

From Peaked Hill Pastures Implementation Committee

To Tim Carroll

Tim,

We are enclosing our Interim Report to the Select Board which includes questions for Ron for transmittal to the Board and to Ron. With appropriate answers from Ron and encouragement from the Select Board, we would proceed to hire the necessary professionals to prepare the site plan, undertake the engineering and accomplish actual land development.

We are investigating whether we could use Molly Flender funds until the next Town Meeting and whether such funds could be reimbursed to Molly Flender from CPC funds or by direct appropriation.

This is a big step and we would be most pleased to meet with the Select Board go discuss these matters and perhaps they would like to invite the Planning Board and Housing Committee to such a meeting.

We want to make sure we are all on the same page before moving into the active development phase.

Andy Goldman, Chair
On behalf of the Committee

To the Select Board

Interim Report from Peaked Hill Pastures Implementation Committee

You appointed us to the Peaked Hill Pastures Implementation Committee following approval of Article 25 at the April 25, 2022 Town Meeting.

Our first meeting was held on May 23, 2022; since then we have been meeting weekly.

Shortly after we were appointed we realized that while the Warrant Article called for 10 rental units and 4 Affordable Homesites on 6 to 8 acres, Town Zoning (Article 6.10) limited rental densities to 1.5 acres per unit. (This may be an anomaly because as you know at the most recent Town meeting on April 25, 2022 the Town voted to eliminate minimum acreage requirements for Affordable Homesites.)

Heeding your admonition not to seek spot zoning, we consulted Ron who felt that perhaps we could make an exception (by Town vote of course) for Town-owned land. After discussion we concluded it would be better to work within existing zoning which would, however, require a slight modification of the program.

We have developed a plan (a preliminary sketch follows) which, while utilizing the full acreage for computation purposes, only utilizes the 6 to 8 acres for actual buildings--preserving the ball field and remaining acres for possible future development (following a zoning change.)

Thus we have modified the program so that it:

1. Allocates approximately 2.8 acres for the Affordable Homesites, and
2. Allocates approximately 13.5 acres for a total of 9 apartments, in three separate structures, containing 18 bedrooms, each structure to contain a one bedroom, a 2 bedroom and a 3 bedroom apartment.
3. The area to be actually utilized for development would be approximately 6 to 8 acres of the northeastern portion of the overall 16.67 acres of Town-owned land.
4. If possible, the rentals to be financed to accommodate applicants with incomes up to 150% AMI.
5. Development to preserve as much open space as feasible, utilize green standards, energy efficient standards, etc.

It had been our hope, perhaps naively, that we would issue an RFP describing the original program with the two developer-built homes and potential developers would work out the site plan, engineering, financing and architecture and submit proposals for us to choose among.

To that end we sought and obtained both your approval and that of the Molly Flender Fund Board for \$5,000 with which to pay a consultant to do the needful to prepare the RFP.

We regret to say that August passed and the consultant did nothing at all and when she refused even to communicate her progress to us she was terminated.

At that point Chuck Hodgkinson pitched in and helped us organize our thoughts and plan for the future. As we considered next steps we determined it is necessary to have a site plan prepared which lays out roads and building envelopes, while simultaneously undertaking the necessary engineering to identify what would be needed for wells and septic, and locating them on the site plan and work undertaken to accomplish this planning.

The site development would be followed by a lottery for the Affordable Homesites and the issuance of an RFP for the rental units.

Phase One would be development work including site plan, engineering and site preparation including roads.

Phase two would be the lottery for the 4 Affordable Homesites and the commencement of construction by the recipients, and

Phase three would be the RFP and construction of the nine rental units.

The phases would overlap as to timing. For example, the rental RFP could issue before the site is fully prepared as could applications for the lottery.

We fear that this phasing would preclude developer turnkey homes but the time saved seemed warranted to us in our effort to meet our housing crisis as fast as possible.

For financing of rental units we are hoping to produce a pro forma that will show feasibility for tenants with incomes up to %150 of AMI.

For funding of the development work we hope to use Molly Flender funds to be returned by CPC funds to be voted on at next opportunity--presumably the Annual Town Meeting in April 2023.

There are a number of legal questions on which we are seeking Ron's guidance set forth below.

We well realize that this progress report leaves unanswered questions. What we need from you now is an indication that we are on the right track.

We made an interim report to the Housing Committee at their most recent meeting. They asked why we rejected Section 40B. We have done so for several reasons.

1. We feel it unseemly for us, the Town, to invite developers to override our zoning and established ways of doing business. If we can't do what the Town desires under existing zoning, we feel the Town should change its zoning to allow that which it wants done rather than have outsiders big-foot our procedures and laws, and
2. Section 40B brings with it requirements for units to be rented at much much lower percentages of AMI. With only 9 units and a great need for affordable housing for teachers, hospital personnel, Town employees, etc whose incomes exceed those required by 40B we have been resistant to mandating these

scarce units to those at or under 100% AMI. 40B also limits Chilmark preferences.

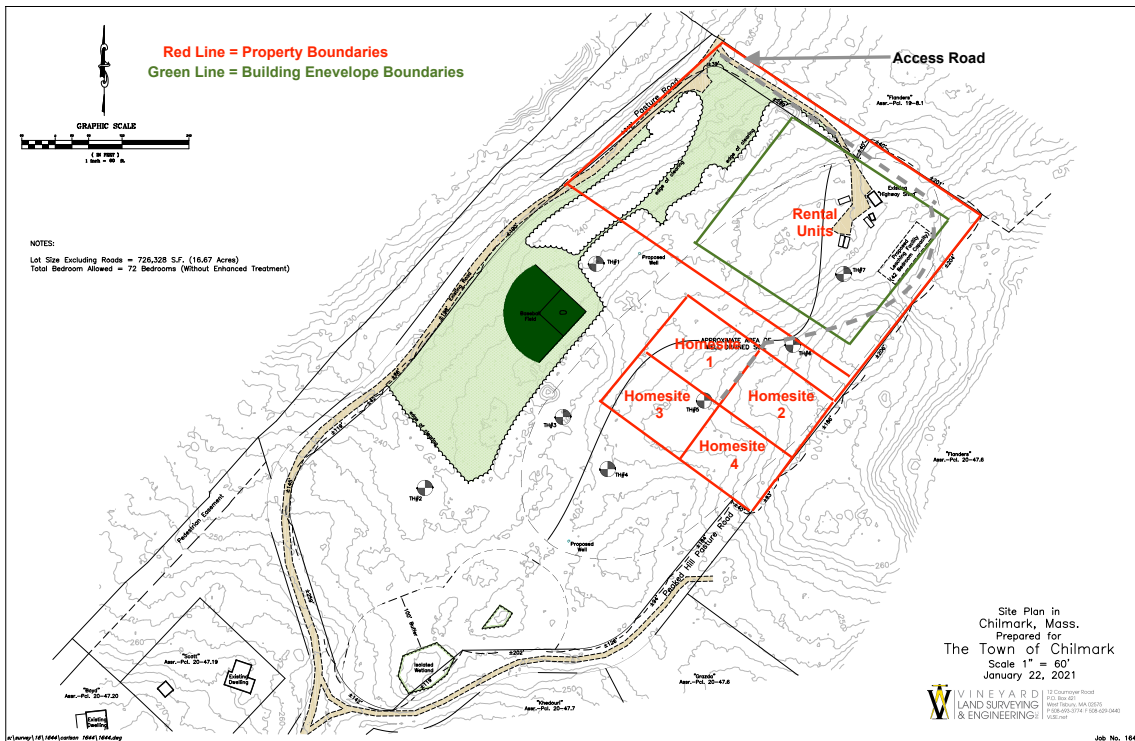
As you perhaps know not one of the 6 units at Middle Line Road has been rented even close to 100% AMI for the last five years . Currently they rent at 70%, 52%, 30%, 58%, 75% and 45%, while our Town bonding assumed much closer to 150%. The result is a very deep subsidy not contemplated at the outset of this excellent development. We are trying to avoid this result at Peaked Hill Pastures.

We would be most pleased to discuss these matters further with you at a regular or special meeting at your convenience.

Peaked Hill Pastures Implementation Committee

Andrew Goldman, Chair
Rich Ozznos
Peter Cook
Lindsey Scott
Fred Khedouri

Preliminary schematic site plan



Questions for Ron

FINANCE

The Town would like the income restriction for this development to comport with town zoning = up to 150 % Area Median Income (AMI) and not be required for some or all of the units be rented out at lesser rates.

1. CPA Funds: The income restriction for CPA fund use is at or less than 100 % AMI. What features of this development can be funded with CPA funds without

placing the CPA income restriction on the specific housing?

As reference, it was determined that CPA funds could be used for certain aspects of the Middle Line Road development without encumbering the homesite houses and rental apartments with the CPA income restriction. Ideally, we would like to be able to use CPA funds for the following aspects of the project. Which aspects would be allowed?

Civil engineering design of the site plan for building, well, septic, roads, parking locations

Civil engineering for all surveying and permitting for the subdivision, wells, septic systems, MVC (if required) etc.

Architectural fees for the design and construction of the rental triplex (3 identical buildings will be built of this design).

Owner's Project Manager's fee for the design and construction of the project.

Installation of all water wells and fire department requirement for a 10,000 gallon water storage tank and well.

Installation of all roads.

Installation of all utilities for the site. (power, cable, phone).

Overall landscaping for the site.

If CPA funds can be used for items above, can funds be front ended by Molly Flender and by Town meeting vote be returned from CPA funds to Molly Flender?

2. Town's Molly Flender Affordable Housing Trust Fund: Are there any income restriction that apply to the use of these funds other than as outlined in the Town's zoning bylaws – up to 150 % AMI?

If some of possible CPA fund uses listed above were to place the CPA income cap on the housing, can Molly Flender Housing Trust Funds be used for that aspect of the project to preserve the goal of 150 % AMI for all housing?

3. If the Town chooses to award the construction cost, ownership and operation of the rental triplexes to a developer (as West Tisbury did with its Scotts Grove apartments) can the Town require the contractor to finance it in a way that allows up to 150 % AMI?

Past practices of this model for rental development has placed much lower income restrictions on the apartments because the developer secured financing from other town CPA reserves (with the <100 % AMI restriction) and state and federal housing grants that come with even more restrictive income caps of up to 80 % AMI or less.

4. If the possibility of # 3 developer financing outlined above is not feasible, and if the Town chooses to finance, own and operate the rental units with municipal bond funding as with Middle Line, would the housing income cap be up to 150 % AMI?

5. If the town awards the construction, ownership and operation of the rental units to the developer and

leases the land to this developer (as done for West Tisbury's Scotts Grove apartments) does the town need to dispose of this asset at a fair market value price?

Ten years ago the Island Housing Trust established the "fair market value" of land for affordable apartments when it purchased the land for its Kuehn's Way affordable apartment development on State Road in Vineyard Haven (currently under construction). It purchased the land for \$600,000 for a total of 20 apartments = \$30,000 per apartment.

Would the Town be required to lease the rental land to a developer for \$270,000 (9 apartments @ \$30,000 per apartment)? These funds would then be deposited in the Town's Molly Flender Housing Trust.

ZONING COMPLIANCE

As you are aware, the original concept presented for Town meeting approval did not comply with Town zoning. Over the past two weeks the committee has revised the concept as follows which we now believe meets Town zoning regulations. Can you confirm whether or not the new concept meets all zoning regulations?

1. The entire 16.67-acres will be designed and subdivided as follows: 4 separate 0.7-acre homesite housing lots (total 2.8-acres); 13.5-acres of land will be devoted to the 9 apartments
 - Article 6 Sections 6.1 and 6.9 as amended at the 2022 Annual Town Meeting: Four separate 0.7-acre homesite housing lots will be created with a 25-foot minimum setback from all lot lines requirement (total 2.8-acres).

- Article 6 Section 6.8A: Is the minimum road frontage on a public or private road for each 0.7-acre lot 100 feet?
- Article 6 Section 6.8C: How is this road frontage requirement different than the one outlined in Section 6.8A? What is the minimum road frontage for these 0.7-acre homesite lots?
- Article 6 Section 6.8D: Does this minimum 100 foot distance between lot lines also apply to 0.7-acre lots?
- Article 6 Section 6.9 C.3.a.: The Housing Committee's Homesite Housing Guidelines establish the cost for the purchase or lease of a homesite lot to not exceed \$40,000.

This zoning section only addresses how to establish the cost of a homesite lot and does not specify whether or not these Homesite Housing Guidelines shall also establish the lease or sale cost for land used for affordable rental apartments.

Does the zoning bylaw need to be amended to include rental apartment land or, can the Housing Committee merely establish this cost and amend the Homesite Housing Guidelines accordingly for Selectmen approval? As outlined earlier, does this need to be a minimum of \$30,000 per apartment?

Article 6 Section 6.10A.2.: The new concept will recommend devoting 13.5-acres to the 9 apartments to

comply with this regulation. Not all 13.5-acres will be developed.

Does this now comply with this regulation and is the minimum setback distance from lot lines for the rental triplexes 50-feet?

Article 6 Sections 6.4, 6.8, 6.9: Can the Town obtain the zoning special permits for each of the four homesite housing lots that will be leased once the Planning Board approves the subdivision?

Or, do these zoning special permits need to be in the eventual homesite lot recipients' names which means they need to obtain these special permits much later in the process and after the lottery is held to determine the recipients?

Are there any other zoning regulations we may have missed that are applicable to this project?

TOWN MEETING APPROVAL: 2022 Annual Town Meeting
Article 25:

Town voters approved "in concept" an outline of how affordable/community housing at Peaked Hill Pastures will be developed. Several of these attributes do not comply with zoning and it was specified that 2 turnkey houses of the four homesite houses will be built by a developer and 2 will be U-Build houses.

Do we need to revise the concept for town voter approval now that it has changed to comply with zoning? Several of the attributes are different than outlined in the original "in concept" description and the

committee would also like to keep open an option of having all four homesite houses be U-build structures – as done at Middle Line Road and Nabs Corner.