



P.O. Box 3149 • Nantucket MA 02584 • Tel: 508.228.4422 • Fax: 508.228.4915 • www.nantuckethousingoffice.org

S.1773: NANTUCKET COMMUNITY HOUSING BANK - FREQUENTLY ASKED QUESTIONS (FAQS)

(see also Parallel Act S.1776: An Act Establishing The Martha's Vineyard Housing Bank)

A Local Crisis: Nantucket's median home price is \$1.6 million. Rentals are scarce, unstable and unaffordable. For islanders who do not already have housing, finding it has shifted from difficult to impossible. School teachers, nurses, firefighters and EMTs cannot afford to live on the island. Without housing for islanders, the fabric of our communities erodes.

A Local Solution: S.1773 establishes the Nantucket Community Housing Bank. The bank would be funded by a fee on real estate transfers: 1% of the purchase price, to be paid by the seller, with an exemption of the first \$2,000,000 for all transactions. Funds would be available for local housing initiatives serving islanders earning up to 150% of median income.

Question: Will the Housing Bank create a barrier to first-time homebuyers attempting to enter into the already expensive housing market?

- **ANSWER:** NO, **The Housing Bank would not be a barrier to first-time homebuyers** since (1) the **seller** pays the fee, (2) the fee is only on amounts over \$2,000,000 and (3) if a first time homebuyer is purchasing a home with a price tag over \$2,000,000 they are most likely not the traditional first-time homebuyer in need of assistance.

Question: Isn't the proposed fee scheme inequitable and discriminatory? Wouldn't it single out a small segment of the population, specifically home buyers and sellers, to pay for a community wide responsibility.

- **ANSWER:** NO, The escalation of the housing market on Nantucket is driven by second home, investment buyers, many of whom are from out-of-state. It is this second home market that drives up the prices of all homes. **The Housing Bank is very equitable in that it imposes a small fee on these investment homes to help mitigate the very market forces these second homes feed into and exacerbate.**

Question: Does the Housing Bank subvert the voter approval process in a Proposition 2-1/2 override in which voters can decide for themselves whether to increase their own property taxes?

- **ANSWER:** NO, **Island voters want the Community Housing Bank.** Voters at Nantucket Town Meeting voted to support a Community Housing Bank, first at their April 2003 Annual Town Meeting (re-affirmed at subsequent Annual Town Meetings in 2004, 2005 and 2006) and overwhelmingly support the Housing Bank in its current form as evidenced by their October, 2006 Special Town Meeting vote. The Nantucket Board of Selectmen unanimously voted in support of the Community Housing Bank and specifically asked their legislators to file S.1773 on their behalf. The Nantucket Planning & Development Commission also supports, as does the Nantucket Housing Office, the Nantucket Association of Real Estate Brokers and the Nantucket Builders' Association. Additionally, if approved by the legislature, this proposal would require another vote by the residents of Nantucket prior to the law going into effect.

Question: Why a Housing Bank? Isn't the Community Preservation Act already creating housing?

- **ANSWER:** Community Preservation funds are an important component of affordable housing, but these funds cannot be the only component with a housing crisis as severe as Nantucket's. In addition, by law, Community Preservation can only be used to serve the housing needs of those earning up to 100% of median income. **The proposed Housing Bank would create funds for community housing projects serving middle income islanders (up to 150% of median income, such as teachers, firefighters, and police), a level not currently addressed but in desperate need of housing.**

Question: Isn't providing funds for island housing unnecessary, as there are other ways to address the need for affordable housing?

ANSWER: Nantucket faces the most SEVERE housing crisis in the Commonwealth, and has the dubious distinction of being listed in the top ten unaffordable communities in the nation. **Real estate has escalated over 500% on Nantucket during the last decade. In order to afford the mortgage on a median priced home, the working island family would need to earn approximately \$300,000 a year.** Nantucket desperately NEEDS funds for housing. Other sources are being leveraged, but it is not enough. While Nantucket allocated \$830,000 of its Community Preservation funds towards housing for FY2007, this **barely buys one house** on the open market. Nantucket has a Housing Authority, a private not-for-profit Housing Office, a Nantucket chapter of Habitat for Humanity, affordable elder housing, a to-be-built Human Services Center which will include affordable apartments, a Nantucket Education Trust school housing project that provides housing for teachers and staff, and two private 40B developments. Yet, this is not enough. **The housing bank is just one piece of the 'housing mosaic.'**

Question: Wouldn't S.1773 create a bad precedent for all communities throughout Massachusetts and send the state down a slippery slope?

ANSWER: This legislation will only affect Nantucket. It is a Home Rule petition before the legislature because Nantucket WANTS a Housing Bank and believes a Housing Bank would serve the best interest of the community. In order for the Housing Bank to

spread, a Commonwealth community would need to approve a Housing Bank Home Rule Petition for their city or town; they would need to seek and gain legislative approval by filing and passing a specific bill; and would need a local ballot vote before the law goes into effect. In addition, for the concept to work from a financial perspective, given the proposed structure and the high exemption, even with an exemption as a percentage of median home price, a community would need a real estate market with sufficient sales transactions considerably over median price and with a significant number of total transactions. An analysis of Assessor's residential sales data for 50 Commonwealth communities shows that **75%** of the communities studied would generate **less than** \$150,000 from a Community Housing Bank structure. Given that these communities do not have a Land Bank structure in place (as does both Nantucket and Martha's Vineyard), the costs of creating and the ongoing operational/administrative expenses would make this an unattractive and inefficient source of funding.

**WITHOUT HOUSING FOR ISLANDERS, THE FABRIC OF OUR COMMUNITIES
ERODES.
HOUSING HELPS US ALL.**