

Edgartown Affordable Housing Trust Meeting
Tuesday, January 24, 2023

Members in attendance: Interim Chairman- Mark Hess, CJ Moriarty, Maria Ventura, Art Smadbeck, Jason Mazar-Kelly

Others in Attendance: Arielle Faria

Interim Chairman Hess opened the meeting at 4:00 PM

Chairman Hess stated that he is acting as interim Chairman for a few meetings as Jason Mazar-Kelly has a conflict with a client that does not allow him to hold the position of Chairman while he is fulfilling his contract.

Minutes: Maria Ventura moved to accept the December 6th, 2022 minutes. Mark Hess seconded the motion and the motion passed with one abstention.

Bills:

- There was a bill from Reynolds, Rappaport, Kaplan and Hackney presented for \$914.50. Ms. Faria stated that she had not received any information from town counsel in regards to the items on the bill and she recommends that the Trust delay payment until the Trust receives that information. Chairman Hess requested that Ms. Faria ask town counsel for more substance with regard to the bill and how they arrived at the decisions they made as the committee was not satisfied with just a bill without detailed information.
- There were two time sheets presented to the Trust for the administrative salary, both for the amount of \$2,676.80. Maria Ventura made a motion to approve the payroll. Art Smadbeck seconded the motion and the motion passed unanimously.

Munis Report:

- Munis Report: January 2023
- Meshacket Fund: (Account #8310) \$500,686.28
- Main Account: (Account #8300) \$733,846.20
- Contributions & Donations: \$119,000.00
- Earnings on Investments: \$778.83
- FY20 Operating Budget Summary:
- Salaries: \$39,245.60
- Town Counsel: \$5,115.00
- Acct/Audit Expenses: \$4,200.00
- Advertising: \$3,000.00
- Office Supplies: \$350.00
- BDP Rehab Funds: \$1,707.46
- Property Purchase: \$0.00
- Special Projects: \$9,524.18
- Special Services: \$0.00

Old Business:

- Warrant articles: Ms. Faria stated that Mr. Mazar-Kelly spearheaded this initiative but was not currently present. Ms. Faria stated that she hoped Mr. Mazar-Kelly would discuss if he wanted to continue to present a warrant article requesting funding from the stabilization fund for a rental subsidy program that would serve residents making up to 150% AMI. Mr. Smadbeck asked

if the article was presented in the committee. Ms. Faria stated yes, however, the warrant was originally going to be presented for the annual town meeting but the warrant article was not finalized before the due date. Ms. Faria went on to state that she was hoping that Mr. Mazar-Kelly would be present to state whether or not he would like to continue the process for the special town meeting warrant. Chairman Hess stated the warrant would enable the AHC to increase the rental designations to 150% AMI vs. 100% and expands the depth of the people that can receive rental assistance. Chairman Hess suggested that the trustees could discuss this when Mr. Mazar-Kelly is available to speak on the subject.

- AMI Increase: Chairman Hess asked Ms. Faria if this was the item that the trust was waiting for more information on from town counsel. Ms. Faria stated that yes, unfortunately she did not receive more information from Michael Goldsmith and she plans to speak with him further on the subject. Mr. Goldsmith's statement to Ms. Faria was that his current view was that the trust cannot go over 150% as the legislature has specifically set that as a limit for Dukes County, but he will see what the AG says. Mr. Smadbeck asked if this was something that the trust would have to petition the state to change legislation. Ms. Faria stated that this was what the trust was trying to find out, from Ms. Faria's understanding, Nantucket was able to implement the increase from a town meeting vote but the trust did not have enough information to be sure that was possible. Chairman Hess stated that Nantucket was able to increase the amount of money they are able to give and receive for affordable housing circumstances by increasing their AMI to 200%. One of the interests of the AHC and AHT is to accommodate many levels of affordable housing candidates so that teachers, police officers and other people in those income ranges can also have the opportunity to acquire attainable housing. This is one of the pockets of residents the committee is trying to serve. There has been a gap in funding for the middle income levels that all are in desperate need of housing. Mr. Smadbeck asked if the funds would be used for rental assistance or home purchases. The Chairman replied that it would be for a broad spectrum of projects. Mr. Smadbeck stated that if he was on the AHC the question he would ask is have we satisfied all of the needs of the people up to the 100% AMI level or whatever the max is now or do we have an overhang of need at that level. Has the AHC satisfied the need of the people who are currently in the brackets that can be served. Chairman Hess replied that he really thinks there is a need at all levels. Mr. Smadbeck replied that he understood that there was a need at all levels but this is an affordable housing (trust/committee), have we satisfied the need for all of the people (that are in) the 150% and under range, before we go reaching for people between 150 and 200%. If there is an overhanging need, are we leaving those people behind. The Chairman replied that it is difficult to serve the needs of everyone and all this would do is expand the scope (of who could be served) and would give the committee the opportunity, if a project came along, to a person that was in the higher income bracket. Ms. Faria commented that most of the Trust's funding sources are up to 100% AMI even though the trust can serve up to 150%. Expanding to 200% AMI would mean the trust could fund home ownership opportunities and rental opportunities up to 200% AMI it would not take funding away from the lower income brackets as the lower tier of incomes still hold the majority of funding resources.

New Business:

- Avakian Resale, 4 22nd Street South: Chairman Hess stated that this property was a part of the five properties purchased from funds received from the Field Club via the MVC. This was called the buy-down program. The applicants paid about 2/3 of the cost of the home and the Trust paid about 1/3 of the home. Each house had the opportunity to have up to \$15,000.00 of improvements done if needed. It was a very successful program. The Avakians have now purchased a new home and have moved out of the 22nd South home and now the house is available to be sold again. David Vigneault is in the process of materializing a lottery for the next candidate to own the property. The issue now is that, as the committee did for the previous house, we have to temporarily purchase the home for about two months, the trust has the money to do that and the money will go back into the trust once the lottery process has been completed. In the meantime, short-term property insurance will need to be purchased and the home will need to be winterized. There will be a multitude of applicants for this house as it has been well taken

care of. The home owners made improvements on the property as well. The Trust will need to approve the purchase of the property in conjunction with the AHC and Selectboard. Ms. Faria stated that town counsel will handle the purchase details with Mr. Avakian. The trust will need to approve the purchase of the home which will be roughly \$250,000.00. When town counsel draws up the paperwork, Ms. Faria will share it with the Trust. Mr. Smadbeck asked if this was a case where having a higher AMI would be helpful. Chairman Hess replied it could be but this house is a great deal. Ms. Faria replied that at 100% the sale price would be about \$254,000, at 150% it would be sold at roughly \$300,000 so this is a truly affordable property. The Chairman stated that while it was a complicated program to implement, it's worked out very effectively for the two turnovers they have had. Art Smadbeck made a motion to go forward with the purchase of 4 22nd St., with concurrence of the Selectboard. Maria Ventura seconded and the motion passed unanimously.

- Discussion on discovered affordable housing account: Ms. Faria stated that she and the town accountant, Amy Tierney had researched the account and discovered that an older MVC decision that designated funding to that account, somewhere in the realm of \$60,000.00. The account now contains around \$76,000.00. Ms. Faria is waiting to hear from town counsel to find out how to either put the funds directly into the trust or to designate it for a particular purpose, such as the Meshacket project. The trust will wait to hear from town counsel before designating the funds.
- Quammox West: The trustees discussed potential expenditures and work to be completed in order for the potential owner to get funding to build. Mr. Smadbeck made a motion to set aside up to \$4,000.00, if the affordable housing committee, after doing their due diligence, feels that they would like to move forward with the drilling of the well for the Quammox West property. Mr. Mazar-Kelly seconded the motion and the motion passed unanimously.
- Audits: Mr. Smadbeck stated that in reading the by-law, there are 16 responsibilities the trustees have (in concurrence with the Selectboard) and they are simple procedures to follow. Mr. Smadbeck asked the town accountant to see the latest audits to bring himself up to speed and discovered there had not been an audit done since 2009. By the regulations promulgated by the state and by the trust by-law, the trust is supposed to do an audit every year. When the town accountant inquired about this to the auditors, their response was that the audit was not necessary. Mr. Smadbeck went on to say that when he sees a regulation and the trust is regulated by laws, rules and the state etc., and the auditors state that the trust does not need to follow that regulation, there needs to be a discussion with the auditor in the near future to clarify. Mr. Mazar-Kelly asked if he could give some background from an auditor's perspective. Mr. Mazar-Kelly stated that he agreed with Mr. Smadbeck in general, especially as it related to the auditor's procedures. Mr. Mazar-Kelly asked if Mr. Smadbeck was referring to the town by-laws or the trust by-laws. Mr. Smadbeck replied that in the town by-laws there are four pages that outline the by-law that the trust operates under and emphasized the importance of digesting this information as trustees. Mr. Mazar-Kelly stated that he asked because within a governmental and auditing perspective, essentially what those auditors are tasked with doing when they come in, states require the audits at a certain frequency, each town has to go through those. What an auditor will do when they come into the town is they will get a set of financials and look at the various entities set up within the town that make up those financials. Then what they will do is assess, based on materiality where they need to focus their audit procedures because audits are not providing absolute assurance, they provide reasonable assurance over the data that exists. The auditors assess where the risk is and where they need to focus on in order to get enough coverage to reach that line of reasonable assurance. Therefore, what Mr. Mazar-Kelly believes happened in their procedures was they went through and they had certain parts of the town that they scoped out of their procedures. Likely, the trust fell within that, given the size of the trust itself comparatively to the rest of the town. Mr. Smadbeck stated that there is a town audit and Mr. Mazar-Kelly is right in that the auditors, every year pick out a couple of departments. The trust was established outside of this, it's not part of the town audit and never has been. The auditors don't look at the trust, the trust was established under the rules that the state gave the town and was incorporated into the by-law. In that by-law, it says that an audit is to be done on the trust every year. Ms. Faria stated that the auditors have requested information from her every year but have only reported a line item in the town audit. Mr. Smadbeck replied that the auditors are not doing what the by-law is saying the trust should do, the by-law is saying the trust should have a

separate audit done every year. The auditor will not do that unless the trust engages them to do so.

- Chairman Hess expressed the need to finish the meeting in order to move to the AHC meeting. The Chairman stated that Ms. Faria has resigned and will be leaving her position as affordable housing manager and thanked Ms. Faria for all of the work she has done over the almost 6 years she has been with the AHT and AHC. The Chairman went on to say the Ms. Faria has done a fantastic job in her role and her position, the town appreciates what she has done, the applicants that she has housed appreciate what she has done and the committees appreciate what she has done and they wish her all the best. The affordable housing committee will work with Ms. Faria to try and find the next person to take the position and the affordable committee will work with the town to structure this role in a way that is appropriate.

The Trust meeting adjourned at 5:00 PM.

Respectfully Submitted,
Arielle Faria