

Nantucket Community Housing Action Plan

Prepared by the
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and the
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Introduction

The Nantucket Sustainable Development Corporation (NSDC) and the Nantucket Resident Housing Partnership (NRHP) offer the following Community Housing Action Plan to address the island's year-round, resident housing needs over the next eight years. We believe there is a housing crisis on Nantucket that threatens the core values and effective functioning of our community life. Many of us have been talking about addressing the housing problem for years. We have recently completed an extensive study to understand the scale and nature of the problem and potential solutions we might best employ. It is time for concerted and coordinated action!

The following document lays out a broad course of action between today and 2010. It provides goals based on our need. It offers manageable approaches to meeting those goals, and specific actions to get the ball rolling. Implementing these actions will require a tremendous effort on the part of all sectors of our community. It is in our common good to make that effort. It will support our economy, protect the value of our homes, and improve the quality of life on Nantucket for all who live here.

We have two hopes for those who read this plan. First, we hope the community will adopt this plan as the common blue print for the efforts of the Town through its Board of Selectmen, the Nantucket Housing Office, the Nantucket Housing Authority, and the Nantucket Planning & Economic Development Commission. Second, and more importantly, we hope that as our fellow Nantucketers read this plan, each person will look for those individual actions he or she feel can be most effective and lend support and effort to those actions. We

know that this is a formidable undertaking. We know that many of the approaches involve risk, costs, and controversy. We understand that not all of these approaches may succeed. But mostly we know that we have to try and we need everyone's support.

What is “Community Housing?”

Nantucket desperately needs to develop a core of housing that does not trade on the open market, but is preserved to meet essential community needs. This is what we are calling **community housing**. Right now and even more so in the years ahead, we will need this housing to ensure that our teachers and police officers, our EMT drivers and nurses, our plumbers and our municipal officers are still living here among us. Community housing is the hope we can offer our children, our neighbors, the ordinary hard working citizens all around us who no longer have any chance of buying a home or even securing safe, affordable, year-round rental housing. Community housing is a mix of existing housing and newly constructed homes and apartments. Community housing needs to be for residents with a range of incomes, from those who are barely surviving to other of us who might need no help if we lived in another, less expensive community. Community housing gives local preference to those who already live and work here, and those who have demonstrated their commitment to contribute long-term to the life of this community. Community housing balances the need for housing that remains affordable long-term and a homeowner's aspirations to earn a return on their housing investment. Community housing also strives to meet the community's high standards of

quality, design and sensitivity to the land as a precious community resource.

Who Needs This Housing?

Homeownership need: 400 homes over eight years

There are roughly 400 Nantucket renters who have lived on Nantucket for at least five years; earn at least \$50,000/year; and aspire to buying a home on the island. The current housing market provides nothing for them. Their choice is to continue renting or leave. Providing homeownership opportunity for these residents over the next several years represents the most pressing housing need. The following gives a sense of the capacity of these renters to purchase and the size of the homes they need as indicated by household size:

Homes Needed, by Price Range, 2002–2010

NANTUCKET		
Household Income	Affordable Home Price	Homes Needed
\$50,000-\$59,999	\$180,000- \$225,000	120
\$60,000-\$74,999	\$225,000- \$299,999	160
\$75,000-\$99,999*	\$300,000- \$350,000	120

* The \$50,000 to \$99,999 range includes those earning up to 150% of median income

Homes Needed, by Number of Bedrooms, 2002–2010

NANTUCKET	
Bedroom Size	Homes Needed
One Bedroom	20
Two Bedrooms	160
Three Bedrooms	150
Four Bedrooms	70

Rental housing need: 200 units over eight years

Roughly 12 percent or 160 current Nantucket renters are: a) paying at least 35 percent of their gross income for rent; b) have no lease or year-round housing options; and c) have experienced the Nantucket shuffle in at least one of the past three years. In addition, our consultant sees demand for year-round rental units growing by at least 400 units over the course of this decade, in part to serve the nearly 1,000 Nantucket teenagers who will be forming households over the next decade. If even ten percent of this new demand were set aside as permanently affordable units, it would call for 40 additional units. This 200 units of need represents a conservative estimate. By median income and bedroom size based on household size, the demand for year-round rental housing from 2002- 2010 looks as follows:

Rental Need, by Household Income, 2002–2010

NANTUCKET	
Household Income, by % of Median	Units Needed
< 60%	110
60-79%	60
80-100%	10
>100 %	20

Rental Need, by Number of Bedrooms, 2002–2010

NANTUCKET	
Number of Bedrooms	Units Needed
One Bedroom	80
Two Bedrooms	65
Three Bedrooms	35
Four Bedrooms	20

* 100% of Median (HUD 2002): 1 person= \$56,450; 2 people=\$64,500; 3 people= \$72,560; 4 people= \$80,625; 5 people= \$87,050. This applies to both ownership and rental households.

Community Housing Goals

Goal #1: Homeownership

Working together, we will create 400 new homeownership opportunities for year-round Nantucket residents earning between 80 and 150 percent of median household income (currently between roughly \$50,000 and \$100,000/year based on household size). These community homes will contain restrictions that create a stock of homes affordable for future generations. This represents 50 home ownership opportunities/year over the next eight years. The following outlines five broad approaches to meeting this goal:

- 100 new homeownership units built between 2002-2010 on existing Housing Authority-owned and Town-owned land
- 100 new homeownership units built between 2002-2010 on land newly purchased through a municipal bonding mechanism
- 75 second dwelling conversions utilizing the Nantucket Housing Needs Covenant
- 75 new homeownership opportunities developed through zoning initiatives including inclusionary zoning requirements, managed growth priorities for community housing, and targeted development density bonuses
- 50 existing homes purchased by first time homebuyers with a “shared equity” investment funded by a private real estate investment fund

Goal #2: Rental housing

Working together, we will create 200 new units of permanently affordable, year-round, rental housing for Nantucket residents earning less than 100 percent of median income. This represents 25 new units/year over the next eight years. We consider these first 200 units as a preliminary goal to be re-evaluated when those initial units come on-line. The focus of our efforts will address four areas:

- 50 units of employer-provided community housing for year-round employees. This effort will support private employers with outreach and financing assistance to help them develop new units or purchase and convert existing vacation rental properties
- 50 units of new rental housing for town employees and other island residents that utilizes both existing and new Housing Authority-owned and Town-owned land
- 50 additional year-round rentals created through zoning and enforcement incentives including inclusionary zoning requirements, managed growth priorities for community housing, amnesty for nonconforming rentals, and targeted density bonuses
- 50 new units of mixed income, community housing that utilizes equity raised through the U.S. Treasury’s housing tax credit program (LIHTC)

The Plan of Action

Demonstrating commitment

To stem the exodus of long-time, year-round residents, we need to provide proof that we are willing to get past talking and create the housing needed. “Bricks and mortar” results will have a tremendous, positive effect on the spirit of the community and instill hope that Nantucket can create the kind of community it wants. Specific efforts include the following:

1. Publicize the Community Housing Action Plan and request formal recognition or adoption of the plan by the Nantucket Housing Office, the Nantucket Housing Authority, the Nantucket Planning & Economic Development Commission, and the Nantucket Board of Selectmen
2. Increase lobbying efforts for legislative authorization of the Nantucket Housing Needs Covenant in order to bring the first properties to market by Spring 2003
3. Focus on accelerating the development of the Housing Authority’s Miacomet property. This project provides for a mix of ownership and rental community housing with the first homes coming available in 2003
4. Work with town government to complete an inventory of developable town-owned property
5. Assemble a community task force to identify key outreach, financing opportunities and simplify legal access for employers to purchase and/or build year-round employee housing

Creating a revenue stream

We envision the new Nantucket Housing Office coordinating the efforts of the Board of Selectmen, the Finance Committee, the Nantucket Housing Authority, and the Nantucket Sustainable Development Corporation to create the revenue needed from both public and private sources to fund these initiatives without significantly increasing the burden on existing property taxes. Specific efforts include the following:

1. Develop a municipal bonding initiative earmarked specifically for the purchase of private land and infrastructure improvements needed for the creation of community housing
2. Continue to lobby for the use of Community Preservation Act funds for community housing initiatives
3. Initiate NSDC’s development of a private fund raising campaign to provide the upfront legal, planning and development costs of several new housing initiatives
4. Utilize a portion of the pending dedicated sales tax to fund repayment of municipal bonding and to support other community housing initiatives
5. Evaluate the potential for applying a room occupancy tax to summer vacation rental property and dedicating a portion of those funds to repayment of municipal bonding and other community housing initiatives
6. Review the Town’s existing inclusionary zoning by-law to consider requiring community housing units or assessing community housing impact fees on residential properties above a certain price threshold

7. Explore the creation of a private, nonprofit real estate investment mechanism to create a Shared Equity Fund. This fund would provide capital needed to bridge the gap between the price middle-income residents can afford and market cost of housing
8. Explore the creation of a regional HOME consortium with Dukes and Barnstable Counties to ensure annual federal housing funds

the apartments available for year-round use. Develop a stronger town-wide enforcement policy regarding nonconforming lots and apartments to have them meet health and minimum building standards. As in the Town of Barnstable, it may be appropriate to take a stronger stand against the use of nonconforming “artist studios” and other secondary dwellings as vacation rentals.

Municipal initiatives

The Nantucket Housing Office should also coordinate a review by key municipal offices and boards including the Planning Board, Planning & Economic Development Commission, the Zoning Board of Appeals, and Board of Selectmen of key zoning and enforcement measures that can produce needed units of community housing. Specific efforts include the following:

1. Support Town efforts to expand the waste water treatment capacity critical to achieving these community housing goals and seek to ensure that the priority for sewer hook-ups goes to community housing initiatives
2. Develop new, managed growth incentives that give priority to the development of community housing, especially those with permanent affordability provisions
3. Provide targeted development density bonuses that promote community housing units with permanent affordability provisions
4. The Town of Barnstable has offered a one-year amnesty to nonconforming apartments provided the owners make

Developing capacity

In order to meet the challenge of creating 75 units of community housing per year over the next eight years, the community needs to increase its capacity to make decisions, apply resources, and pursue opportunities wisely. Specific efforts include the following:

1. Ensure that the Nantucket Housing Office meets all legal requirements to serve as a Housing Trust: this Trust can serve as a vehicle for receiving tax-deductible private donations as well as public funds.
2. Create a Housing Advisory Board for the Nantucket Housing Office: this advisory board (that may also serve as its Board of Directors) should be made up of community members with real estate development, banking and legal expertise.
3. Identify an experienced development partner: access to a nonprofit or for-profit development entity with substantial development experience will facilitate the development of new community housing. Specifically, the Nantucket Housing Office should initiate outreach to find a friendly Chapter 40B development partner

willing to work proactively with the community to create a mixed income

rental development utilizing U.S. Treasury's housing tax credit program.

Recommendations to Meet Nantucket Housing Need: Use of Funds

NANTUCKET			
	<i>Investment Needed/Unit Land</i>	<i>Investment Needed/Unit Other</i>	<i>Total Investment Needed</i>
OWNERSHIP			
100 Homes on Town- and NHA-owned Land	\$100,000	\$25,000	\$12,500,000
100 Homes on Newly Acquired Land	\$100,000	\$25,000	\$12,500,000
75 Homes Using Second Dwelling By-law	\$0	\$25,000	\$1,875,000
75 Homes Created through Zoning Initiatives	\$0	\$25,000	\$1,875,000
50 Homes Using Shared Equity Ownership	\$0	\$250,000	\$12,500,000
RENTAL			
50 Employer-assisted Units	\$0	\$25,000	\$1,250,000
50 New Units on Town- and NHA-owned Land	\$0	\$25,000	\$1,250,000*
50 New Units through Zoning and Municipal Initiatives	\$0	\$0	\$0
50 New Units Using Housing Tax Credits	\$100,000	\$75,000	\$8,750,000
ADMINISTRATION (\$125,000 per year for 8 years for NHO)			\$1,000,000
TOTAL			\$53,500,000

** Included in values above*

Where Will the Money Come From?

This Community Housing Action Plan will require an investment of roughly \$53.5 million over eight years to preserve affordability and produce housing that does not compete in the open market. This investment includes land, public and private borrowing, and private donations. The plan anticipates utilizing a range of public and private revenue sources to accomplish these housing goals. The key contributors to this revenue stream include the following:

Estimated Cost to Address Housing Problem, Nantucket, 2002-2010

SOURCE OF FUNDS	
	<i>Amount</i>
Existing Town- and Housing Authority-owned Land	\$12,500,000
Municipal Bond Funds	\$12,500,000
CPA Funds	\$2,500,000
HOME & CDBG Funds	\$4,000,000
Housing Tax Credit Funds	\$3,500,000
Private Donations	\$6,000,000
Private Shared Equity Investment	\$12,500,000
TOTAL	\$53,500,000

** NSDC/NRHP envisions using a portion of a dedicated room occupancy tax on summer vacation rentals, and/or development impact fees as the revenue stream needed to repay the municipal bond.*

Coordinating the Effort

The NSDC/NRHP sees the new Nantucket Housing Office serving as the overall coordinator of the Community Housing Action Plan. The following table provides recommendations on priorities, responsibilities, and critical dates for implementing this Plan.

Recommendations to Meet Nantucket Housing Need: Priorities, Responsible Parties, and Critical Dates

	<i>Priority</i>	<i>Lead/ Entity</i>	<i>Other Key Participants</i>	<i>Critical Dates</i>	<i>Benchmark</i>
Demonstrating Commitment					
1 Publicize the Community Housing Action Plan	First	NSDC	NRHP, NP&EDC	Jul-02	Publicize Action Plan
2 Lobby for Nantucket Housing Needs Covenant	First	NRHP	Legislative Delegation	Oct-02	Passage
3 Accelerate Housing Authority's Miacomet Dev	First	NHA	PB, BOS, NP&EDC	Oct-02	Request for Proposals Out
4 Complete Town-owned Property Inventory	First	NRHP	BOS	Oct-02	Complete Assessment
5 Create Employer-housing Task Force	Second	NRHP	Chamber of Commerce	Dec-02	Recommendations
Creating a Revenue Stream					
1 Investigate Municipal Bonding Initiative	First	NRHP	FinCom, BOS	Nov-02	Recommendations
2 Develop CPA Initiatives	First	NHO	NRHP, NSDC	Aug-02	Applications Submitted
3 Initiate Private Fundraising	First	NSDC		Sep-02	Strategy and Case
4 Utilize Dedicated Sales Tax	Second	NRHP	FinCom, BOS	Nov-02	Recommendation
5 Evaluate Room Occupancy Tax on Vacation Rentals	Second	NRHP	FinCom, BOS	Nov-02	Recommendations
6 Review Inclusionary Zoning Requirements	Second	NRHP	PB, NP&EDC	Nov-02	Recommendations
7 Investigate Shared Equity Investment Fund	Second	NSDC		Dec-02	Recommendations
8 Coordinate Regional HOME Consortium	Third	NHO		Apr-03	Decision on Consortium
Municipal Initiatives					
1 Lobby for Sewer Capacity and Priority	First	NRHP	BOS, PB, NP&EDC, CONS	Nov-02	Board of Selectmen Decision
2 Develop Managed Growth Incentives	Second	NHO	PB, NP&EDC, CONS	Nov-02	Recommendations
3 Provide Targeted Development Density Bonuses	Second	NHO	PB, NP&EDC, CONS	Nov-02	Recommendations
4 Consider Amnesty Program for Nonconforming Rentals	Third	NHO	PB, NP&EDC, CONS	Nov-03	Recommendations
Developing Capacity					
1 Open Housing Office/Create Housing Trust	First	NHO		Jul-02	Up and funded
2 Create a Housing Advisory Board	First	NRHP		Oct-02	Board Installed
3 Identify Experienced Development Partner	Second	NHO		Dec-02	Partner Selected

KEY

NSDC: Nantucket Sustainable Development Corporation

NRHP: Nantucket Resident Housing Partnership

NHA: Nantucket Housing Authority

NHO: Nantucket Housing Office

NP&EDC: Nantucket Planning & Economic Development Commission

PB: Planning Board

BOS: Board of Selectmen

FINCOM: Finance Committee

CONS: Conservation Community