

April 12, 2022 WT ATM

I'd like to first thank the boards of health in all six towns for leading us through the past two years. These are dedicated, elected volunteers who don't get a dime for all of their time and hard work.

I have followed this housing bank closely and sent some of my comments to the coalition a year ago and the response was "this is just a draft".

I have quantified the comments and suggestions offered to the coalition by various select boards, finance committees and town counsel.

I have also shared these comments with a lot of people around town to see if I am off base. I got the response ... I haven't really studied what's being proposed. Will you share your comments at town meeting and will you run for Selectman?"

This is the largest tax bill we are being asked to approve in over 2 generations. I for one want to know exactly what I'm voting on when this much money is involved.

Well, here goes:

I think the housing bank is not a bad idea at all. Let me say that again...I think the housing bank is not a bad idea. It's just a bad and incomplete execution of the idea in its current form. We have a housing problem and every problem has a solution. So let's work the problem.

Here's a comparison to Nantucket...

1. Overall the proposal calls for a 2 % tax on the portion of real estate sales over a fixed number of \$1 million. A 240% over county median income allowance to be eligible to receive money. To have the housing bank for 30-years. Only 4 of 6 towns need to approve it and the 2021 median house price on the island is \$1.2 million.

Median house price means ½ of all properties sold were priced below \$1.2 million and ½ of all properties sold were priced over \$1.2 million.

2. The Gazette indicated Nantucket's version of the housing bank calls for 0.5% tax on the portion of real estate sales over \$2 million. A 175% over county median income allowance to be eligible to receive money. To test the housing bank for 10 years. The entire island of one town needs to approve it and the 2021 median house price is \$2.8 million.

3. Our housing bank tax is 4 times Nantucket's, the income eligibility amount is 35 percent more than Nantucket's. Ours is asking to be in place for 30 years while Nantucket wants to test it for 10 years. And our houses cost less than 50 % that of Nantucket. Why do we need so much money and for such a long time?

4. Our housing bank as proposed will raise \$100 million in the first 10 years. And 10% of that will be used to secure mortgage financing. This will generate another \$60 million in capital. That's a total of \$160 million. And 25% or, \$40 million, will be used for new construction. Over 30 years as proposed it will conservatively raise \$1/2 billion. 10 % of that will raise an additional \$250 million in mortgage capital. That brings the total to \$ ¾ of a billion. These are Washington DC budget amounts for little Martha's Vineyard. And our tax base is only about 15,000 tax payers. 25 % of that for new construction is almost \$200 million. Let's see if we're happy with how \$160 million has been used for 10 years and then decide if we want to change a few things before extending it for another 20 years.

Now let's take a few of the points raised by various selectmen, fincoms and perhaps the most knowledgeable municipal lawyer on the island —our town counsel Ron Rappaport—who is also on the Board of Directors of the MV Savings Bank. I for one would like to know what the bank thinks of how this money is being managed and distributed. It's what they do for a living.

5. Ron's comment: Use the Land Bank legislation as a template for this legislation. It is a complete, thorough and successfully time tested law. Please listen to our town counsel and give us a complete law so we know what we're voting on. The draft suggests the seven unknown commissioners will figure out all the details and approve amendments to the housing bank law over time. I for one, do not want 7 unknown commissioners (some of which are not from West Tisbury) to approve any changes to what I vote on. The land bank requires amendment approval by all six towns at town meeting. This is the right way to do it.

6. Skipper's comment: All 6 towns should be required to pass this bill—just as with the land bank.

7. Other Selectmen said: The tax percentage of 2 % is too high and term is too long. The fixed tax trigger is \$1 million for 30 years. Today about 55% of all real estate sales would have to pay the 2% tax. In 5-10 years the housing bank **tax base** will double to 100% of all properties sold and will pay the 2 % tax. Prices of real estate will increase over time. This will accelerate the income stream. This tax trigger **should not** be an arbitrary fixed number, it should fluctuate and be the annual median price of houses sold each year. This year the trigger would be \$1.2 million. Next year it might be \$1.3 million or, perhaps \$1.1 million if prices go down.

8. The town governments and the MV Savings Bank should have some oversight for this much money—not a board of 7 people who may or may not have financial expertise. We are creating our version of Fannie Mae and Freddie Mac. Will the housing bank own the properties it buys and supports just as the Land Bank does? What happens when a recipient defaults on their mortgage?

9. How will the housing bank money be awarded and how will recipients be selected? Currently all we know is they can earn up to 240% county median income. That's \$250,000/year for a family of 4. Current housing guidelines have strict limits to personal savings amounts and retirement IRA equity. If I make \$250,000/year I will surely have more in the bank and in my IRA. How will we be guaranteed this selection process will be transparent and devoid of favoritism or unfavoritism?

10. The housing bank commissioners will be paid \$2,000/year. The Land Bank commissioners haven't received a dime for over 40 years.

11. Here's a finance committee question. Was this asked? What are the annual revenue projections and overhead operating expenses for the Housing Bank organization outside of debt service—for facilities, staff, benefits, OPEB retirement, legal etc. and what percent of estimated annual revenue is this projected to be? The fiscal year 2021 annual overhead expenses for the Land Bank are \$603,000 plus an uncommitted, budgeted reserve of \$75,000. This is 6-7 percent of projected 2021 revenue of \$10.9 million. What are the Housing Bank projections and why do we need a separate, expensive regional entity?

I could go on. My point again...the housing bank is not a bad idea. It's legislation is just incomplete—as outlined by town counsel and our elected town leaders. We've been at this for 8 years. Let's postpone it and come back in 9 months with a complete piece of legislation that all six towns can embrace.

Now, if we decide to do go back to the drawing board to fix a few things, may I throw in one more suggestion for thought.

5 years ago I went to several Boards of Selectmen with an idea to raise \$200 million to pay for the new high school and the high school's \$40+ million unfunded OPEB retirement benefits liability. We will have to pay for these expenses real soon. Our town was strongly against it. Anyway, at the end, Cynthia asked me if I have another idea? Well, Cynthia, yes I do...

Expand this idea from a Housing Bank to a Housing and High School Bank. I don't know about you but, my taxes went up 25% this year and will go up at least 10 percent or more next year. This tax idea can raise enough money for our housing problem and maybe help offset a lot of the additional high school taxes we will get in the next few years.

If this was possible and done, I'll bet all six towns will vote in favor of it—even Oak Bluffs.

In closing, I respect the time and passion of the coalition. May I ask instead of spending money on lawn signs, advertising, emails and mailing us post cards describing the housing problem we all already know we have, let's listen to the experts, talk to some bankers, roll up our sleeves and fix this problem.

Thank you for your time. Let's vote.