



**TOWN OF EDGARTOWN
OFFICE OF SELECTMEN**

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March 4, 2019

Representative Dylan Fernandes
State House
24 Beacon Street, Room 236
Boston, MA 02133



Dear Representative Fernandes,

The Edgartown Board of Selectmen place their full support behind a recent letter drafted by the Honorable Board of Selectmen from the Town of Oak Bluffs dated February 20, 2019. Likewise, Edgartown strongly opposes the proposed plan by the Martha's Vineyard Housing Bank Campaign to allocate fifty percent of the Town's preexisting revenue derived from the Local Option Room Occupancy Tax.

In Fiscal Year 2019, the Town of Edgartown received \$980,515 in Local Option Room Occupancy Revenue which supplemented both operating and capital budgets in the form of local receipts. Based on the Housing Bank formula, if Edgartown does not realize at least \$980,515 in short term rental revenue, they will be at a deficit for Fiscal Year 2020 due to the cumulative 50% assessment on preexisting Local Option Room Occupancy tax. Both the Edgartown Board of Selectmen and Finance Advisory Committee strongly feel that earmarking premature revenue streams to a point of potential deficit, is a very unwise financial decision, and have unanimously voted to not recommend the Housing Bank on the Special Town Meeting Warrant.

In the next five to ten years the Town will require over \$17,000,000 of vital capital improvement projects that mitigate the effects of climate change, nitrogen loading in our ponds, and update the general infrastructure necessary to sustain a seasonal coastal community. This number is not including an unfunded OPEB liability in excess of \$31,000,000, and a future regional high school upgrade that has been estimated to cost roughly \$100,000,000. Conversely, our net receipts from State Aid have decreased by over 20%, while our Community Preservation State Matches have seen negative volatility of nearly 75%. With multiple seven figure liabilities on the horizon, the Town's leadership will have to make some very tough decisions.

Nevertheless, and despite past and future competing interests, Edgartown is committed to affordable housing as predicated on the development of Morgan Woods; Jenny Lane; the 6th Street Lots; the Metcalf Properties; and the upcoming Meshacket Affordable Housing Project. Furthermore the Town has appropriated \$469,000, \$172,600, and \$362,000 in affordable housing warrant articles in Fiscal Year 2018, 2019, and 2020, respectively. Affordable housing challenges are something that has taken center stage in the Town's budgetary priorities, and Edgartown's commitment as a leader within the Commonwealth is unequivocally demonstrated by the abovementioned.

The Town realizes that housing shortages are a complex causal problem that is exacerbated by the geography of Martha's Vineyard. The short term rental market not only affects the supply of available housing, but has second and third order-effects on all of the Town's resources. In turn, we request that a common sense approach be taken for the allocation of first year speculative short term rental receipts. The problem must be looked at holistically, and rushing to commitment on 50% of revenue the Town has counted on since 1987 is



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setting conditions for financial hardship. We hope you support the Town's decision to analyze this new revenue stream in a fiscally prudent manner, thus allowing us to allocate resources in Fiscal Year 2021 in an informed and non exploratory method.

Sincerely,

The Edgartown Board of Selectmen

Michael J. Donaruma, Chairman

Michael J. Donaruma
Margaret E. Serpa

Margaret E. Serpa

Margaret E. Serpa
Arthur Smadbeck

Arthur Smadbeck

cc:

Senator Julian Cyr

Honorable Boards of Selectmen of the Towns of:

Aquinnah

Chilmark

Oak Bluffs

Tisbury

West Tisbury