 20, 2024 *(continued from 11/19/24 meeting)*
   - March 26, 2024 *(continued from 11/19/24 meeting)*
   - October 1, 2024 *(continued from 11/19/24 meeting)*
   - October 15, 2024 *(continued from 11/19/24 meeting)*
   - October 18, 2024 *(continued from 11/19/24 meeting)*
   - October 28, 2024 *(continued from 11/19/24 meeting)*
   - November 1, 2024 *(continued from 11/19/24 meeting)*
   - November 7, 2024*(continued from 11/19/24 meeting)*
   - November 19, 2024

2. Purpose 6: To Consider the Purchase, Exchange, Lease, or Value of Real Property Regarding 10 Parker Lane and 55 Fairgrounds Road where an Open Meeting May have a Detrimental Effect on the Negotiating Position of the Affordable Housing Trust Members and the Chair so Declares

3. Purpose 6: To Consider the Purchase, Exchange, Lease, or Value of Real Property Regarding 18, 18A, 20, 22, 24 and 26 Sparks Avenue, where an Open Meeting May have a Detrimental Effect on the Negotiating Position of the Affordable Housing Trust Members and the Chair so Declares

4. Purpose 6: To Consider the Purchase, Exchange, Lease, or Value of Real Property Regarding 1, 2, 3, 4, 5, 7, 9, and 11 Wiggles Way formally known as 31 Fairgrounds Road, where an Open Meeting May have a Detrimental Effect on the Negotiating Position of the Affordable Housing Trust Members and the Chair so Declares

V. Review Request for Additional Funding for the Workforce Housing Rental Project at 1, 2, 3, 4, 5, 7, 9, and 11 Wiggles Way formerly known as 31 Fairgrounds Road

XII. Adjourn

AGENDA PROTOCOL

For all Town of Nantucket Boards, Committees, Commissions, Work Groups, Councils and Trusts (herein collectively referred to as "Committees" in this document)

Roberts Rules: Town of Nantucket Committees follows Roberts Rules of Order to govern its meetings as per the Town Code Charter.

Public Comment: Public Comment is to bring matters of public interest to the attention of the Committees. At the Committee's discretion, matters raised under Public Comment may be directed to Town Administration and/or appropriate departmental staff, or may be placed on a future agenda, allowing all viewpoints to be represented before the Committee takes action, if any. Except in emergencies, the Committee will not normally take any other action on Public Comment in its sole discretion.

To facilitate that any individual who wishes to provide Public Comment has the opportunity and to ensure the ability of the Committee to conduct its business in an orderly fashion, the following rules and procedures are adopted consistent with the United States Constitution and the Massachusetts Declaration of Rights.

> The agenda for regular Committee meetings will include a Public Comment period at the beginning of the meeting unless there is more urgent business for the Committee to take up first. This time is reserved for speakers to address the Committee on matters that are not related to any other Agenda item. If a speaker wishes to address the Committee on a matter that is related to another Agenda item, the Chair will accept public comment when that Agenda item is reached during the meeting.
>
> All speakers are encouraged to present their remarks in an orderly and peaceable manner, without disruption to other speakers.
>
> All remarks will be addressed through the Chair of the meeting.
>
> The Chair of the meeting may not interrupt speakers who have been recognized to speak, except that the Chair reserves the right to terminate speech which is not protected under the United States Constitution and the Massachusetts Declaration of

Rights because it constitutes true threats, incitement to imminent lawless conduct, or engages in conduct that disrupts other speakers.

Each speaker may not exceed three (3) minutes during any Public Comment portion of the meeting.

Disclaimer: Public Comment is not a time for debate or response to comments by the Committee. Comments made during the Public Comment period do not reflect the views or positions of the Committee. Because of free speech principles, the Committee does not have authority to prevent all speech that may be upsetting and/or offensive made during the Public Comment period.

Unanticipated Business: Topics not reasonably anticipated by the Chair 48 hours in advance of the meeting may be brought up for discussion in accordance with the Open Meeting Law.

Public Participation: The Committee welcomes valuable input from the public at appropriate times during the meeting with recognition from the Chair at their sole discretion. For appropriate agenda items, the Chair will introduce the item and take public input. Individual Committee Members may have questions on the clarity of the information presented. The Committee will hear any staff input and then deliberate on a course of action.

Committee Report and Comment: Individual Committee Members may have matters to bring to the attention of the Committee during a meeting. If the matter contemplates action by the Committee, Committee Members will consult with the Chair and/or appropriate Town officials or employees in advance and provide any needed information by applicable Committee deadlines and/or schedule the matter for a future Committee meeting. Otherwise, except in emergencies, the Committee will not normally take action on Committee Comment.

Approved: March 27, 2024

IV. Approval of Minutes – ACTION

a. October 18, 2024 (continued from 11/19/24 meeting)

b. October 28, 2024 (continued from 11/19/24 meeting)

c. November 1, 2024 (continued from 11/19/24 meeting)

d. November 7, 2024 (continued from 11/19/24 meeting)

e. November 19, 2024

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2. Richmond Development has opened applications for the lottery of 12 income-restricted rental units at Gooseberry Place within Meadows II. These units offer a range of affordability, with options for households earning 80%, 110%, and 120% of the area median income (AMI). Applications are due by December 9th and the lottery will take place on January 9, 2025. For more details and to apply, visit the Richmond Office at 1 Orchid Place or the Nantucket Atheneum.

VI. Closing Cost Assistance Application

Ilkania Acosta - 7 Sandpiper Place

Ilhania Acosta 7 sandpiper Place 80% AMI
Application is complete

Nantucket Affordable Housing Trust Fund

16 Broad Street, Nantucket, MA 02554

Closing Cost Assistance Program Application Checklist

Applying for closing cost payment assistance is a multi-step process. The first step is to submit an application and copies of all required documentation in order for us to determine if you qualify for the program. Second, once you have found a home, submit all of the property eligibility information for review. After the property's eligibility is confirmed, at your loan closing with your primary lender, you will sign loan agreements provided by the closing attorney.

To avoid unnecessary delays, submit your application and all required documentation a minimum of eight (8) weeks prior to your loan closing.

RECEIVED
OCT 0 9 2024
By ERamos.

Step 1: Submit Applicant Eligibility Information

☑ Completed Closing Cost Assistance Program Application
☑ Completed and signed W-9
☑ Written verification from an authorized monitoring agent that you are income and asset qualified to be purchasing the permanently deed-restricted 175% or below AMI restricted unit on the application
☑ Bona fide Loan Estimate including estimated closing costs from a recognized financial institution (N/A for Habitat for Humanity homes)
☑ Provide us with your closing attorney's contact information and wiring instructions
☑ An executed Purchase and Sale Agreement, as soon as it is available (N/A for Habitat for Humanity)
☑ Notify the AHTF of your closing date as soon as it's available to you (please keep in mind note at bottom of page when scheduling the closing date) End of December 2024

Additional information (not required, but helpful to submit if you have it):
□ Mortgage Pre-Qualification letter on bank letterhead from a recognized financial institution (For Habitat for Humanity Homes you must provide the Terms and Conditions Letter in place of the Mortgage Pre-Qualification)
□ Executed Final Loan Commitment Letter on bank letterhead from a recognized financial institution (Habitat for Humanity Homes are to provide a final Settlement Statement)

Step 2: Post-Closing

□ Copy of the final affordability deed rider to be executed at closing
□ Prompt return to the AHTF by the closing attorney of excess funds beyond closing costs disclosed on the Closing Disclosure
□ Copy of the Closing Disclosure statement (This is the Settlement Statement for Habitat homes)
□ Copy of the recorded mortgages, promissory note, and post-closing agreement note.

Please Note-Funds are not immediately released after application is approved. Once applications are approved and all documentation has been received, the CCAP Funds will be processed and sent for approval to be paid through Town Warrant. Town Warrants are held every couple of weeks. On the Friday after Town Warrant, the CCAP Funds will be sent to your closing attorney's IOLTA account via wire transfer to be held until the closing date. Please keep this process in mind when scheduling your closing date as to not cause any delays.

XII. Review of the Good Landlord Tax Exemption Guidelines for Annual Town Meeting Warrant Article – DISCUSSION/ACTION

DLS
DIVISION OF LOCAL SERVICES
MA DEPARTMENT OF REVENUE

Geoffrey E. Snyder
Commissioner of Revenue

Sean R. Cronin
Senior Deputy Commissioner

Informational Guideline Release

Municipal Finance Law Bureau
Informational Guideline Release (IGR) No. 24-4
March 2024

AFFORDABLE HOUSING PROPERTY TAX EXEMPTION

(G.L. c. 59, § 5O)

This Informational Guideline Release (IGR) informs local officials about a new local option affordable housing property tax exemption. It also explains local standards and procedures that may be adopted relative to the exemption.

Topical Index Key:

Abatements and Appeals
Exemptions

Distribution:

Assessors
Collectors
Treasurers
Accountants and Auditors
Selectmen/Mayors
City/Town Managers/Exec. Secys.
Finance Directors
City/Town Councils
City Solicitors/Town Counsels

Municipal Finance Law Bureau
Informational Guideline Release (IGR) No. 24-4
March 2024

AFFORDABLE HOUSING PROPERTY TAX EXEMPTION

(G.L. c. 59, § 5O)

SUMMARY:

This Informational Guideline Release (IGR) informs local officials about a new local option, affordable housing property tax exemption. The exemption was created by section 3 of "AN ACT TO IMPROVE THE COMMONWEALTH'S COMPETITIVENESS, AFFORDABILITY AND EQUITY," which was signed into law on October 4, 2023. St. 2023, c. 50. For municipalities that accept it, this new tax exemption would apply to the property of residential unit owners who rent their units to income-qualifying persons at affordable rates on a year-round, annual basis.

GUIDELINES:

I. LOCAL ACCEPTANCE

A. Acceptance

Acceptance of G.L. c. 59, § 5O is by vote of the municipality's legislative body, subject to charter. G.L. c. 4, § 4. Following acceptance, the board of selectboard of a town; the town council of a municipality having a town council form of government; the city manager, with the city council's approval, in a city with a plan D or E form of government; or the mayor, with the city council's approval, in all other cities may establish the parameters of the affordable housing property tax exemption. This includes all of the locally determined amounts noted in Section II below, any other restrictions or regulations consistent with the intent of the law and any local rules and procedures. A municipality may also adopt ordinances or by-laws to implement the provisions of the exemption.

B. Effective Date

The acceptance vote should explicitly state the fiscal year in which the exemption will first be available, the first of which can be fiscal year 2025.

C. Revocation

Acceptance may be revoked, but the city or town must wait until at least three years after acceptance. Revocation is also by vote of the legislative body, subject to charter. G.L. c. 4, § 4B.

D. Notice of Acceptance or Revocation

The city or town clerk should notify the Municipal Databank that G.L. c. 59, § 5O has been accepted or revoked as soon as possible after the vote takes place.

II. SCOPE OF ABATEMENT

A. Residential Ownership

Applicants, including the trustees of a trust, must be the assessed owner of the property on which the tax to be abated is assessed and must own the property on the applicable July 1 exemption qualification date.

This exemption only applies to class one residential units. The unit is not required to be subject to an affordability restriction, but it may have one. Additionally, an accessory dwelling unit that meets the qualifications is eligible to receive the exemption.

B. Domicile

The applicant does not have to be domiciled on their property to qualify unless the municipality adopts a local rule requiring this.

C. Exemption Amount

The amount of the exemption will be determined locally but cannot be more than the tax otherwise due on the parcel (based on its assessed full and fair cash value), multiplied by the square footage of the qualifying housing units and divided by the total square footage of the structure located on the parcel.

For example, based on full and fair cash value, the tax obligation of a three-unit home is $12,000. Each of the three units is 900 square feet. If only one of the units qualifies for the exemption, then the property owner would receive an exemption equal to 1/3 (900/2700) of the locally determined amount. As such, in this example, the maximum exemption amount would be $4,000 for that unit.

Otherwise, if a property for which an applicant seeking an exemption is assessed by an income approach to value, then fair market rent must be assumed for all units.

D. Exemption Criteria

Residential unit owners must rent their units to income-qualifying persons at an affordable rate in order to qualify for exemption. The affordable housing rate is determined by the city or town but must be in accordance with the United States Department of Housing and Urban Development's (HUD) guidance and regulations.

Additionally, the occupants must have an annual household income that does not exceed the amount set by the city or town; provided, however, that said income shall not be more than 200 percent of the area median income. HUD income limits are available online here.

For example, a municipality determined that the gross occupant income shall not exceed 80 percent of area median income. The municipality further determined that the affordable rate shall not exceed 30 percent of the actual occupant's monthly household income. An application is submitted for an occupant household of one. The relevant area median income limit for a household of one within the statistical area in which the municipality lies was $82,950. Under the established guidelines of the municipality as set forth above, an occupant income of $82,950 meets the income requirement, and rent no higher than $24,885 annually meets the affordable rate requirement.

Further, the unit(s) in question must be rented on an annual basis and be occupied by qualifying persons for the entirety of the applicable fiscal year. If a unit is occupied as such by successive but separate annual leases to qualifying persons, without a significant gap between said leases, the unit is still eligible for exemption.

There are no age-related criteria for qualifying renters.

E. Applications to Assessors

To be considered for this exemption, applicants must submit STF 5O, attached below, annually to the local assessors. The applications must include, but are not limited to, a signed lease or leases evidencing an annual rental agreement (including material terms of the lease, such as the rental amount and coverage for the 12 months of the entire fiscal year at issue) with proof of the household income of the occupying person(s) as established through federal and state income tax returns. The application must be filed with the assessors on or before the abatement deadline date, which is the due date of the first actual tax bill.

Any abatements granted shall be charged against the overlay account. As such, the assessors should factor in the amounts needed to fund the exemption when determining overlay needs each year.

III. ADOPTION OF LOCAL RULES

As noted above, the board of selectmen or select board of a town; the town council of a municipality having a town council form of government; the city manager, with the city council’s approval, in a city with a plan D or E form of government; or the mayor, with the city council’s approval, in all other cities may establish the parameters of the affordable housing property tax exemption. This includes all of the locally determined amounts noted in Section II above, any other restrictions or regulations consistent with the intent of the law and any local rules and procedures. A municipality may also adopt ordinances or by-laws to implement the provisions of the exemption.

A municipality should adopt rules to determine:

- The maximum amount of the exemption;
- The annual occupant household income limit;
- The affordable housing rate of rent;
- The domiciliary requirements of the owner, if any; and
- Any other restrictions or regulations consistent with the intent of the law it elects to implement.

State Tax Form 5O

Revised 12/2023

The Commonwealth of Massachusetts

____
Name of City or Town

Assessors' Use only
Date Received
Application No.
Parcel Id.

FISCAL YEAR ______ APPLICATION FOR AFFORDABLE HOUSING EXEMPTION
General Laws Chapter 59, § 5O

THIS APPLICATION IS NOT OPEN TO PUBLIC INSPECTION
(See General Laws Chapter 59, § 60)

Return to: Board of Assessors

Must be filed with assessors not later than due date of first actual (not preliminary) tax payment for fiscal year.

INSTRUCTIONS: Complete all sections fully. Please print or type.

A. IDENTIFICATION OF OWNER.

Name of Owner/Applicant: ______________________________

Telephone Number: ______________________________

Email Address: ______________________________

Legal residence (domicile) on July 1, __________

____
No. Street City/Town Zip Code

Mailing address (if different)

____

Location of property: ______________________________

No. of dwelling units: 1 ☐ 2 ☐ 3 ☐ 4 ☐ Other ______

Did you own the property on July 1, ______ Yes ☐ No ☐

B. IDENTIFICATION OF RENTER/LESSEE.

Name of Renter/Lessee: ______________________________

Telephone Number: ______________________________

Email Address: ______________________________

Legal residence (domicile) on July 1, __________

____
No. Street City/Town Zip Code

Mailing address (if different)

____
No. Street City/Town Zip Code

Did the Renter/Lessee live in the property on July 1, Yes ☐ No ☐

If no, did another qualifying Renter/Lessee live in the property on July 1? Yes ☐ No ☐

Does the Renter/Lessee intend on living at the property through June 30, Yes ☐ No ☐

If no, will another qualifying Renter/Lessee live in the property through June 30? Yes ☐ No ☐

Please supplement this application within 30 days of any change of Renter/Lessee.

Is the Renter/Lessee subject to an annual lease? Yes ☐ No ☐

How much rent is being charged (monthly)? ______________________________

Are there any other charges being made upon the Renter/Lessee (whether included in the rental agreement or not)? If so, please identify the charges and the respective amounts. ______________________________

Please attach a copy of the signed lease(s) to this application.

Other information (as required by the local assessors):

C. RENTER/LESSEE ANNUAL HOUSEHOLD INCOME. Copies of Renter/Lessee's federal and state income tax returns, and other documentation, may be requested to verify income.

	All Household Members
Number of persons in the household	
Total gross income from all persons	

D. PARCEL INFORMATION.

How many units on are the parcel	
Total square footage of the structure located on the parcel	
Total square footage of qualifying housing units	

E. SIGNATURE. Sign here to complete the application.

This application has been prepared or examined by me. Under the pains and penalties of perjury, I declare that to the best of my knowledge and belief, this return and all accompanying documents and statements are true, correct and complete.

Signature of Owner Applicant ______________________ Date ________

If signed by agent, attach copy of written authorization to sign on behalf of taxpayer.

DISPOSITION OF APPLICATION (ASSESSORS' USE ONLY)

Ownership ☐	GRANTED ☐	Assessed Tax $ ________
Occupancy ☐	DENIED ☐	Prorated Exemption Amount $ ________
Income ☐	DEEMED DENIED ☐	Adjusted Tax $ ________
Rate ☐		Board of Assessors
Date Voted/Deemed Denied	________	________
Certificate No.	________	________
Date Cert./Notice Sent	________	________
		Date:

FILING THIS FORM DOES NOT STAY THE COLLECTION OF YOUR TAXES

THIS FORM APPROVED BY THE COMMISSIONER OF REVENUE

TAXPAYER INFORMATION ABOUT THE AFFORDABLE HOUSING EXEMPTIONS

PERSONAL EXEMPTIONS. You may be eligible to reduce all or a portion of the taxes assessed on your real property if you meet the qualifications described herein for the affordable housing exemption allowed under Massachusetts law.

More detailed information about the qualifications for this exemption may be obtained from your board of assessors.

WHO MAY FILE AN APPLICATION. You may file an application if you meet all qualifications as of July 1. You may also apply if you are the personal representative of the estate, or trustee under the will, of a person who qualified for a personal exemption on July 1.

WHEN AND WHERE APPLICATION MUST BE FILED. Your application must be filed with the assessors on or before the date the first installment payment of the actual tax bill mailed for the fiscal year is due, unless you are a mortgagee. If so, your application must be filed during the last 10 days of the abatement application period. Actual tax bills are those issued after the tax rate is set. Applications filed for omitted, revised or reassessed taxes must be filed within 3 months of the date the bill for those taxes was mailed. THESE DEADLINES CANNOT BE EXTENDED OR WAIVED BY THE ASSESSORS FOR ANY REASON. IF YOUR APPLICATION IS NOT TIMELY FILED, YOU LOSE ALL RIGHTS TO AN ABATEMENT AND THE ASSESSORS CANNOT BY LAW GRANT YOU ONE. TO BE TIMELY FILED, YOUR APPLICATION MUST BE (1) RECEIVED BY THE ASSESSORS ON OR BEFORE THE FILING DEADLINE OR (2) MAILED BY UNITED STATES MAIL, FIRST CLASS POSTAGE PREPAID, TO THE PROPER ADDRESS OF THE ASSESSORS ON OR BEFORE THE FILING DEADLINE AS SHOWN BY A POSTMARK MADE BY THE UNITED STATES POSTAL SERVICE.

PAYMENT OF TAX. Filing an application does not stay the collection of your taxes. In some cases, you must pay all preliminary and actual installments of the tax when due to appeal the assessors' disposition of your application. Failure to pay the tax when due may also subject you to interest charges and collection action. To avoid any loss of rights or additional charges, you should pay the tax as assessed. If an exemption is granted and you have already paid the entire year's tax as exempted, you will receive a refund of any overpayment.

ASSESSORS DISPOSITION. Upon applying for an exemption, you may be required to provide the assessors with further information and supporting documentation to establish your eligibility. The assessors have 3 months from the date your application is filed to act on it unless you agree in writing before that period expires to extend it for a specific time. If the assessors do not act on your application within the original or extended period, it is deemed denied. You will be notified in writing whether an exemption has been granted or denied.

APPEAL. You may appeal the disposition of your application to the Appellate Tax Board, or if applicable, the County Commissioners. The appeal must be filed within 3 months of the date the assessors acted on your application, or the date your application was deemed denied, whichever is applicable. The disposition notice will provide you with further information about the appeal procedure and deadline.

Town of Provincetown
260 Commercial Street
Provincetown, MA 02657

Board of Assessors

FY 2025 Affordable Housing Property Tax Exemption for Owners of Affordable Year-round Rental Housing

April 1, 2025, deadline for FY 2025

Please Note: Valid Rental Certificate must be on file with the Licensing Department in order to submit application & receive exemption.

On May 6, 2003, at the Annual Town Election, Provincetown voters approved the acceptance of Chapter 408 of the Acts of 2002 providing for a property tax exemption for affordable year-round rental units in Provincetown. The program went into effect July 1, 2003

Property Tax Exemption --- No property tax will be charged for that portion of the property, which is used for affordable housing purposes under this program. The amount of the exemption would be equal to the tax otherwise due multiplied by the square footage of the units set aside for affordable housing purposes divided by the total square footage of the structure.

No deed restrictions are needed -. The exemption is granted by the Board of Assessors on a year-to-year basis. If a property qualifies for that year, an exemption is granted for that year. The Town's Principal Assessor, as an agent for the Board of Assessors will coordinate a review of tenants' income information – verified by Tax Returns of the previous year (i.e.2023 Federal Tax Return for FY25 Exemption) or in the case of a person who receives Social Security and does not file a Tax Return, a copy of SSI Wage Statement or one monthly bank statement showing electronic transfer of Social Security payments). This eliminates the requirement for a deed restriction. **Property owners must have a lease in place for the entire fiscal year* - July 1, 2024 to June 30, 2025 - in order for the Board of Assessors to be able to grant tax exemption for FY 2025.** *(Beginning in FY 2017, a lease may have up to a two- month gap for the sole purpose of renovating the rental unit between leases (documentation required). The lease must conform to income limits for low-income households as defined by HUD and shown in Table 1.

Town of Provincetown
260 Commercial Street
Provincetown, MA 02657

Board of Assessors

For Year-round Rental Properties Only --- This tax exemption will only be available to owners of housing units, which are *rented* to low-income households, as defined in the program. Owners of Provincetown dwellings who live out of Town and who do not currently rent out all or part of their property on a year- round basis may want to consider participating in this program. Doing so would create additional year-round affordable housing for income eligible residents and would allow these property owners to receive reasonable rents as well as pay less in property tax.

For Low Income Households only

Renters' household income limits may not exceed 80% of the median household income for the region, as established by the Massachusetts Housing Partnership. Those limits------ based on household size --- are shown in Table 1.

Table 1 -- Annual Income Limits --Household size Low Income (HUD 80%)

1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons
$68,500	$78,250	$88,050	$97,800	$105,650	$113,450

If property owners rent at affordable rates to households which earn above these income limits, then they are not eligible for the tax exemption. **Property owners and tenants should be aware that income verification of tenants requires documentation (i.e. Federal Tax Returns, Bank Statements, etc.).**

Low Income Rent Limits Owners may not charge rents------ *including utilities*------ which exceed the following Massachusetts Housing Partnership rent limits for low-income households, as shown in Table 2.

Table 2 -- Monthly Rent Limits – Number of bedrooms Low Income (MHP 80%)

SRO	Efficiency	1 BDRM	2 BDRM	3 BDRM	4 BDRM
$1,284	$1,712	$1,834	$2,201	$2,543	$2,836

If property owners rent to income eligible households (per Table 1), but charge rents (including utilities) above those shown in Table 2, they are not eligible for the tax exemption. These rents assume that the landlord pays all utilities; an allowance for any utilities paid by tenants must be deducted from these rents (see Utility Allowances). **A twelve-month lease must be in place by July 1, 2024.**

Town of Provincetown
260 Commercial Street
Provincetown, MA 02657

Board of Assessors

Utility Allowances –

Owners will need to subtract the allowed utility costs from the maximum rent if tenants pay for their own utilities. See Table 3 below.

Table 3 -- Monthly Utility Allowance – For Multi-Family (5+ Units)

Note: Utility chart for single family/detached condo units & duplex/row available on request.

Table 3: Multi-Family (5+ Units) Utility Allowance
Monthly Utility Allowance for Multi-Family (5+ Units)

	0 Bedroom	1 Bedroom	2 Bedroom	3 Bedroom	4 Bedroom
Heat-Oil	76	89	104	119	133
Heat-Gas	46	52	59	65	72
Heat-Electric	72	83	108	134	160
Heat-Propane	120	141	164	187	211
Plus +					
Electric (General)	$57	$67	$93	$120	$146
Plus +					
Hot Water-Electric	$39	$46	$59	$72	$84
Hot Water-Nat Gas	$7	$8	$12	$16	$20
Hot Water-Oil	$21	$25	$36	$47	$59
Hot Water-Propane	$34	$40	$57	$75	$93
Plus +					
Cooking-Electric	$15	$18	$26	$34	$42
Cooking-Nat-Gas	$3	$4	$5	$7	$8
Cooking-Propane	$14	$16	$24	$31	$38

Utility Allowances - Owners will need to subtract the allowed utility costs from the maximum if tenants pays their own utilities. See table below for examples of Multi-Unit Dwellings

Multi Family & Attached Condo	Rental Unit-Type	Rental Unit-Rent See Table 2	Utilities Paid by Tenant	Amount of Utilities See Table 3	Rent - Utilities = Allowable Rent
Example 1	1 BDRM	$1,834	Heat-Propane	$141	**$1,693**
Example 2	2 BDRM	$2,201	Heat-Oil	$104	**$1,921**
			Electric-General	$93	
			Hot Water-Propane	$57	
			Cooking-Electric	$26	
Example 3	3 BDRM	$2,543	Heat-Electric	$134	**$2180**
			Electric-General	$120	
			Hot Water-Electric	$75	
			Cooking-Electric	$34	

Town of Provincetown
260 Commercial Street
Provincetown, MA 02657

Board of Assessors

Benefit

The benefit of the program is that property owners who do provide affordable housing are exempt from paying property tax on that portion of their property which is being rented at or below the affordable rates as shown above, to income-eligible households.

Example

A particular dwelling is a duplex. The owner lives in one unit and rents out the other unit (of equal size) to an income eligible household at rents (including utilities) at or below those shown above. Without this affordable housing exemption, the property owner would have had a tax burden of $4,000. If a lease for the full fiscal year (July 1, 2024, to June 30, 2025) is in place by July 1, 2024, then the owner could apply for a property tax exemption, and if granted, would pay property tax for the year of only $2,000, or half of the full tax burden. Therefore, this affordable housing exemption, if granted by the Board of Assessors, would save the property owner $2,000 in FY 2025 Real Estate Taxes. **CPA taxes are not eligible for exemption.**

Background

At the April 1, 2002, Special Town Meeting, Provincetown voters approved STM Article 9, to submit a home rule petition for special state legislation allowing the Town of Provincetown to offer ***a property tax exemption available to owners of housing units that are rented on a year-round basis to low-income households at rents (including utilities) not exceeding HUD limits for low income households. This Town Meeting Article was introduced into the State Legislature as Senate Bill No. 2325. Following final enactment by both the House and Senate, the bill was placed before the Governor for signature on December 9, 2002, to become law. On December 19, 2002, Acting Governor Jane Swift signed this bill into law as Chapter 408 of the Acts of 2002.***

This Act required acceptance by Provincetown voters at a subsequent town election in order to take effect. On May 6, 2003, voters approved the acceptance of Chapter 408 of the Acts of 2002, providing for a property tax exemption for affordable year-round rental units in Provincetown. The program went into effect July 1, 2003.

Contact Information

If you provide year-round rental housing to income-eligible households at affordable rates (or if you wish to), contact Principal Assessor Scott Fahle prior to April 1, 2025, at 508 487-7017 or sfahle@provincetowngov-ma.gov to obtain additional information about qualifying for this property tax exemption.

Name:
Address:

Map/Parcel:
Key:

ASSESSORS USE ONLY

DATE RECEIVED

ASSESSORS USE ONLY

TOWN OF PROVINCETOWN

Assessors Office (508) 487-7017

FY 25 APPLICATION FOR AFFORDABLE HOUSING EXEMPTION

(Ch.408 of the Acts of 2002)

Rental Certificate must be on file with Licensing Department

Application Due no later than April 1, 2025

INSTRUCTIONS: Complete all sections that apply. Please print or type.

A. Identification: Complete this section fully.

Name of Applicant Property Owner____

Social Security No. ________________________(optional) Tel. No. ____________________

Mailing Address____

Location of Property ____________________________________No. of Dwelling Units____

Did you own the property on July 1, 2024 ______? ☐ Yes ☐ No

If so, were you

☐ Sole Owner ☐ Co-owner with spouse/partner only ☐ Co-owner with others

DISPOSITION OF APPLICATION (ASSESSORS' USE ONLY)

☐ Ownership ☐ GRANTED Assessed Tax____________________

☐ Tenant Income ☐ DENIED Exempted Tax____________________

☐ Lease Adjusted Tax____________________

☐ Rental Certificate Verified ________________ **Board of Assessors:**

Date Voted__________________ __________________________

Certificate No.________________

____

Date Cert./Notice Sent __________

____

Date__________________________

RENTAL INFORMATION:

Please complete information for each rental space for which you are seeking an exemption; add pages if necessary

Unit ____: Number of bedrooms in **this** affordable unit: ☐ Studio ☐ 2-bedroom ☐ 4-bedroom
☐ 1-bedroom ☐ 3-bedroom

Rent ____________/per month. Does this amount include all utilities? ☐ Yes ☐ No
If not, which utilities are paid by the tenant? *Check all that apply*

Heat: ☐ oil ☐ electric ☐ propane
Hot Water: ☐ oil ☐ electric ☐ propane
Electric: [general]: ☐
Cooking: ☐ oil ☐ electric ☐ propane

(Note: The maximum allowable rent decreases if the tenant pays any utilities.)

Number of Renters________ Name(s) of renter(s)

____

____

____

Mailing Address: (if different) _____________________________________ Phone:__________________

HOUSEHOLD INCOME:

INSTRUCTIONS FOR COMPLETING THE FOLLOWING INCOME TABLE:

- **List ALL sources of income as requested below for ALL household members over 18 years old.**
- **Please attach verifications for each source of income** to include Statements and documents that indicate the payment amounts from all other sources of income for all members listed on the application, such as alimony and /or child support, Social Security benefits, all types of pensions, employment, Unemployment Compensation, Workman's Compensation, disability or death benefits and any other form of income- on organization letterhead.
- Copy of 2023 Federal and State tax returns, as filed, for every current person living in the household over the age of 18.
- TOTAL ALL INCOME

INCOME: List all household members and all sources of income such as Social Security, pensions, SSI annuities, military pay, disability, public assistance, etc. Total all income.

Household Member	Gross Annual Income

TOTAL INCOME

RENTAL INFORMATION: ADDITIONAL UNIT

Please complete information for each rental space for which you are seeking an exemption; add pages if necessary.

Unit ____: Number of bedrooms in **this** affordable unit: ☐ Studio ☐ 2-bedroom ☐ 4-bedroom ☐ 1-bedroom ☐ 3-bedroom

Rent ____________/per month. Does this amount include all utilities? ☐ Yes ☐ No
If not, which utilities are paid by the tenant? *Check all that apply*

Heat: ☐ oil ☐ electric ☐ propane
Hot Water: ☐ oil ☐ electric ☐ propane
Electric: [general]: ☐
Cooking: ☐ oil ☐ electric ☐ propane

(Note: The maximum allowable rent decreases if the tenant pays any utilities.)

Number of Renters________ Name(s) of renter(s)

____

____

____

Mailing Address: (if different) _____________________________________ Phone:__________________

HOUSEHOLD INCOME:

INSTRUCTIONS FOR COMPLETING THE FOLLOWING INCOME TABLE:

- **List ALL sources of income as requested below for ALL household members over 18 years old.**
- **Please attach verifications for each source of income** to include Statements and documents that indicate the payment amounts from all other sources of income for all members listed on the application, such as alimony and /or child support, Social Security benefits, all types of pensions, employment, Unemployment Compensation, Workman's Compensation, disability or death benefits and any other form of income- on organization letterhead.
- Copy of 2023 Federal and State tax returns, as filed, for every current person living in the household over the age of 18.
- TOTAL ALL INCOME

INCOME: List all household members and all sources of income such as Social Security, pensions, SSI annuities, military pay, disability, public assistance, etc. Total all income.

Household Member	Gross Annual Income

TOTAL INCOME

ADDITIONAL INFORMATION

Do you have a lease for the aforementioned tenant(s) running from July 1, 2024, to June 30, 2025?

☐ *Yes* ☐ *No (If yes, please provide us with a copy of this.)*

Is your property rented ***YEAR-ROUND*** *to income eligible tenants (ie, those making no more than 80% of the median household income for Barnstable County)?*

☐ Yes ☐ No

Note: Property owners, who believe they qualify, must reapply for this tax exemption each year. If a property qualifies for a particular year, the tax exemption would be granted for that year. ***Owners may not at any time occupy any part of the affordable unit.***

If property owners rent at affordable rates to households earning above these income limits, they are not eligible for this tax exemption. Likewise, if property owners rent to tenants making less than 80% of the County median income, but at rents that are above those considered to be affordable, no tax exemption will be granted.

Rental Certificate must be on file with Licensing Department before any exemption is granted.

Deadline for filing this application is April 1, 2025.

Signature: **Sign here to complete the application.**

This application has been prepared or examined by me. Under the pains and penalties of perjury, I declare that to the best of my knowledge and belief, it and all accompanying documents and statements are true, correct and complete.

______________________________ ______________

Property owner's signature Date

______________________________ ______________

Renter's signature Date

Renter’s signature	Date
Renter’s signature	Date

STAFF RECOMMENDATIONS TO STATE QUESTIONS

Good Landlord Tax Exemption staff recommendation after meeting with the Town Assessor.
A municipality should adopt rules to determine:

1. **The maximum amount of the exemption.**

• Staff suggestion:

- That the rate for this exemption be the same as the residential tax exemption that gets voted on by the Select Board every year. This allows the Assessor to present tax exemption rates once a year to the Select Board.
- That only 1 exemption per landlord. Developers, LLCs, Lease to Locals participants and Residential Exemption participants are not qualified.

2. **The annual occupant household income limit.**

- Staff Suggestion: • Tenants earning up to 150% of the AMI for moderate-income housing. Priority may be given to very low-income households (between 80-100% of AMI) if applicable**.**

3. **The affordable housing rate of rent; Staff Recommendation:**
    - The Affordable Housing Rates follow the HUD guidelines for the Affordable rate of rent. Rent increases should be capped at 5% per year or the CPI Index, whichever is less

4. **The domiciliary requirements of the owner, if any; and Staff Recommendation:**

    - The owner should provide proof of continuous ownership of the property every year. The owner needs to prove that they do not personally occupy the property but are offering it exclusively for affordable rental purposes to qualifying tenants. The owner must be in good standing with local tax payments and not have outstanding debts or legal issues related to property management on Nantucket. *Note:* This is the same for the residential exemption guidelines.

• **Any other restrictions or regulations consistent with the intent of the law it elects to implement.**

• Staff Recommendation:

• Conduct mid lease inspections to ensure that landlord is compliant.

• Would recommend requesting that the Health Department conduct these since they already do the inspection for the short-term rentals. Staff recommends hiring a monitoring agency to do the tenant income verification. Staff suggested that landlords participating in the year-round residency exemption will not qualify for the Good Landlord exemptions.

QUESTIONS FROM THE TRUST ABOUT THE STAFF RECOMMENDATIONS

1. Penny Dey said that it is important to calculate the exemption in dollar terms to provide clarity to the community applying for the exemption. Once the exemption amount is approved annually, the exemption in dollar terms is easily provided using the then current tax rate.

2. Penny Dey suggested that LLCs that can be traced back to an individual qualifies for the exemption. LLCs do not qualify for the residential exemption because an LLC is not an individual, it is a separate legal entity, even if only one individual is involved.
3. Brian Sullivan Asked if room rentals and property rented to relatives at an affordable rate could qualify for the exemption? the feeling from the trust is that they would want the individuals above to qualify.
4. Brian Sullivan is concerned about the inspections, he said that it could add complexity to the program that should be easy.
5. Penny Dey asked why can't landlords with multiple units not qualify? He said that he would like to see that happening to maximize the affordable rentals opportunities. Under state law, only one residential exemption is allowed per property owner. In addition, if the owner is already receiving a residency-based exemption in another municipality within Massachusetts, or even in another state, they would not be eligible to receive another one.

VIII. Request for Approval of Draft Commitment Letters from Town of Nantucket to HallKeen Management for Workforce Housing Rental Project at 6 Fairgrounds Road. – VOTE

Agenda Item Summary

Agenda Item #	Click or tap here to enter text.
Date	12/4/24

Staff

Kristie Ferrantella, Municipal Housing Director

Subject

Review and Approve Draft Commitment Letter from Town of Nantucket to HallKeen Management for Ticcoma Green Project at 6 Fairgrounds Road.

Executive Summary

HallKeen, the developer of Ticcoma Green, is requesting a commitment letter from the Town of Nantucket and Affordable Housing Trust for a financial contribution of $8.7m towards the construction of the development of 64 rental units. There are two phases of the project and two commitment letters for review and approval.

Staff Recommendation

Approve

Background/Discussion

As the Board is aware, there have been significant delays resulting from the neighbor appeal of the Planning Board Special Permit, which has resulted in increased construction cost for the project. In 2022 the board provided a letter of commitment for $6.5 million towards the gap in funding. The developers are now requesting $8.7m structured as both grants and loans, to help cover the gap in financing this project.

The Housing office has been working closing with HallKeen to ensure all units are eligible for inclusion on our SHI list and are eligible for certification of our Housing Production Plan and will allow the Town to apply for safe harbor when the deal closes and building permits are pulled.

The Project consists of 4% and 9% LIHTC, resulting in two letters of commitment. Phase I, the 9% deal, will construct 31 units and will include a $2,000,000 commitment from the Trust and Town. The interest will be 4%.

Phase II, the 4% deal, will construct 33 units and will include a $6,700,000 commitment from the Trust and Town. The interest will be 1.5%.

Impact: Environmental ☐ Fiscal ☐ Community☒ Other☐

Addressing the housing crisis; Select Board strategic goal around maintaining Safe Harbor.

Board/Commission Recommendation

Click or tap here to enter text.

Public Outreach

N/A

Attachments

1. Draft Commitment Letter for Phase I
2. Draft Commitment Letter for Phase II

November ____, 2024

Jeffrey Morgan
Hallkeen Management
1400 Providence Highway, Suite 1000
Norwood, MA 02062

RE: Ticcoma Green Project- Loan Commitment for Phase II (4% Low Income Housing Tax Credits)

Dear Mr. Morgan:

This letter is a commitment from the Town of Nantucket (the “Municipality”)and the Town of Nantucket Affordable Housing Trust Fund (“NAHT” or the “Trust”, together with the Municipality”, the “Town”) to increase its financial support to Hallkeen Management (the “Developer”) for the development of the Ticcoma Green affordable rental housing project (the “Project”) to be located at 6 Fairgrounds Road. The Developer is constructing this Project in two phases, Phase I and Phase II. The Town agrees to loan $6.7 million (the “Phase II Loan”) for the portion of the Project to be developed as Phase II. With this Phase II Loan, the Town agrees to increase its already significant financial contributions to the Project from a $6.5 million loan to loans totaling $8.7 million for the entire Project, subject to terms and conditions set forth herein, and subject to the approval of the Town of Nantucket Select Board and the NAHT. The Town hopes to assist the Developer in developing and operating an important affordable housing project on Nantucket.

The Town understands that, in addition to the funding under this commitment, the Developer will be pursuing grants or loans from the Commonwealth of Massachusetts Executive Office of Housing and Livable Communities, MassHousing and any state agencies/entities and private lenders(including the Town and the Trust, the “Funders”) for additional funding to the Project.

Project Description

The Project will contain sixty-four (64) newly constructed residential rental units (the “Units”) in four (4) buildings to be constructed in two separately financed phases in a so-called “9/4 twinning structure to be allocated between one phase being financed by 9% Low Income Housing Tax Credits (the Trust funding for this phase will not be sourced with tax exempt bonds) and the other phase by 4% Low Income Housing tax credits (the Trust funding for Phase II may be sourced with tax exempt bonds).

There will be in the aggregate, twelve (12) studio Units, fourteen (14) one-bedroom Units, twenty-six (26) two-bedroom Units and twelve (12) three- bedroom Units in the Project. Each Unit will include washer and dryer. The Developer has also committed to constructing basements, an elevator and storage spaces in each of the buildings and subject to HDC approval, solar facilities constructed for the Project. In the event that HDC does not approve of the solar facilities, then the amount allocated for the solar facilities of $450,000shall be deducted from the Phase I Loan and the Phase II Loan in the amounts allocated to each Phase.

Phase II of the Project shall contain thirty-three (33) Units in two (2) buildings which shall be financed by 4% Low Income Housing Tax Credits. There will be six (6) studio Units, eight(8) one-bedroom Units, thirteen (13) two-bedroom Units and six (6) three-bedroom Units.

<u>Affordability Requirements</u>

Of the thirty-one (33) Units in Phase II, twenty-seven (28) shall be income-restricted Units of which no fewer than four (4) will be available at or below thirty percent (30%) of the area median income (AMI), no fewer than ten (10) available at or below sixty percent (60%) of AMI and no fewer than fourteen (14) available at or below one hundred twenty percent (120%) of AMI. There will be no more than five (5) market rate units. All of the income-restricted Units are expected to remain affordable in perpetuity pursuant to a recordable affordable housing restriction as agreed to by the parties in the closing documents (the "Affordability Requirement") and the Municipality shall be a holder of the affordable housing restriction in perpetuity. Since 28 of the Units shall be income-restricted in perpetuity as affordable rental units, all of the 33 Units in Phase II are eligible to be added to the Town's Subsidized Housing Inventory ("SHI"), and will be fully compliant with all EOHLC requirements for the Project. The Affordability Requirements will be documented through a regulatory agreement to be recorded on the Project at the closing of the Phase II Loan, as noted below.

The Developer also agrees that at least seventy (70%) percent of all affordable Units in Phase II shall be rented pursuant to a local preference (which shall include current Municipality residents, employees of local businesses, and nonprofits located in the Municipality, households whose children attend municipal schools and municipal employees) subject to the extent it is permitted by federal or state law and by EOHLC regulations.

<u>Town Financial Support Already Committed</u>

The Town's support of the Project has already included, but is not limited to the following:

1. As previously agreed with the Developer, the Municipality shall make a land contribution in the form of a 99-year ground lease of the project site at 6 Fairgrounds Road, under very favorable terms, for a $1/year rent.
2. As previously agreed, the Municipality has already incurred the cost of bringing a road and utilities to the Project site which is not expected to be reimbursed

3. As previously completed, the Municipality has incurred the legal costs in the amount $59,071.58 to defend the lawsuit appealing the issuance of the Special Permit, which will be reimbursed by Developer plus interest at the closing for the financing of the Project (the “Closing”).
4. The Town has obtained favorable votes of Article 10 by the 2022 Annual Town Meeting for funding to NAHT of $1,000,000; and of Article 20 of the 2022 Annual Town Meeting for the Town to borrow $10,000,000 for affordable housing. The Town intends to borrow a portion of the funds authorized in Article 20 for Phase II of the Ticcoma Green Project.

<u>Borrower</u>

It is our understanding that the borrower entity (“Borrower”) will be a limited liability company or limited partnership which will own the Project. The Developer or affiliated parties are expected to serve as managing member or general partner. The names of the entities and their organizational documents shall be delivered to the Town for its review and approval prior to Closing.

<u>Interest Rate and Loan Repayment</u>

The loan of $6,700,000 shall be evidenced by a Promissory Note to NAHT in the amount of $6,700,000 and secured by a leasehold mortgage on the Phase II property described on a final site plan to NAHT to secure the repayment of the full amount of the Phase II Loan. The Phase II Loan shall accrue interest at the rate of one and one-half percent (1.5%) per annum, which is a significantly reduced rate of interest from the Town’s anticipated borrowing. Interest shall accrue as of the date the Phase II Loan proceeds are drawn. Interest due on the Phase II Loan shall be calculated on the basis of a 360 day year comprised of twelve thirty- day months. Unpaid interest shall accrue and the outstanding balance will be compounded monthly. The Town agrees that the interest on the Phase II Loan is to be repaid from cash flow after payment of operating expenses, the MassHousing loan and the 85% cash flow paid on the deferred developer fee, and any other higher tier priorities as may be approved by all of the Funders. The Town will then receive 60% of cash flow as the next tier priority. All outstanding principal and accrued interest, if any, under the Phase II Loan is due and payable in full at the earlier of forty-three years (the maturity date of the Promissory Note) or the sale of the Project.

<u>General Terms of the Town Loan</u>

This Commitment Letter is not intended to set forth all of the terms and conditions of the Trust Loan or the related documents. It is our understanding that some terms may be affected and revised as a result of due diligence and underwriting and may be determined in collaboration with EOHLC and the other Funders prior to the Closing. The Town and NAHT, including their Counsel and advisors, shall be included in all Funding and Development calls and meetings, including the MassDocs calls and meetings in preparation for Closing, with the other Funders.

The Town and NAHT shall receive and have the right to review and comment on all draft documents, due diligence, project agreements, and legal opinions that are shared with any and all other Funders including but not limited to the following documents:

1. Environmental Reports engaged or provided to or by MassHousing, EOHLC, and/or the LIHTC equity investor, appraisals, market studies, constructions contracts, architect's contract, and plans and specifications.
2. Financial documents including payment and performance bonds, construction draw schedule and milestone schedule, developer and guarantor financial statements, insurance quotes and binders, staffing plan and projected operating expenses, total development and operating budgets, Project sources & uses and LIHTC investor operating agreement drafts and proforma financial projections, and other loan documents from other Funders.
3. Legal documents including copies of all permits and approvals, opinions for land use and zoning matters, title insurance commitments and endorsements, and ALTA survey. Prior to Closing, the Borrower shall provide the Town with all documents, instruments and opinions as the Town and legal counsel may reasonably require to evidence or assist the Borrower's compliance with the terms and conditions of the Loans. These documents shall include their organizational documents and opinion from counsel as to the validity of the organizational documents for the Borrower and its entities, and all MassDocs documents prepared for the Closing, which if the Municipality becomes a member of the MassDocs program prior to Closing (which is in the Municipality's sole discretion) , which shall include the Phase II documents.
4. All documents, instruments, certificates and opinions required in connection thereto shall be in form and substance acceptable to the Town. Closing is subject to the satisfaction of all closing requirements determined necessary by the Town.
5. Affordable Housing Restriction and Survivability- If the Municipality becomes a member of the MassDocs program prior to Closing (which is in the Municipality's sole discretion) the affordable housing restriction shall be entered into between the Borrower and EOHLC in the form of a MassDocs Affordable Housing Restriction (the "Restriction" or the "Regulatory Agreement"). The Restriction shall be a permanent restriction held by EOHLC and the Town, on terms acceptable to EOHLC and the Town, which shall (i) be recorded prior to any mortgages and other liens encumbering the Phase II Property or said encumbrances shall be expressly subordinated to the Restriction, (ii) state therein that the Affordable Units shall remain affordable in perpetuity and shall survive foreclosure, deed in lieu of foreclosure or any similar action, regardless of whether it is financially infeasible to do so, (ii) grant the Municipality the independent permanent right to enforce the terms thereof without regard to whether EOHLC or any other subsidizing agency remains as a party thereto, and (iv) ensure that all the Phase II Units are included in the Town's SHI in perpetuity.
6. The Borrower shall inform all lenders and investors that all mortgages or other liens now or later encumbering the Phase II Property shall be subordinate to the Restriction, and that the Affordable Units shall remain affordable as required herein, notwithstanding the foreclosure of any lien, including the lien of any senior mortgages. The Restriction

shall not be subordinated without the prior written consent of the Municipality, which may be withheld in its sole and absolute discretion.

7. All documents, instruments, certificates and opinions required in connection thereto shall be in form and substance acceptable to the Town. Closing is subject to the satisfaction of all closing requirements determined necessary by the Town and the other Funders.

Fees and Costs

There shall be no upfront commitment fee due from the Borrower, however it is responsible for reimbursing the Town for documents preparation, legal, consulting, recording and other costs incurred by the Town in connection with the evaluation and documentation for the Phase II Loan and for the review of all documents included in the MassDocs and other Funder closing and its participation in the calls and meetings for the Funders in preparation for the Closing.

In addition, the Borrower is responsible for reimbursing the Municipality for all legal costs plus interest of defending the appeal of the issuance of the Special Permit, as well as all costs incurred by the Municipality in connection with the Municipality's anticipated bond issuance which will provide the borrowed funds for the Phase II Loan. The Town shall be reimbursed in full for all such expenses at Closing.

Loan Security

The Phase II mortgage shall be pari passu with other MassDocs mortgages. If the Municipality becomes a member of the MassDocs Program prior to Closing (which is in the Municipality's sole discretion) the Phase II Loan documents shall be in MassDocs forms as set forth above and included in the MassDocs Subordination Agreement at Closing.

Right of First Offer and Refinancing Approval

The Town or its designee will receive a right of first offer(not a Section 42ROFR) to be exercisable in the event that the Borrower or General Partner/Managing Member proposes to sell the Project or sell its Managing Member or General Partner interest in the Project . The right of first offer applies to any subsequent offer that the Borrower or General Partner/Managing Member wants to accept that has more favorable terms to the buyer than was offered to the Town or designee or is below the originally proposed selling price to the Town or its designee. The Town will also have the right to approve any sale, refinancing, or change in ownership or management agent. In the event that the Developer wishes to refinance the loans on the Project or any portion thereof, Town and NAHT approval will not be required as long as (a) the other Funders have similarly waived their approvals; (b) the new loans are on commercially reasonable terms, (c) no cash out to the Managing Member or General Partner, and their affiliates, and (d) the refinance of the new loans will not impair or reduce the Phase II Loan's repayment or delay it past the original maturity date.

Indemnification of the Town

The Developer shall defend, indemnify and hold the Town harmless from and against any and all liabilities, losses, costs, expenses (including reasonable attorneys' fees), causes of action, suits, claims, damages, demands, judgments, from any and all claims, actions or suits, actions, injuries or damages related to the development and construction of the Project, or any act or omission of the Developer, its contractors, licensees, agents, employees, invitees, guest, or anyone claiming, by, though or under the Developer. This indemnity agreement shall include indemnity against all costs, expenses, or liabilities incurred or in connection with any such claim or proceeding brought thereon, and the defense thereof.

Additional Conditions

Developer shall deliver to the Town and Trust copies of all funding commitment letters from all other Funders for this Project no later than sixty (60) days prior to Closing.

Developer shall pull the building permits from the Municipality for thirty-three units in Phase II *(?)* and deliver copies of the building permits by Closing.

This Commitment is expressly conditioned on the accuracy and completeness of the information provided by the Developer/Borrower relating to all aspects of the Project and its financing, development and construction.

Termination of the Commitment Letter

The Town may terminate this Commitment Letter at any time prior to Closing by written notice to Developer in the event that Developer fails to comply with any of the terms and conditions of this Commitment Letter, or there is any material adverse change in the financial condition of the Developer and/or Borrower or the condition of the Project or other pledged collateral. This Commitment Letter shall automatically terminate upon an insolvency or bankruptcy event with respect to the Borrower or General Partner/Managing Member. This Commitment Letter will expire if the Project contemplated in this Commitment Letter has not closed by June 30, 2025. However, this Commitment may be extended on a month-to-month basis at the Town's discretion and if other Funders agree to any similar extensions.

If the foregoing terms and conditions are acceptable, please indicate your acceptance of the same by countersigning the letter below, where indicated, and returning a copy of the signed letter to the Town and the Trust by ___________________, 2024.

Very truly yours,

TOWN OF NANTUCKET
By its Select Board

By:______________________
Brooke Mohr, Chair

TOWN OF NANTUCKET AFFORDABLE HOUSING TRUST FUND
By its Board of Trustees

By:______________________
Brian Sullivan, Chair

TERMS ACCEPTED: Hallkeen Management hereby agrees to and accepts the foregoing terms by setting forth its signature below:

DEVELOPER: HALLKEEN MANAGEMENT

By: _____________________________
Name: Jeffrey Morgan
Title:

cc:

November ____, 2024

Jeffrey Morgan
Hallkeen Management
1400 Providence Highway, Suite 1000
Norwood, MA 02062

RE: Ticcoma Green Project- Loan Commitment for Phase I (9% Low Income Housing Tax Credits)

Dear Mr. Morgan:

This letter is a commitment from the Town of Nantucket (the "Municipality") and the Town of Nantucket Affordable Housing Trust Fund ("NAHT" or the "Trust", together with the Municipality", the "Town") to increase its financial support to Hallkeen Management (the "Developer") for the development of the Ticcoma Green affordable rental housing project (the "Project") to be located at 6 Fairgrounds Road. The Developer is constructing this Project in two phases, Phase I and Phase II. The Town agrees to loan $2 million (the "Phase I Loan") for the portion of the Project to be developed as Phase I. With this Phase I Loan, the Town agrees to increase its already significant financial contributions to the Project from a $6.5 million loan to loans totaling $8.7 million for the entire Project, subject to terms and conditions set forth herein, and subject to the approval of the Town of Nantucket Select Board and the NAHT. The Town hopes to assist the Developer in developing and operating an important affordable housing project on Nantucket.

The Town understands that, in addition to the funding under this commitment, the Developer will be pursuing grants or loans from the Commonwealth of Massachusetts Executive Office of Housing and Livable Communities, MassHousing and any state agencies/entities and private lenders (including the Town and the Trust, the "Funders") for additional funding to the Project.

Project Description

The Project will contain sixty-four (64) newly constructed residential rental units (the "Units") in four (4) buildings to be constructed in two separately financed phases in a so-called "9/4 twinning structure to be allocated between one phase being financed by 9% Low Income Housing Tax Credits (the Trust funding for this phase will not be sourced with tax exempt bonds) and the other phase by 4% Low Income Housing tax credits (the Trust funding for Phase II may be sourced with tax exempt bonds).

There will be in the aggregate, twelve (12) studio Units, fourteen (14) one-bedroom Units, twenty-six (26) two-bedroom Units and twelve (12) three- bedroom Units in the Project. Each Unit will include washer and dryer. The Developer has also committed to constructing basements, an elevator and storage spaces in each of the buildings and subject to HDC approval, solar facilities constructed for the Project. In the event that HDC does not approve of the solar facilities proposed for the Project, then the amount allocated for the solar facilities of $450,000 shall be deducted from the Phase I Loan and Phase II Loan in the amounts allocated to each Phase.

Phase I of the Project shall contain thirty-one (31) Units in two (2) buildings which shall be financed by 9% Low Income Housing Tax Credits. There will be six (6) studio Units, six (6) one-bedroom Units, thirteen (13) two-bedroom Units and six (6) three-bedroom.

<u>Affordability Requirements</u>

Of the thirty-one (31) Units in Phase I, twenty-seven (27) shall be income-restricted Units of which no fewer than eight (8) will be available at or below thirty percent(30%) of the area median income (AMI), no fewer than five (5) available at or below sixty percent (60%) of AMI and no fewer than fourteen (14) available at or below one hundred twenty percent (120%) of AMI. There will be no more than four (4) market rate units. All of the income-restricted Units are expected to remain affordable in perpetuity pursuant to a recordable affordable housing restriction as agreed to by the parties in the closing documents (the “Affordability Requirement”) and the Municipality shall be a holder of the affordable housing restriction in perpetuity. Since 27 of the Units shall be income-restricted in perpetuity as affordable rental units, all of the 31 Units in Phase I are eligible to be added to the Town’s Subsidized Housing Inventory (“SHI”), and will be fully compliant with all EOHLC requirements for the Project. The Affordability Requirements will be documented through a regulatory agreement to be recorded on the Project at the closing of the Trust Loan, as noted below.

The Developer also agrees that at least seventy (70%) percent of all affordable Units in Phase I shall be rented pursuant to a local preference (which shall include current Municipality residents, employees of local businesses, and nonprofits located in the Municipality, households whose children attend municipal schools and municipal employees) subject to the extent it is permitted by federal or state law and by EOHLC regulations.

<u>Town Financial Support Already Committed</u>

The Town’s support of the Project has already included, but is not limited to the following:

1. As previously agreed with the Developer, the Municipality shall make a land contribution in the form of a 99-year ground lease of the project site at 6 Fairgrounds Road, under very favorable terms, for a $1/year rent.
2. As previously agreed, the Municipality has already incurred the cost of bringing a road

and utilities to the Project site which is not expected to be reimbursed.

3. As previously completed, the Municipality has incurred the legal costs in the amount of $59,071.58 plus interest to defend the lawsuit appealing the issuance of the Special Permit, which will be reimbursed by Developer at the closing for the financing of the Project (the "Closing").
4. The Town has obtained favorable votes of Article 10 by the 2022 Annual Town Meeting for funding to NAHT of $1,000,000; and of Article 20 of the 2022 Annual Town Meeting for the Town to borrow $10,000,000 for affordable housing. The Town intends to borrow a portion of the funds authorized in Article 20 for Phase II of the Ticcoma Green Project.

<u>Borrower</u>

It is our understanding that the borrower entity ("Borrower") will be a limited liability company or limited partnership which will own the Project. The Developer or affiliated parties are expected to serve as managing member or general partner. The names of the entities and their organizational documents shall be delivered to the Town for its review and approval prior to Closing.

<u>Interest Rate and Loan Repayment</u>

The loan of $2,000,000 shall be evidenced by a Promissory Note to NAHT in the amount of $2,000,000 and secured by a leasehold mortgage on the Phase I property described on a final site plan to NAHT to secure the repayment of the full amount of the Phase I Loan. The Phase I Loan shall accrue interest at the rate of four percent (4.0%) per annum, which is a significantly reduced rate of interest from the Town's anticipated borrowing. Interest shall accrue as of the date the Phase I Loan proceeds are drawn. Interest due on the Phase I Loan shall be calculated on the basis of a 360 day year comprised of twelve thirty- day months. Unpaid interest shall accrue and the outstanding balance will be compounded monthly. The Town agrees that the interest on the Phase I Loan is to be repaid from cash flow after payment of operating expenses, the MassHousing loan and the 65% cash flow paid on the deferred developer fee, and any other higher tier priorities as may be approved by all of the Funders. The Town will then receive 60% of cash flow as the next tier priority. All outstanding principal and accrued interest, if any, under the Phase I Loan is due and payable in full at the earlier of forty-three years (the maturity date of the Promissory Note) or the sale of the Project.

<u>General Terms of the Town Loan</u>

This Commitment Letter is not intended to set forth all of the terms and conditions of the Trust Loan or the related documents. It is our understanding that some terms may be affected and revised as a result of due diligence and underwriting and may be determined in collaboration with EOHLC and the other Funders prior to the Closing. The Town and NAHT, including their

Counsel and advisors, shall be included in all Funding and Development calls and meetings, including the MassDocs calls and meetings in preparation for Closing, with the other Funders.

The Town and NAHT shall receive and have the right to review and comment on all draft documents, due diligence, project agreements, and legal opinions that are shared with any and all other Funders including but not limited to the following documents:

1. Environmental Reports engaged or provided to or by MassHousing, EOHLC, and/or the LIHTC equity investor, appraisals, market studies, constructions contracts, architect's contract, and plans and specifications.
2. Financial documents including payment and performance bonds, construction draw schedule and milestone schedule, developer and guarantor financial statements, insurance quotes and binders, staffing plan and projected operating expenses, total development and operating budgets, Project sources & uses and LIHTC investor operating agreement drafts and proforma financial projections, and other loan documents from other Funders.
3. Legal documents including copies of all permits and approvals, opinions for land use and zoning matters, title insurance commitments and endorsements, and ALTA survey. Prior to Closing, the Borrower shall provide the Town with all documents, instruments and opinions as the Town and legal counsel may reasonably require to evidence or assist the Borrower's compliance with the terms and conditions of the Loans. These documents shall include their organizational documents and opinion from counsel as to the validity of the organizational documents for the Borrower and its entities, and all MassDocs documents prepared for the Closing, which if the Municipality becomes a member of the MassDocs program prior to Closing (which is in the Municipality's sole discretion) , which shall include the Phase I documents.
4. All documents, instruments, certificates and opinions required in connection thereto shall be in form and substance acceptable to the Town. Closing is subject to the satisfaction of all closing requirements determined necessary by the Town.
5. Affordable Housing Restriction and Survivability- If the Municipality becomes a member of the MassDocs program prior to Closing (which is in the Municipality's sole discretion) the affordable housing restriction shall be entered into between the Borrower and EOHLC in the form of a MassDocs Affordable Housing Restriction (the "Restriction" or the "Regulatory Agreement"). The Restriction shall be a permanent restriction held by EOHLC and the Town, on terms acceptable to EOHLC and the Town, which shall (i) be recorded prior to any mortgages and other liens encumbering the Phase I Property or said encumbrances shall be expressly subordinated to the Restriction, (ii) state therein that the Affordable Units shall remain affordable in perpetuity and shall survive foreclosure, deed in lieu of foreclosure or any similar action, regardless of whether it is financially infeasible to do so, (ii) grant the Municipality the independent permanent right to enforce the terms thereof without regard to whether EOHLC or any other subsidizing agency remains as a party thereto, and (iv) ensure that all the Phase I Units are included in the Town's SHI in perpetuity.
6. The Borrower shall inform all lenders and investors that all mortgages or other liens now

or later encumbering the Phase I Property shall be subordinate to the Restriction, and that the Affordable Units shall remain affordable as required herein, notwithstanding the foreclosure of any lien, including the lien of any senior mortgages. The Restriction shall not be subordinated without the prior written consent of the Municipality, which may be withheld in its sole and absolute discretion.

7. All documents, instruments, certificates and opinions required in connection thereto shall be in form and substance acceptable to the Town. Closing is subject to the satisfaction of all closing requirements determined necessary by the Town and the other Funders.

Fees and Costs

There shall be no upfront commitment fee due from the Borrower, however it is responsible for reimbursing the Town for documents preparation, legal, consulting, recording and other costs incurred by the Town in connection with the evaluation and documentation for the Phase I Loan and for the review of all documents included in the MassDocs and other Funder closing and its participation in the calls and meetings for the Funders in preparation for the Closing.

In addition, the Borrower is responsible for reimbursing the Municipality for all legal costs plus interest of defending the appeal of the issuance of the Special Permit, as well as all costs incurred by the Municipality in connection with the Municipality's anticipated bond issuance which will provide the borrowed funds for the Trust Loan. The Town shall be reimbursed in full for all such expenses at Closing.

Loan Security

The Phase I mortgage shall be pari passu with other MassDocs mortgages. If the Municipality becomes a member of the MassDocs Program prior to Closing (which is in the Municipality's sole discretion) the Phase I Loan documents shall be in MassDocs forms as set forth above and included in the MassDocs Subordination Agreement at Closing.

Right of First Offer and Refinancing Approval

The Town or its designee will receive a right of first offer (not a Section 42ROFR) to be exercisable in the event that the Borrower or General Partner/Managing Member proposes to sell the Project or sell its Managing Member or General Partner interest in the Project. The right of first offer applies to any subsequent offer that the Borrower or General Partner/Managing Member wants to accept that has more favorable terms to the buyer than was offered to the Town or designee or is below the originally proposed selling price to the Town or its designee. The Town will also have the right to approve any sale, refinancing, or change in ownership or management agent. In the event that the Developer wishes to refinance the loans on the Project or any portion thereof, Town and NAHT approval will not be required as long as (a) the other Funders have similarly waived their approvals; (b) the new loans are on commercially reasonable terms, (c) no cash out to the Managing Member or

General Partner, and their affiliates, and (d) the refinance of the new loans will not impair or reduce the Phase I Loan's repayment or delay it past the original maturity date.

Indemnification of the Town

The Developer shall defend, indemnify and hold the Town harmless from and against any and all liabilities, losses, costs, expenses (including reasonable attorneys' fees), causes of action, suits, claims, damages, demands, judgments, from any and all claims, actions or suits, actions, injuries or damages related to the development and construction of the Project, or any act or omission of the Developer, its contractors, licensees, agents, employees, invitees, guest, or anyone claiming, by, though or under the Developer. This indemnity agreement shall include indemnity against all costs, expenses, or liabilities incurred or in connection with any such claim or proceeding brought thereon, and the defense thereof.

Additional Conditions

Developer shall deliver to the Town and Trust copies of all funding commitment letters from all other Funders for this Project no later than sixty (60) days prior to Closing.

Developer shall pull the building permits from the Municipality for thirty-one units in Phase I and deliver copies of the building permits by Closing.

This Commitment is expressly conditioned on the accuracy and completeness of the information provided by the Developer/Borrower relating to all aspects of the Project and its financing, development and construction.

Termination of the Commitment Letter

The Town may terminate this Commitment Letter at any time prior to Closing by written notice to Developer in the event that Developer fails to comply with any of the terms and conditions of this Commitment Letter, or there is any material adverse change in the financial condition of the Developer and/or Borrower or the condition of the Project or other pledged collateral. This Commitment Letter shall automatically terminate upon an insolvency or bankruptcy event with respect to the Borrower or General Partner/Managing Member. This Commitment Letter will expire if the Project contemplated in this Commitment Letter has not closed by June 30, 2025. However, this Commitment may be extended on a month-to-month basis at the Town's discretion and if other Funders agree to any similar extensions. [Note: I substituted Project here because we don't want only 1 phase to Close, especially if Phase II closes first because that means the Town would be obligated for $6.7 million for only 33 units, so this change is really more important for Phase II, Technically we might feel ok with only $2 million here for 31 units but that's not really the deal.]

If the foregoing terms and conditions are acceptable, please indicate your acceptance of the same by countersigning the letter below, where indicated, and returning a copy of the signed letter to the Town and the Trust by ___________________, 2024.

Very truly yours,

TOWN OF NANTUCKET
By its Select Board

By:______________________
Brooke Mohr, Chair

TOWN OF NANTUCKET AFFORDABLE HOUSING TRUST FUND
By its Board of Trustees

By:______________________
Brian Sullivan, Chair

TERMS ACCEPTED: Hallkeen Management hereby agrees to and accepts the foregoing terms by setting forth its signature below:

DEVELOPER: HALLKEEN MANAGEMENT

By: _____________________________
Name: Jeffrey Morgan
Title:

cc:

XI. Review Request for Additional Funding for the Workforce Housing Rental Project at 1, 2, 3, 4, 5, 7, 9, and 11 Wiggles Way formerly known as 31 Fairgrounds Road