

**Finance Committee Recommends No Action on Article 17** – Use \$500,000 from Free Cash to further fund the Affordable Housing Reserve

### **Background**

The 2019 ATM authorized the Select Board to seek new revenue sources for affordable housing through a building permit surcharge and a transfer tax on home sales. The legislature has yet to take up the town's request for these new revenue sources. To date, \$1 million has been appropriated from Free Cash as an alternative source of funding and two homes have been made available at a cost of approximately \$300,000.

### **Our concerns with Article 17 are as follows:**

- **It Reduces Already Low Reserves** – **Article 5** requests \$1 million from Free Cash to offset the FY22 property tax levy, thereby reducing tax bills. If **Articles 5 and 17** are both approved, the Town's free cash balance is projected to be \$6,359,471 or 5.5% of the Operating budget, just above the 5% Free Cash "floor" per town policy.
- **Available Funds Remain** – Of the \$1 million appropriated the past two years, \$700,000 remains unspent as of May 2021.
- **Other Funding Available** - The FY22 Community Preservation Committee (CPC) **Article 34**, includes an additional \$233,800 for affordable housing buydowns.
- **Plan should be updated before appropriating more Free Cash** - Delays in legislative approval have limited program funding and the pace of buydowns has been slow. A pause provides an opportunity to update the town's plan, getting more clarity around desired outcomes, costs, timeframes, and sustainable revenue estimates/sources, as well as potentially broadening the approach to achieve results more quickly and at lower cost.

The Finance Committee's recommendation of No Action is intended to ensure the program is reflective of the current environment and is matched with a realistic financial plan that ensures its success.

