



WORKFORCE HOUSING NEEDS ASSESSMENT

Nantucket, Massachusetts

April 2015

Prepared for:
Housing Nantucket, Inc.

RKG
ASSOCIATES INC

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Table of Contents

Acknowledgments.....i

Executive Summaryi

Snapshot: Housing on Nantucket ii

Introduction.....2

Demographic Profile6

 Population Trends7

 Household Trends..... 15

Housing Characteristics.....19

 Existing Inventory 19

 Occupancy, Tenure, and Household Size..... 22

 Income, Tenure, and Housing Costs..... 23

 Price-Restricted Housing..... 28

 Local Workforce Housing Efforts..... 31

Moving Forward.....35

 Actions 35

Appendix A: Glossary.....40

Appendix B: National Look at Workforce Housing Initiatives.....46

 Key West, Florida 46

 Breckenridge, Colorado 49

 Champlain Housing Trust (Champlain Region, VT)..... 51

Appendix C: Inclusionary Zoning Training Materials for Citizen Planner Training Collaborative.....54

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EXECUTIVE SUMMARY

Key Findings

- Nantucket has an **undeniable shortage of price-appropriate housing for people who work on Nantucket throughout the year.** The lack of affordably priced housing is a barrier to a decent quality of life for workers and their families and an obstacle to hiring qualified people for some specialized positions.
- Nantucket has **11,650 housing units: 64 percent seasonal and 36 percent year-round.**
- The median home price on Nantucket is \$1.2M, yet the median family income is \$92,800. **Homeownership is prohibitive for 90 percent of the island’s year-round households.**
- The year-round and seasonal rental supply is conspicuously limited at all bedroom size and market levels. The greatest year-round demand is for two-bedroom units. **Nantucket needs to focus on creating reasonably priced rental housing for families if it expects to attract and keep workers over the long run.**
- Roughly 55 percent of Nantucket’s homeowners and 40 percent of its renters struggle to pay for the housing units they occupy. **Half of all year-round households are housing-cost burdened.**
- Most of Nantucket’s **un-affordably housed renters are working-age people**, especially below age 34.
- The **number of owner-occupied homes has decreased** by 640 units or 5.5 percent since 2000.
- According to recent population estimates from the Census Bureau, 10,856 people in 4,200 households live on Nantucket year-round. **The Town’s population has increased approximately 14 percent since 2000.**

Potential Approaches

- **Develop rental housing on Town-owned land**, including units for single people and families.
- **Allow relocated units to be placed on nonconforming lots**, subject to an affordable housing covenant.
- **Commit all Community Preservation Act (CPA) funding to housing** (except the statutory set-asides for open space and historic preservation).
- **Encourage the Nantucket Land Bank to adopt a housing policy** and partner with the Town, Housing Nantucket, and others to create affordable housing.
- **Use Low Income Housing Tax Credits (LIHTC) and state and federal resources** to increase the supply of safe, decent, sanitary rental housing.
- **Seek special legislation to establish a Housing Bank** and create shared equity housing, e.g., a land trust or buy-downs of lower-end units while they still exist.
- **Embrace inclusionary zoning** in all areas not zoned for very-low-density residential development.
- **Strengthen code enforcement.**
- **Seek special legislation to provide tax-relief and other incentives** to develop accessory units and tertiary dwellings for affordable housing.
- **Relieve sewer connection and other permitting fees** for affordable housing developments.



“...housing Nantucket people since 1994.”

RKG



SNAPSHOT: HOUSING ON NANTUCKET

Housing Inventory

Q How many housing units does Nantucket currently have?

A *According to the U.S. Census Bureau, Nantucket's total housing inventory – including year-round and seasonal housing – includes 11,650 units.*

Q What percent are occupied year round? Seasonally?

A *Approximately 36 percent of Nantucket's housing units are occupied year round. Seasonal units account for 62 percent of the housing on Nantucket.*

Q What percent are owner-occupied? Year-round?

A *The Census Bureau estimates that 66 percent of Nantucket's year-round housing units are owner-occupied. The number of seasonal units occupied by the owners is unknown.*

Q How many rental units? What percent are occupied year round? Seasonally?

A *Nantucket has approximately 1,640 year-round rental units. The number of seasonal units for renters is unknown.*

Q Have units that used to be year-round rental units been sold and taken out of the year-round market? If so, how are they used now (Seasonal? Rental? Owner-occupied?)

A *According the Census Bureau, year-round housing growth has not kept pace with seasonal housing growth. From 2000 to 2010, Nantucket reportedly gained a total of 2,408 units, including 530 year-round occupied*

and 1,552 seasonal. From 2010 to 2013, the Town gained 32 units, lost 160 year-round units, and gained 415 seasonal units. Thus, some units that were previously used as year-round housing have converted to seasonal homes.

Q What is the availability of seasonal housing for workers?

A *The Census Bureau reports only the total number of seasonal housing units, not whether the units are for homeowners, year-round renters, or seasonal workers. Some of the island's employers provide housing for seasonal workers, e.g., Nantucket Island Resorts, which owns facilities with a combined total of 210 beds.*

Housing Prices

Q What is the availability of year-round homeownership opportunities on the market? At what price are these available?

A *There are 264 housing units currently listed for sale on Nantucket. The median asking price is \$2,295,000. The Inquirer and Mirror recently reported that as of March 31, Nantucket's median housing sale price was \$1.65 million. According to the newspaper, "The lowest-priced detached single-family home currently on the market is a four-bedroom, one-bathroom 1,272-square-foot "fixerupper" on MacLean Lane listed at \$599,000."*

Q What is the availability of year-round rental opportunities on the market? At what price are these available?

A *It is difficult to document the number of year-round units that are available for rent at any given time. Rentals often happen by word of mouth or through other informal means. In the past two months (March-April 2015), classified ads in The Inquirer and Mirror have included some summer and winter rentals, but the only year-round rentals have been furnished rooms in a private residence, a partially furnished one-bedroom apartment in Madaket for \$2,000/month, and a four-bedroom home without a published asking rent.*

Q What is under construction on Nantucket?

A *According to the Planning Department, 127 housing units were built on Nantucket in 2014.*

Affordable Housing

Q Where are low- and moderate-income residents currently living?

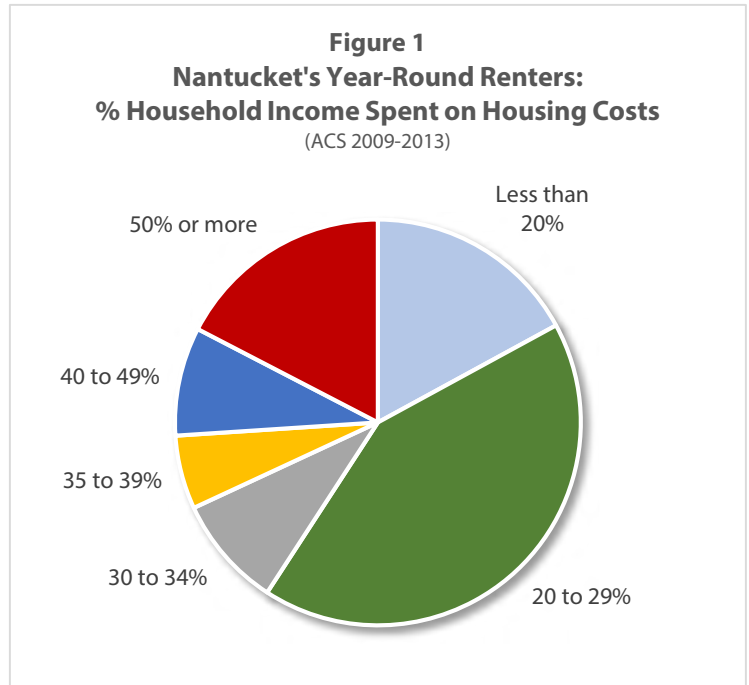
A *The U.S. Department of Housing and Urban Development (HUD) estimates that 36 percent of Nantucket's year-round residents have low or moderate incomes. Most live in Mid-Island/Surfside and South-of-Town neighborhoods. (See Map 1 for a guide to census tract and place names used in this report.)*

Q How many residents continue to live the "Nantucket Shuffle"?

A *In 2014, Sustainable Nantucket estimated nearly 23 percent of the island's renters (about 300 households) are under ten-month leases.*

Q How do prevailing rents compare with household income?

A *The Census Bureau reports that 41 percent of Nantucket renters spend more than 30 percent of their monthly income for housing (rent and basic utilities). Seventeen percent spend 50 percent or more – a condition known as **worst-case housing needs**.*



Q How many "substandard" units (basements and garages) are there, and what enforcement is available to insure the safety of residents living in them?

A *The number of substandard units is unknown. Nantucket's Building Inspector is reluctant to release the information, but a source affiliated with the Nantucket Interfaith Council estimates that Nantucket has "hundreds" of illegal units, most of which have one or more code violations. Since Town Meeting just amended the Zoning Bylaw to relax the requirements for accessory apartments and provide for "tertiary" dwelling units, it should be easier for people with illegal units to bring them to code.*

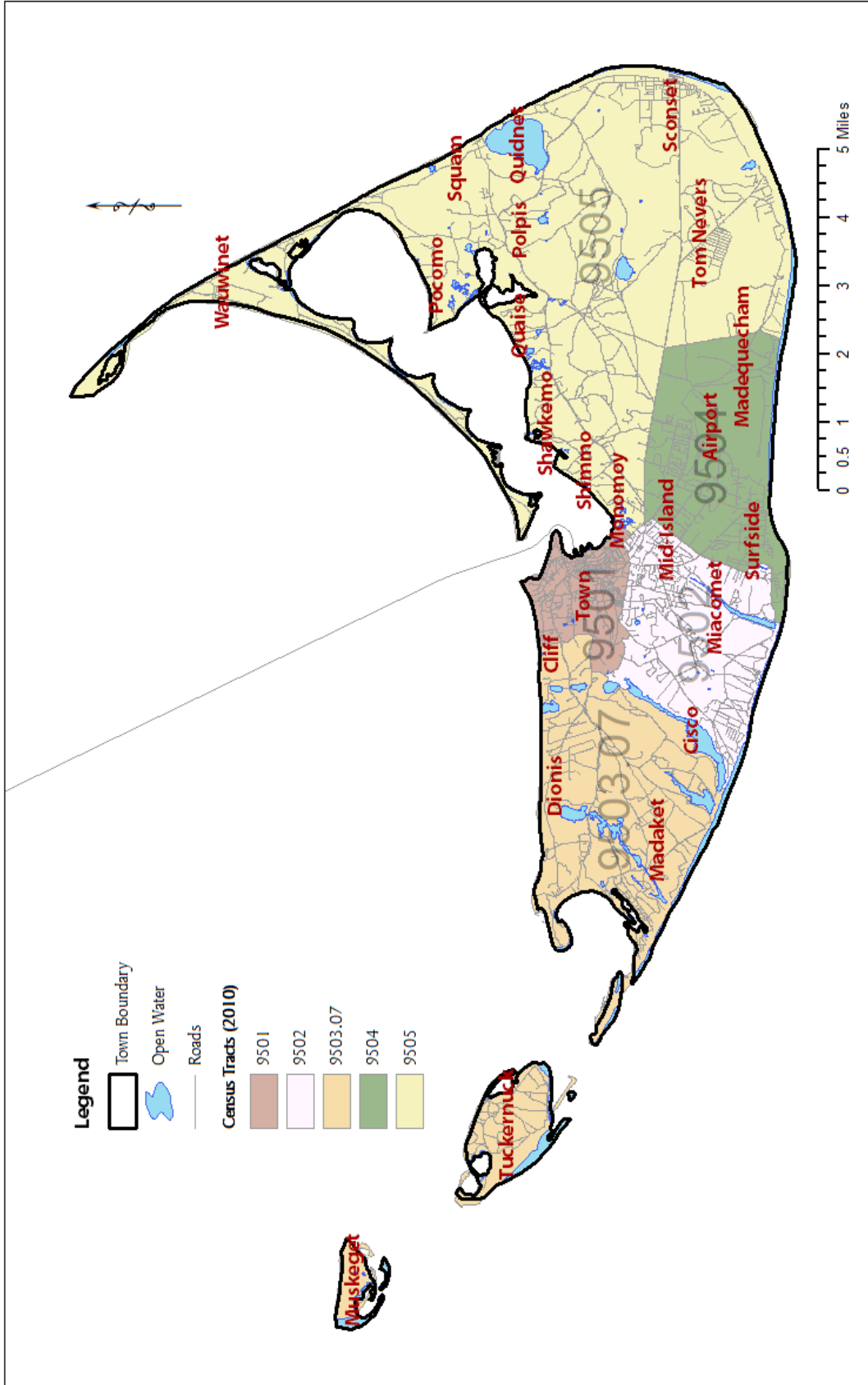
Q How many families are living in multi-family living situations, i.e., overcrowding?

A *According to the Census Bureau, there are 188 over-occupied housing units on Nantucket (more than one person per room), including sixty-nine severely crowded units (more than 1.5 people per room). However, many observers think the Census Bureau has underestimated the incidence of overcrowding.*



Q Do affordable deed restrictions pose a deterrent to the sale of affordable homes?

A *No – as long as the units are not also age-restricted. If anything, affordable housing restrictions can accelerate the speed of sales, especially if the income limits are targeted to a community's actual housing needs. In a heated housing market like Nantucket, affordable deed restrictions can both stimulate economic diversity and effectively preserve affordable units.*



RKCG

Data Source: MassGIS, U.S. Bureau of the Census, Mass. Department of Environmental Protection (DEP), MassDOT, Town of Nantucket GIS.

This map is for general planning purposes only. The data used to create this map are not adequate for making legal boundary or resource area determinations. Boundary conditions may vary from the information on this map.

INTRODUCTION

In December 2014, Housing Nantucket, Inc. commissioned a study of Nantucket’s workforce housing needs. In doing so, Housing Nantucket sought to focus attention on a problem much-discussed but not systematically analyzed for many years: barriers to appropriately priced housing the island’s low-, moderate-, and middle-income workers. This report updates and expands upon a year-round housing needs assessment prepared by John Ryan of Development Cycles in 2002. Among Ryan’s key observations: “That there is a housing need is surely obvious to anyone paying attention. The cost and availability of housing permeates all aspects of community life on Nantucket.”¹ Remarkably, in the thirteen years since Ryan completed his report, and despite an overall population growth rate of 14 percent, affordable housing for low- or moderate-income people represents less than 1 percent of all housing growth that has occurred on Nantucket. Further exacerbating the problem, seasonal housing accounts for 65 percent of Nantucket’s housing growth and plays a significant role in the island’s shortage of affordable units for workers.

Significant strides have happened since Ryan’s report, but they are not easy to quantify. With support from the community, local non-profit Housing Nantucket, Inc., has flourished as an agency dedicated to creating affordable housing solutions for Nantucket. In addition, housing units created by local programs provide secure housing for some of Nantucket’s year-round residents, yet the units do not qualify for inclusion in the state’s Chapter 40B Subsidized Housing Inventory (SHI). Nevertheless, housing remains widely recognized as the most critical issue facing the island community.

What is Workforce Housing?

Coined in the Millennial Housing Commission’s final report, *Meeting Our Nation’s Housing Challenges* (2002), the term “workforce housing” loosely means affordably priced housing for people near their place of employment. Nevertheless, a survey of recent housing literature shows that “workforce housing” has different meanings. The differences stem, in part, from the desire of policy analysts to define “workforce housing” as a percentage of area median income (AMI) – a practice long used to measure housing affordability problems in metropolitan areas. Although federal housing programs differ significantly, all of them involve some type of income cutoff that determines whether a household qualifies for help. The cutoffs range from 30 percent to 80 percent AMI for many programs, but some are intended for higher income groups that are nevertheless priced out of a local market, e.g., 95 or 120 percent. Through special legislation several years ago, Nantucket adopted an unusually high standard, 150 percent AMI, as the income limit for locally administered workforce housing assistance.²

¹ John Ryan, *Housing Our Community: A Year-Round Housing Needs Assessment* (ca. 2002), 1.

² Authorized by Chapter 301 of the Acts of 2002. At the time that Nantucket sought permission from the legislature to provide what is now known as the Nantucket Housing Needs Covenant Program, the governor’s office gave priority consideration for state grants to communities that could prove they were producing new housing for a broad range of incomes, up to 150 percent AMI. Upon demonstrating that they met the governor’s housing production goals under Executive Order 418, communities became eligible for certification. Nantucket was among the communities that qualified for certification.

Over the past decade, the term “workforce housing” has gained popularity throughout the U.S. as an alternative to “affordable housing.” This complicates matters further because the income that distinguishes “workforce” from “affordable” is not at all clear. If “workforce” means young professionals such as teachers or social workers, the income target could range from 80 to 120 percent AMI: the standard typically used by the U.S. Department of Housing and Urban Development (HUD) and others. If it includes the employees of a bakery or ice cream shop, a convenience store, or the housekeeping department of a hotel, the income threshold could be as low as 30 percent AMI. On the opposite end of the spectrum, public safety or healthcare professionals could earn 200 percent AMI. Each group works, yet their housing needs are quite different. The strategies required to create appropriately priced housing for the spectrum of Nantucket’s workforce will be quite different, too. While there will never be a “one-size-fits-all” solution for addressing the housing challenges at all income levels, the greatest benefit will be felt by addressing a set of overlapping problems: a seriously deficient middle-bracket housing supply and a shortage of deep subsidies. As noted in a 1998 report by the Jonathan Rose Companies, each sector with affordable housing needs is competing with the other for the same limited resource.³

Local Efforts

The Town of Nantucket, the Nantucket Housing Authority, Housing Nantucket, Inc., and other organizations have taken steps to increase the supply of affordably priced housing. For example, the Town provides some zoning incentives to create housing for lower- and middle-income households, including but not limited to “bonus lots” in cluster subdivisions, provisions for “employer dormitories,” accessory apartments, and multifamily housing in selected locations.⁴ In 2002, the Town created what is now known as the Nantucket Housing Needs Covenant Program under a special act of the legislature.⁵



³ Jonathan Rose Companies, “Affordable Housing in Nantucket” (November 1998), 1.

⁴ *Nantucket Master Plan* (2009), 51-52.

⁵ Authorized by Chapter 301 of the Acts of 2002. At the time that Nantucket petitioned the legislature for this program, the governor’s office gave priority consideration for state grants to communities that could prove they were producing new housing for a broad range of incomes, up to 150 percent AMI. Upon demonstrating that they met the

The program allows the owners of a lot with two dwelling units to sell one subject to a covenant that perpetually restricts the sale price and limits homebuyer eligibility to households with income not exceeding 150 percent AMI.⁶ The Town also operates a skilled nursing facility for seniors and owns several units for town and school employees. Nantucket has other types of housing assistance for individuals and families with lower incomes, such as thirty-one public housing units owned and managed by the Nantucket Housing Authority and a rental housing assistance program managed by Nantucket's Interfaith Council. These and other initiatives are described later in this report. Nevertheless, the force of Nantucket's housing market and shrinking supply of developable land have simply overpowered the noble efforts of housing advocates and the Town.

Notes on Census Data

This study incorporates data from a wide variety of sources, including Housing Nantucket, Inc., the Town of Nantucket, previous plans and studies for the Town and other organizations, state agencies such as MassGIS and the Department of Housing and Community Development (DHCD), the U.S. Department of Housing and Urban Development, and the U.S. Department of Commerce, Bureau of the Census. Since "the Census" actually encompasses many different surveys and programs, we have combined information from multiple datasets.

- **The Decennial Census of Population and Housing.** The decennial census is the official source for determining a community's year-round population and year-round housing stock. Statistics from Census 2010, Census 2000, and in some cases earlier census tables appear throughout this report. However, the decennial census does not provide socioeconomic characteristics that are critical for a housing study, e.g., household income or poverty, or housing characteristics such as housing age, prices, and sizes. For these statistics, planners must turn to the American Community Survey (ACS).
- **The American Community Survey (ACS).** Since the late 1990s, the Census Bureau has been developing a new sample of the population that now replaces the old "long form" census tables known as Summary File 3. The new program, the ACS, generates **estimates** from a small survey sample, but the Census Bureau conducts a new survey each month and the results are aggregated to provide a similar, "rolling" dataset on a wide variety of topics. For geographies with 65,000 people or more, such as counties, states, and large metro areas, ACS data are released every year; for small towns like Nantucket, the data are reported as five-year rolling tabulations. The most recent ACS five-year dataset covers the period 2009-2013.

It is important to note that ACS data are estimates, not actual counts. As a result, it can be challenging to compare ACS with the decennial census.

governor's housing production goals under Executive Order 418, communities became eligible for certification. Nantucket was among the communities that qualified for certification.

⁶ Unless the owner of a two-unit property agrees to an affordability covenant, both units must remain in one ownership.

- **HUD Consolidated Planning/ Comprehensive Housing Affordability Strategy (CHAS) Data.** Created through a combined effort of the U.S. Department of Housing and Urban Development (HUD) and the U.S. Census Bureau, this dataset represents a “special tabulation” of the American Community Survey (ACS) data to provide information on HUD-specific income categories and housing data used for Consolidated Planning at the local level. According to the HUD guidance, “these special tabulation data provide counts of the numbers of households that fit certain combinations of HUD-specified criteria such as housing needs, HUD-defined income limits (primarily 30, 50, and 80 percent of median income) and household types of particular interest to planners and policy-makers.” The most recent CHAS Data are based on ACS estimates for 2007-2011.

DEMOGRAPHIC PROFILE

Nantucket is home to approximately 10,856 year-round residents.⁷ Its population and household characteristics differ from those of the state as a whole, though in fairly predictable ways given Nantucket's island environment and seasonal resort economy. On one level, Nantucket has qualities in common with some communities on Cape Cod and Martha's Vineyard: extraordinarily high housing values, high household wealth, and an economy that depends heavily on coastal tourism. On another level, Nantucket is quite different. Its population is comparatively young and diverse, and Nantucket is more remote. While communities like Chatham and Falmouth have become havens for retirees, Nantucket has gained both older and young residents, as can be seen in the island's school enrollment trends. In addition, Nantucket is both a town and a county, which is unusual.

Due to the prevalence of unbuildable land and protected open space on Nantucket, the island is a remarkably low-density community with about 226 people per square mile (sq. mi.): roughly one-fourth of the population density per sq. mi. for the Commonwealth. Nantucket is a national model for open space protection, due in large part to the Nantucket Islands Land Bank and the special legislation that created it in 1983. Over time, the Nantucket Land Bank Commission and other conservation groups have successfully acquired and taken steps to protect about half of Nantucket's land. With Nantucket's golf courses and other recreation facilities added to the mix, over 60 percent of the island is undevelopable. The extensive open space and recreation network that exists on Nantucket today has had an indelible impact on housing values, first because open space is a valuable residential amenity and second, very little of the island's land supply is available for housing growth. According to a report by the Nantucket Planning Department in 2009, 32 percent of the island is substantially built out under existing zoning, leaving about 8 percent potentially available for new development.⁸ Together, Nantucket's open space and fairly restrictive zoning constrain the land supply and in turn, the housing supply.

Nantucket's expensive homes, limited range of housing, small employment base, and abundance of protected land help to explain its extremes: affluence on one hand, and seasonal workers with very low-paying jobs on the other hand. People with incomes in the ordinary "middle" – the main focus of this study – can be hard to find on Nantucket. There is an undeniable shortage of price-appropriate housing for people with year-round, living-wage employment: the professional, technical, administrative, education, and health care employees of public- and private-sector establishments. Nantucket is a very expensive place to live, and there are not that many jobs in the pay ranges required to afford Nantucket's high housing costs. The island's beauty conveys an image of Nantucket that masks the hardships many households contend with in order to live and work there. In addition, Nantucket has pockets of poverty, racial and ethnic minorities, and foreign-born populations in two of its five federal census tracts. Overcrowded housing conditions and substandard if not illegal units exacerbate these problems. For seasonal and year-round

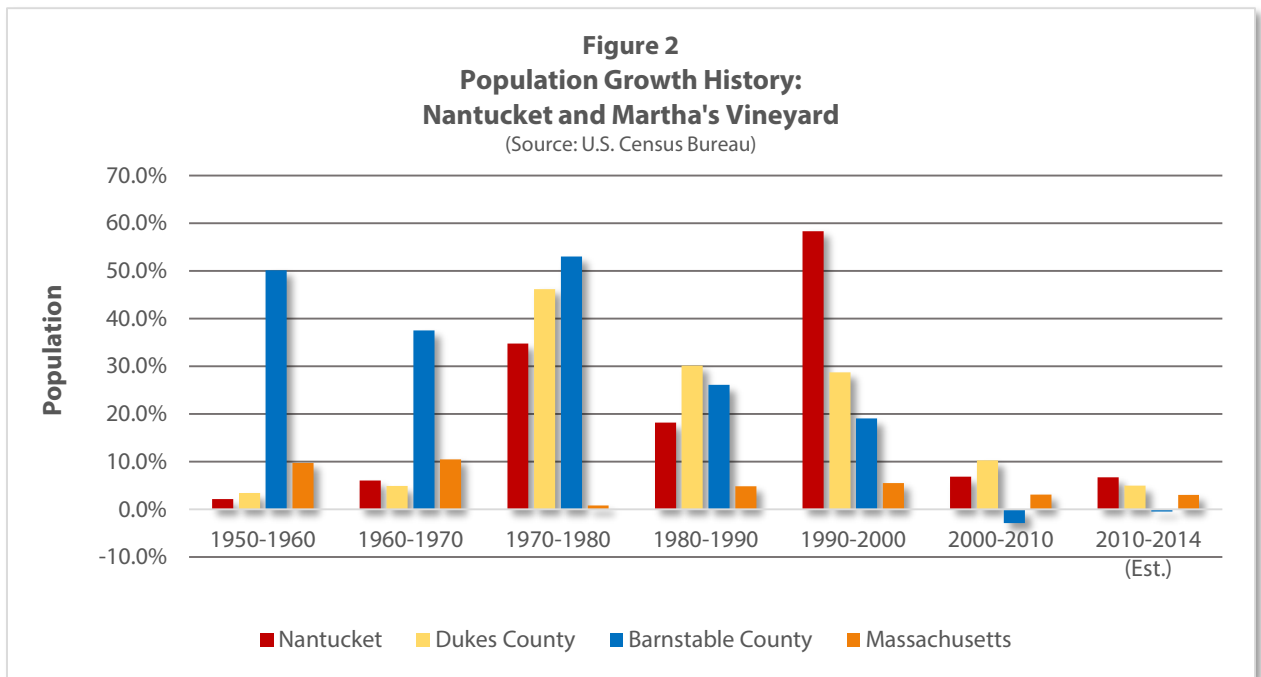
⁷ U.S. Census Bureau, State & County Quick Facts 2014. Some residents believe the Census Bureau undercounts the total year-round population.

⁸ *Nantucket Housing Production Plan (2009)*, 12.

workers without living-wage jobs, Nantucket’s housing barriers are even more complicated and difficult to address.

POPULATION TRENDS

Many Nantucket residents might find it hard to imagine their town in 1980, when the population (5,087) was only half the number reported in Census 2010 (10,172). It makes sense that in 1983, a decade after adopting its first zoning bylaw, Nantucket completed a growth management plan and took further steps to reduce the island’s development potential.⁹ With special legislation, Nantucket created the Land Bank Commission and instituted a funding mechanism to pay for acquiring open space. During the 1970s, Nantucket’s population had jumped 35 percent after several decades of relatively little change, and new homes were under construction at the rate of over one hundred per year. What had been a fairly small population difference between Nantucket and all of Martha’s Vineyard during the Great Depression had gradually increased (Figure 2). This, together with unprecedented growth occurring throughout much of Cape Cod, formed the backdrop for actions taken on Nantucket to protect the town’s land and water resources and its historic resources as well. Astute leaders at the time could foresee that as household formation rates and housing demand accelerated in the 1980s, Nantucket stood to absorb a considerable amount of new housing growth, perhaps more than it had the capacity to serve. Nantucket instituted rate-of-development controls and an annual cap on building permits in order to manage the impact of new growth on infrastructure and services.¹⁰



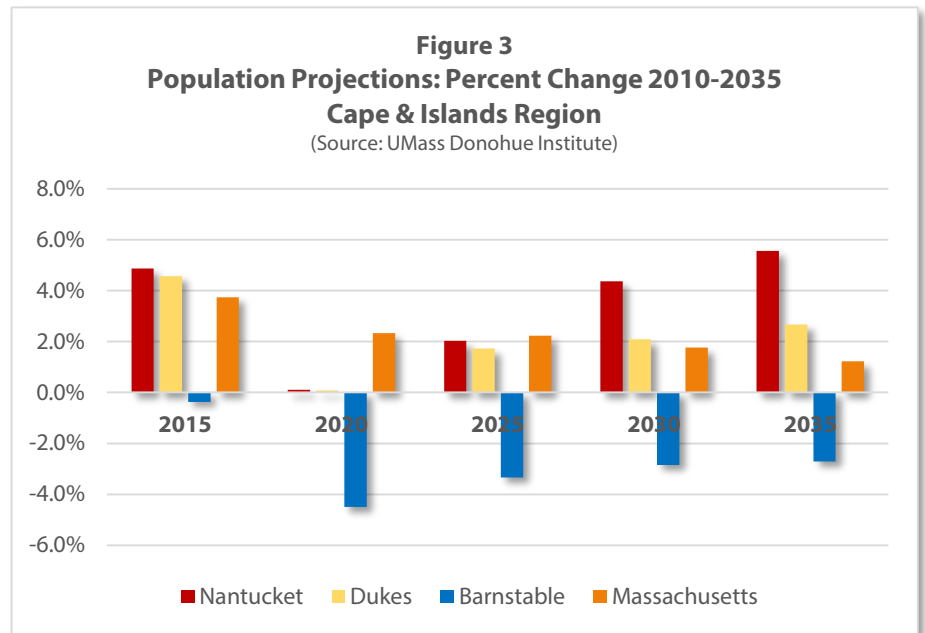
⁹ Nantucket Planning & Economic Development Commission (NP&EDC), *Comprehensive Growth Management Plan, Vol. I, Goals and Objectives for Balanced Growth* (1983).

¹⁰ N.B. These provisions lapsed in 2001.

More recently, Nantucket’s total year-round population increased from 9,520 to 10,172 between 2000 and 2010, or 6.8 percent, surpassing all other Massachusetts counties except Dukes County, where the population rose by over 10 percent. According to the American Community Survey (ACS), Nantucket’s population grew another 6.7 percent between 2010 and 2014: more than double the statewide growth rate. The Census Bureau’s most recent population estimate for Nantucket is 10,856 (July 2014). Nantucket is currently classified as one of the 100 fastest growing counties in the nation, based on 2013-2014 one-year growth estimates.¹¹

Nantucket’s 2035 population will be approximately 12,004, including significant growth in the school-age and young adult age cohorts and a 56 percent increase in seniors (65 and over). Nantucket also stands to lose ground in terms of working-age population 35 and over between now and 2035.

Nantucket has gained population faster than the UMass Donohue Institute (UMDI) predicted when it developed 25-year population projections in 2010. According to those projections (Figure 3), Nantucket’s 2035 population will be approximately 12,004, including significant growth in the school-age and young adult age cohorts – unlike the state as a whole – and a 56 percent increase in seniors (65 and over). Nantucket also stands to lose ground in terms of working-age population 35 and over between now and 2035.¹²



¹¹ U.S. Census Bureau, Population Division, “Resident Population Estimates for the 100 Fastest Growing U.S. Counties with 10,000 or More Population in 2013: July 1, 2013 to July 1, 2014 - United States – County.” March 2015.

¹² UMass Donohue Institute (UMDI), *Population Projections for Massachusetts Municipalities*, prepared for the Massachusetts Secretary of State, March 2015.

Age	Nantucket	Dukes	Barnstable	State	Age	Nantucket	Dukes	Barnstable	State
0-4	44.3%	5.5%	-9.6%	-0.2%	50-54	-24.0%	6.3%	-36.0%	-8.7%
5-9	10.2%	-9.6%	-14.2%	-0.1%	55-59	-7.0%	-6.9%	-39.1%	-10.9%
10-14	15.9%	-7.4%	-12.9%	-1.1%	60-64	4.9%	-28.7%	-30.6%	-0.7%
15-19	18.2%	10.8%	-20.6%	-1.5%	65-69	23.3%	-10.0%	-17.2%	19.3%
20-24	32.3%	12.3%	-26.8%	-7.7%	70-74	52.2%	47.9%	15.0%	68.0%
25-29	86.1%	-20.3%	-18.4%	-7.2%	75-79	86.0%	139.3%	44.0%	102.6%
30-34	18.2%	-22.7%	-17.6%	-2.1%	80-84	103.8%	161.7%	39.5%	88.7%
35-39	-19.1%	-3.6%	-11.4%	7.0%	85+	59.0%	76.7%	18.4%	45.8%
40-44	-26.4%	6.6%	-9.0%	14.1%	Total	12.5%	6.7%	-12.7%	7.8%
45-49	-37.5%	2.3%	-23.3%	3.7%	Change	1,337	1,162	-27,399	526,878

UMDI, Population Projections for Massachusetts Municipalities: Age and Sex (March 2015); and RKG Associates.

Nantucket has some unique characteristics in terms of the age make-up of its year-round residents. Measured by median population age, Nantucket is not much different from the state: 39.4 years on Nantucket and 39.1 years statewide. However, there tend to be pockets of older and younger people in settlement patterns that coincide, in part, with other population characteristics such as race and income. For example, families with children under 18 make up a relatively large share of the population in Nantucket's Airport/Mid-Island and Surfside neighborhoods. In these areas, the median age drops to 35.2, and school-age children account for at least one-fourth of the total population; seniors, almost 10 percent.¹³

RACE, ETHNICITY, AND CULTURE

Nantucket has more racial and cultural diversity than the state as a whole. This can be seen both in federal census data and demographic profiles of the Nantucket Public Schools. The Massachusetts Department of Elementary and Secondary Education (DESE) reports comparative socioeconomic data for all of the state's public school districts. According to the agency's website, 12 percent of Nantucket's school students are African American and 24 percent are Hispanic compared with 9 percent and 18 percent (respectively) for all of Massachusetts.¹⁴ Minorities comprise approximately 19.5 percent of the population town-wide and 16.8 percent of the population in Massachusetts.

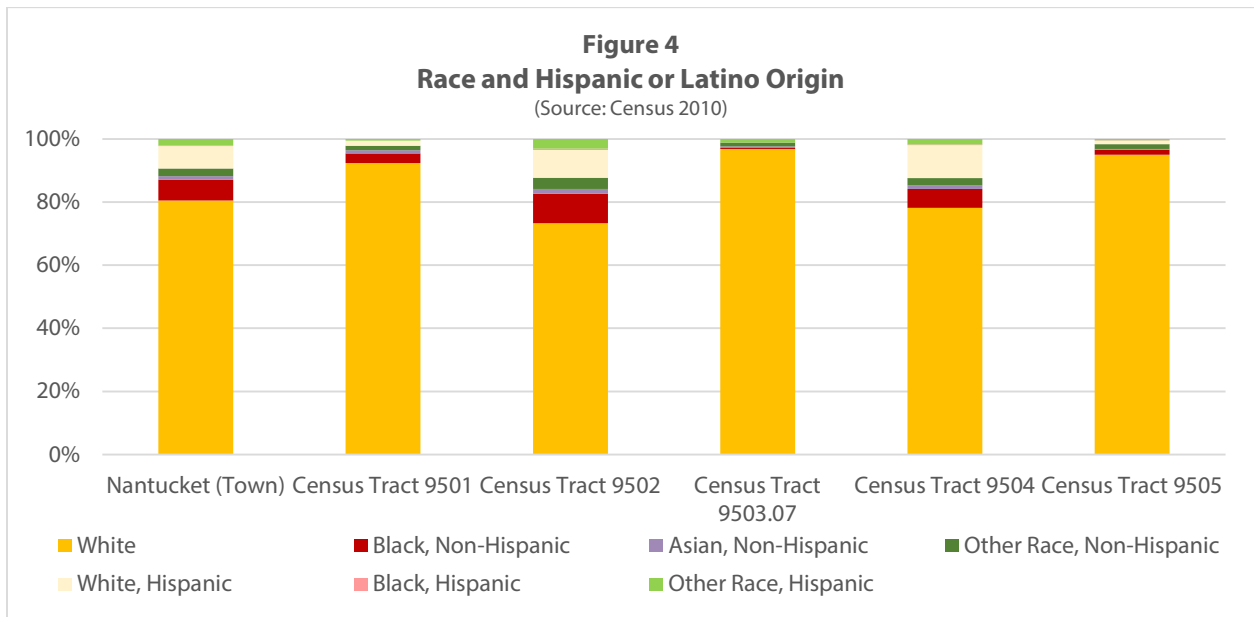
Racial and ethnic population characteristics matter, first for social equity reasons and second, because much tougher regulations under the federal Fair Housing Act (FFHA), a 1968 civil rights law, will be released in 2015. The FFHA prohibits housing discrimination against people on the basis of race or color, religion, sex, national origin, familial status (families with children under 18), or disability. Among other requirements, the new regulations will obligate local governments to affirmatively further fair housing and eliminate policies and practices that have the effect (however unintended) of housing discrimination against groups

¹³ U.S. Census Bureau, Census 2010, DP-1.

¹⁴ Massachusetts Department of Elementary and Secondary Education (DESE), School Profiles: Nantucket Public Schools.

the FFHA is designed to protect (“protected classes”). Eventually, enforcement and compliance will be linked to most federal funding programs – not only programs that provide funds for housing.

Although Nantucket is home to many minorities, community-wide race statistics mask the fact that Nantucket’s minority population is largely housed in one area. Ninety percent of Nantucket’s minority residents live in Airport/Mid-Island/Surfside neighborhoods and south of Town. For example, Nantucket’s most densely populated census tract, 9502 (Miacomet/Mid-Island/Cisco), houses 48 percent of the entire town-wide population but 69 percent of the African American population and 63 percent of the Hispanic population (Figure 4). From a fair housing perspective, differences such as these are known as **minority concentration areas**. Promoting higher-density housing in areas close to goods and services makes good planning and land use sense. However, when people have no choice but to live in certain parts of a community, local officials and housing advocates need to work closely with minority neighborhoods to provide more housing choices.



The percentage of **foreign-born** residents on Nantucket (16.6 percent) is larger than that of the state (15 percent). Most of Nantucket’s foreign-born population hails from countries such as the Dominican Republic and Jamaica in the Caribbean or from Central American countries such as Mexico or El Salvador.¹⁵ In many cases, they come to Nantucket for work in the hospitality, food service, and recreation sectors, all of which depend on unskilled labor and provide a major source of jobs for immigrants throughout the U.S. Nantucket’s immigrant groups tend to concentrate in the Mid-Island area, as suggested in Table 2. Over one-fourth of the population in census tract 9504 includes people from other countries, and these neighborhoods also house a majority of Nantucket’s Spanish- and Portuguese-speaking residents.¹⁶ An

¹⁵ American Community Survey (ACS) 2009-2013 Five-Year Estimates, B05006, B16007.

¹⁶ ACS 2009-2013, B16007.

unusually large percentage of children in the Nantucket Public Schools speak a language other than English at home, too (23.5 percent).

Location	Estimated Population	Foreign-Born	Foreign-Born Percent	Not Naturalized Citizen	Percent Foreign-Born from Latin America
Massachusetts	6,605,058	991,708	15.0%	49.5%	35.5%
Nantucket (Town)	10,224	1,694	16.6%	59.5%	66.5%
Census Tract 9501	1,650	124	7.5%	83.9%	34.7%
Census Tract 9502	4,481	878	19.6%	68.1%	70.2%
Census Tract 9503.07	340	7	2.1%	71.4%	0.0%
Census Tract 9504	2,402	620	25.8%	45.6%	70.6%
Census Tract 9505	1,351	65	4.8%	27.7%	46.2%

ACS 2009-2013, B05002, B05006, and RKG Associates.
 Census Tract Legend: 9501: Town; 9502: Miacomet/Mid-Island/Cisco; 9503.07: Madaket/Dionis/Clif; 9504: Airport/Mid-Island/Surfside; 9505: Polpis/Sconset/Tom Nevers

Whether native or foreign-born, Nantucket's current population includes a much larger percentage of people with out-of-state origins than the state as a whole (Table 3). Less than half of Nantucket's residents are originally from Massachusetts, but of the population born out of state, one-fourth moved to Nantucket from elsewhere in New England or another part of the Northeast. The numbers are fairly small because Nantucket's population is small, but the percentages of Nantucket residents coming from other parts of the U.S. are noteworthy.

Location	Est. Population	Born in Massachusetts	Native, Born Out of State					Foreign-Born
			Northeast	Midwest	South	West	Abroad	
Massachusetts	6,605,058	62.8%	11.8%	2.6%	3.3%	1.9%	2.5%	15.0%
Nantucket (Town)	10,224	46.0%	23.6%	4.3%	5.3%	2.6%	1.8%	16.6%
Census Tract 9501	1,650	43.1%	28.2%	5.6%	10.2%	1.6%	3.7%	7.5%
Census Tract 9502	4,481	50.6%	17.1%	3.3%	4.5%	2.9%	2.0%	19.6%
Census Tract 9503.07	340	49.4%	34.1%	2.9%	5.6%	1.8%	4.1%	2.1%
Census Tract 9504	2,402	41.8%	23.2%	2.4%	2.8%	3.7%	0.3%	25.8%
Census Tract 9505	1,351	40.6%	37.5%	9.3%	6.1%	1.1%	0.6%	4.8%

ACS 2009-2013, B05002, and RKG Associates.
 Census Tract Legend: 9501: Town; 9502: Miacomet/Mid-Island/Cisco; 9503.07: Madaket/Dionis/Clif; 9504: Airport/Mid-Island/Surfside; 9505: Polpis/Sconset/Tom Nevers

LABOR FORCE

Compared with Massachusetts overall, Nantucket has a larger percentage of the population in the **labor force**, and in some parts of town the **labor force participation** rate is very high. Seventy-six percent of Nantucket's 16-and-over population is in the labor force (Table 4), and for the most part they are also

employed – at least seasonally. Unemployment on Nantucket can range from a low of 2 percent in July to a high of 15 percent in January,¹⁷ but when seasonally adjusted, unemployment does not appear to be a major problem for the island’s year-round residents – many of whom are self-employed. Approximately 6 percent of Nantucket’s labor force works in a home occupation at least part of the work week, and this statistic run as high as 13 percent in downtown neighborhoods. By contrast, just 2 percent of the workers in Mid-Island neighborhoods have home occupations, probably because so many have hospitality and food service jobs that require commuting to an employer establishment.

Nantucket has a reasonably well educated population. Its labor force matches the state for working-age population percent with a college degree or more (42.6 percent). Island-wide, Nantucket’s population without a high school diploma is less than the state’s, but many workers living in Mid-Island neighborhoods have limited education levels: nearly on par with the state for percent without a high school diploma. Education levels, wages, and poverty tend to go hand-in-hand.

Table 4. Labor Force and Education Levels (Estimated; 2013)

Location	Population 16 and Over		Educational Attainment				
	Total (Estimated)	In Labor Force	Population 16-64 (Estimated)	Less than high school	High school graduate	Some college	Bachelor's degree or higher
Massachusetts	5,371,252	67.7%	3,576,934	8.4%	23.6%	25.3%	42.6%
Nantucket (Town)	8,245	76.3%	6,164	4.4%	24.9%	28.1%	42.6%
Census Tract 9501	1,421	63.1%	778	5.0%	21.6%	23.0%	50.4%
Census Tract 9502	3,468	81.7%	2,800	7.1%	29.0%	27.4%	36.5%
Census Tract 9503.07	280	66.4%	212	0.0%	14.2%	17.0%	68.9%
Census Tract 9504	1,901	85.1%	1,666	0.5%	27.8%	27.7%	44.0%
Census Tract 9505	1,175	64.1%	708	3.1%	8.9%	40.7%	47.3%

ACS 2009-2013, B23025, B23006, and RKG Associates.
 Census Tract Legend: 9501: Town; 9502: Miacomet/Mid-Island/Cisco; 9503.07: Madaket/Dionis/Clif; 9504: Airport/Mid-Island/Surfside; 9505: Polpis/Sconset/Tom Nevers

WORKING ON NANTUCKET

The Executive Office of Labor and Workforce Development (EOLWD) reports that Nantucket has about 920 **employer establishments** with a combined total of 3,900 payroll jobs with an average weekly wage of \$963.¹⁸ The employment base is quite small for a community with 4,400 year-round housing units. A sustainable local economy typically has about 1.5 jobs per housing unit: enough jobs to give residents meaningful opportunities to work locally. The **jobs-to-housing ratio** on Nantucket is only 0.89, so it is no surprise that Nantucket also has many “non-employer” establishments, too: people who work for themselves as sole proprietors, either full-time or as a part-time supplement to a payroll job. Evidence of reliance on self-employment income can be seen in census statistics for sources of household income. For

¹⁷ Executive Office of Labor and Workforce Development (EOLWD), Labor Force and Unemployment Data (2010-2014).

¹⁸ EOLWD, Employment and Wages Report, ES-202: Nantucket, 2009-2013.

example, 11 percent of the state's households derive some income from self-employment, but 27 percent of Nantucket's households have self-employment income and in some neighborhoods, it is as high as 33 percent.¹⁹ Together, the number of self-employed people and the employers that provide jobs for others form the base of over 3,000 firms doing business on Nantucket.²⁰

The size and composition of Nantucket's economy present some important challenges for a workforce housing strategy.

- **The employment base fluctuates seasonally.** The seasonal changes on Nantucket are substantial. At the peak season for visitors in August, local employers have 2.3 jobs on payroll for every one job that still remains in February, when employment reaches its lowest point in the year. These changes mirror fluctuations in the unemployment rate. Nantucket essentially achieves full employment in the summer, when the unemployment rate drops to well below 2 percent, but by February it has one of the highest unemployment rates in Massachusetts (about 13 percent).²¹
- **The employment base has a narrow range of strengths.** Arguably, the arts and recreation and accommodations and food service sectors perform well during the summer and into the shoulder season, but they generally provide low-wage jobs. Workers in these industries earn better pay on Nantucket than in other parts of the state – roughly 1.4 times the average weekly wage for similar jobs elsewhere – so many of them may be able to pay rents of \$900 to \$1,100 over the summer. Once the hospitality industry contracts after Columbus Day, this is no longer the case.

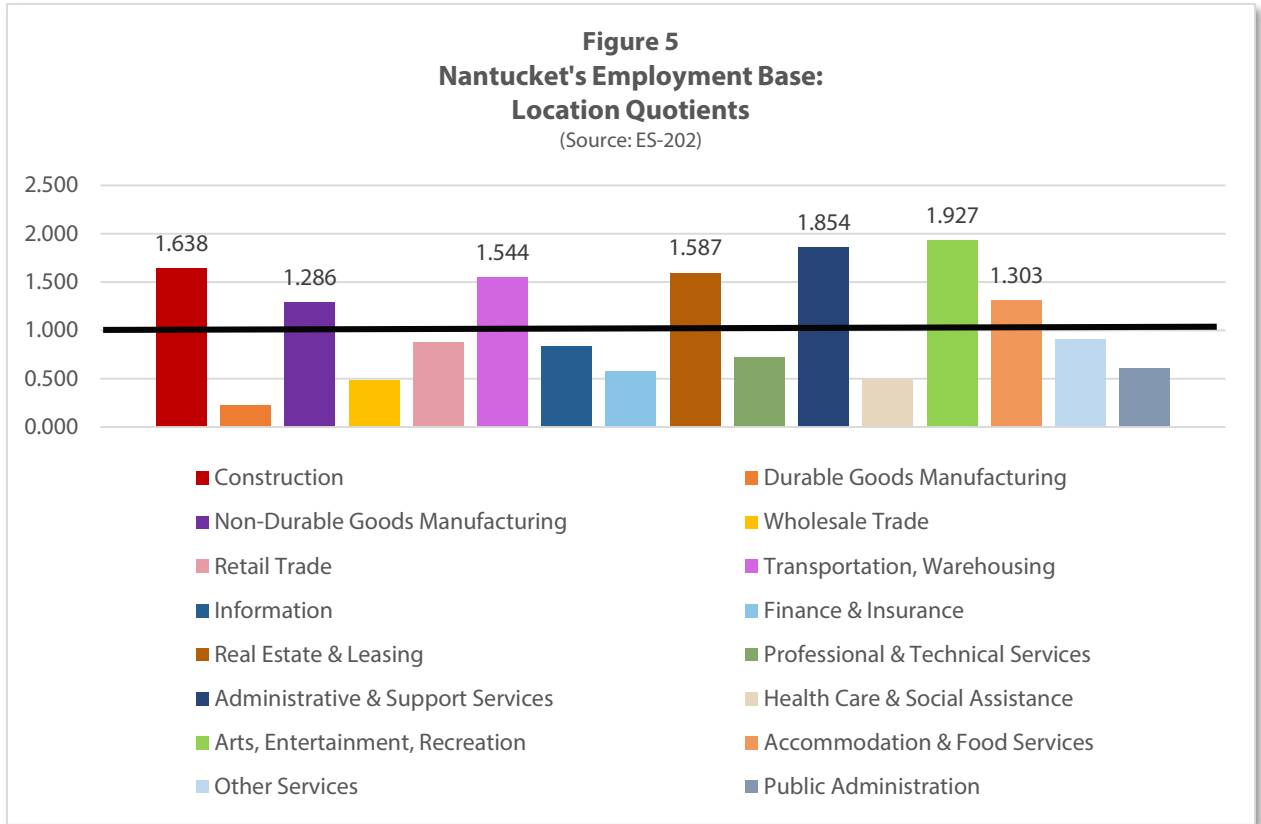
Year-round jobs such as health care and professional services pay decent wages, but Nantucket does not have a large base of professional employment. The Town of Nantucket, the public schools, and the Nantucket Cottage Hospital are relatively large employers with professional and semi-professional workers, and clearly there are small establishments with higher-paying jobs, too. In many cases, however, the industries with higher-wage employment on Nantucket have low **location quotients**.²² Relative to the larger regional economy – Cape Cod and the Islands – health care and professional services make up a small share of Nantucket's employment base, as evidenced by location quotients substantially below 1.00 (Fig. 5). Measured by their share of local jobs, Nantucket's strongest industries are the construction trades, transportation services, real estate and leasing, support services (e.g., housecleaning, waste management, or security services), arts and recreation, and accommodations and food services (the hospitality industry). All of these industries are vulnerable to seasonal change, however. Most industries that offer high-wage employment, such as information, finance and insurance, real estate and leasing, professional services, health care, and public administration, do not provide many jobs on Nantucket.

¹⁹ ACS 2009-2013 Five-Year Estimates, B19053.

²⁰ County Business Patterns, 2012.

²¹ Executive Office of Labor and Workforce Development, Local Area Unemployment Statistics (2007-2014).

²² A location quotient is the ratio of an industry's share of local employment to that industry's share of employment in a larger reference economy, in this case the Cape & Islands Workforce Investment Area. It is a fairly simple tool for identifying strengths and weaknesses in the local economy. A ratio > 1.10 generally signals an industry that is strong in the local market.



Despite Nantucket’s generally favorable pay scales for municipal employees, the Town has lost at least four employees and at least three applicants turned down municipal job offers because they could not find affordably priced housing.²³

EARNINGS

Since the vast majority of Nantucket residents work on the island, either for themselves or as a wage or salary worker for some other establishment, reported income from employment sheds further light on wages paid by Nantucket businesses. For most industries, there is a wage differential that recognizes the higher cost to live and work on Nantucket, yet in relation to Nantucket’s extraordinarily high housing costs, the wage difference does not seem that significant. For example, Table 5 shows that the median annual earnings of a year-round service worker in Massachusetts is \$33,365, but on Nantucket, it is \$41,981, for a local wage ratio of 1.26. The Nantucket service worker with income at the median wage can afford to spend \$1,050 per month for rent and basic utilities. However, Nantucket’s median gross rent is \$1,443,²⁴ which represents a housing cost differential of 1.46. It is little wonder that Nantucket workers on the lower end of the wage spectrum often share housing units in an effort to make ends meet.

²³ Amanda Johnson, Town of Nantucket Human Resources Department, March 10, 2015.

²⁴ ACS 2009-2013 Five-Year Estimates, B25064.

Table 5. Median Annual Earnings: Selected Occupations and Industries (Estimated; 2013)

	Median Earnings	Occupations		Industries				
		Management	Service	Construction	Retail	Finance, Real Estate	Education	Hospitality
Massachusetts	54,594	73,085	33,365	43,916	24,064	56,907	40,967	16,663
Nantucket (Town)	51,869	73,339	41,981	50,323	38,281	56,023	41,605	25,023
Census Tract 9501	55,263	61,520	37,750	63,750	25,625	61,875	45,556	14,000
Census Tract 9502	51,110	66,848	43,750	45,865	44,632	33,203	28,750	25,510
Census Tract 9503.07	81,806	81,111	-	102,188	-	81,818	26,161	56,563
Census Tract 9504	45,962	85,625	41,596	46,250	43,542	42,993	61,750	38,472
Census Tract 9505	52,179	73,750	68,417	-	25,083	11,000	75,724	39,375

Source: ACS 2009-2013 B24021, B24031, and RKG Associates.

Census Tract Legend: 9501: Town; 9502: Miacomet/Mid-Island/Cisco; 9503.07: Madaket/Dionis/Clif; 9504: Airport/Mid-Island/Surfside; 9505: Polpis/Sconset/Tom Nevers

HOUSEHOLD TRENDS

Households – more than population per se – drive demand for housing, so a housing strategy for any community must account for market area household formation trends and household characteristics. The size and composition of a community’s households, the age of its householders, and the resources they have to purchase or rent housing all have an indelible impact on demand. Nantucket’s household trends are also affected by demand from the seasonal housing market. Over the past decade, Nantucket attracted considerable household growth. As of Census 2010, Nantucket had about 4,200 year-round households, representing a 14.3 percent increase between 2000 and 2010. However, the Census Bureau estimates that since 2010, Nantucket has lost about 160 households as it gained over 400 seasonal housing units, mainly due to conversions of year-round housing.²⁵

Nantucket’s year-round homes are predominantly owner-occupied.²⁶ Its householders tend to be younger than their counterparts statewide, and unlike many towns on the Cape and around Boston, Nantucket has many young renters. In addition, while Nantucket is still a white, non-Hispanic town, it has many minority families. Most of Nantucket’s African American and Hispanic households live in Mid-Island neighborhoods, which is also where most of the rental housing on Nantucket can be found.

Just about everyone living year-round on Nantucket is part of a household. (Some people lived in shared or **group quarters**, e.g., the seniors at Our Island Home.) Nantucket’s households are primarily **families**, which can also be said for most communities, but Nantucket has a larger percentage of **non-family households** than the state as a whole. “Non-family” is a federal census term that includes single people living alone and households of two or more unrelated people. Most non-family households are one-person households, whether measured nationally, in Massachusetts, or on Nantucket. In Massachusetts, for example, single people living alone represent 80 percent of all non-family households. However, the percentage of one-person households is smaller on Nantucket: 75 percent, and it is much smaller in some

²⁵ Census 2000, 2010, H1, H5; ACS 2009-2013 Five-Year Estimates, B25003, B25004.

²⁶ Census 2010, H4.

neighborhoods where the percentage of one-person non-family households drops as low as 64 percent (Table 6). **In the Airport/Mid-Island/Surfside area, Nantucket has a relatively large number of households with unrelated people living together in the same house.** This matters for a housing study because a larger-than-average number of unrelated people in shared housing often signals the presence of housing problems: lack of affordability, lack of suitable housing for a community’s household types, crowded housing units, code violations, off-street parking conflicts, and others.

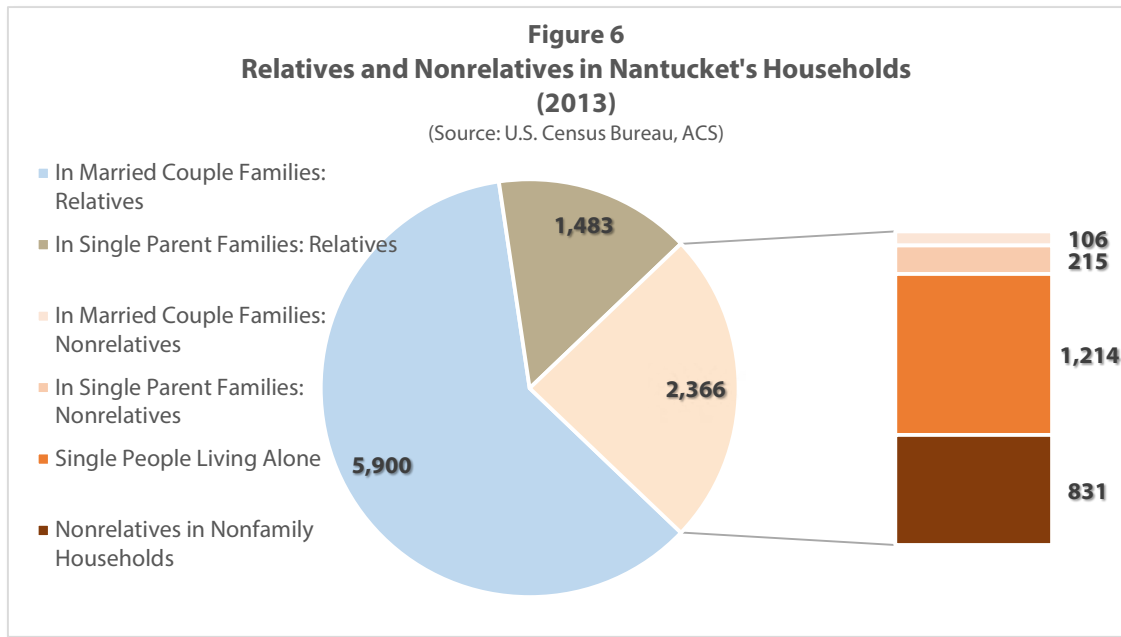


Table 6. Household Types (Estimated; 2013)

Location	American Community Survey (ACS) Estimates				
	Total Households	Families (Related People)	Single Parent Families	Non-Family Households	Single People % Non-Families
Massachusetts	2,530,147	1,607,082	26.1%	923,065	79.5%
Nantucket (Town)	4,069	2,462	21.5%	1,607	75.5%
Census Tract 9501	690	356	29.8%	334	89.8%
Census Tract 9502	1,657	1,093	26.7%	564	75.0%
Census Tract 9503.07	156	100	0.0%	56	78.6%
Census Tract 9504	951	500	9.4%	451	64.3%
Census Tract 9505	615	413	20.3%	202	77.7%

Source: ACS 2009-2013 B1101, and RKG Associates.
Census Tract Legend: 9501: Town; 9502: Miacomet/Mid-Island/Cisco; 9503.07: Madaket/Dionis/Clif; 9504: Airport/Mid-Island/Surfside; 9505: Polpis/Sconset/Tom Nevers

Not surprisingly, the presence of households with both related and unrelated people has an impact on household sizes and the types of housing a community may need. While Nantucket's homeowner households are somewhat smaller than their counterparts statewide, the opposite is true for renters. On Nantucket, the average-size household for renter-occupied housing ranges from 2.35 to 2.60, compared with 2.18 people per household for the state as a whole.²⁷

Fourteen percent of Nantucket's year-round population has incomes below poverty, but the corresponding statistics for African American residents is almost 20 percent, and for Hispanic or Latino residents, 30 percent. Hispanic or Latino households in the Mid-Island area have the lowest median income of any group on Nantucket: \$26,939.

INCOMES

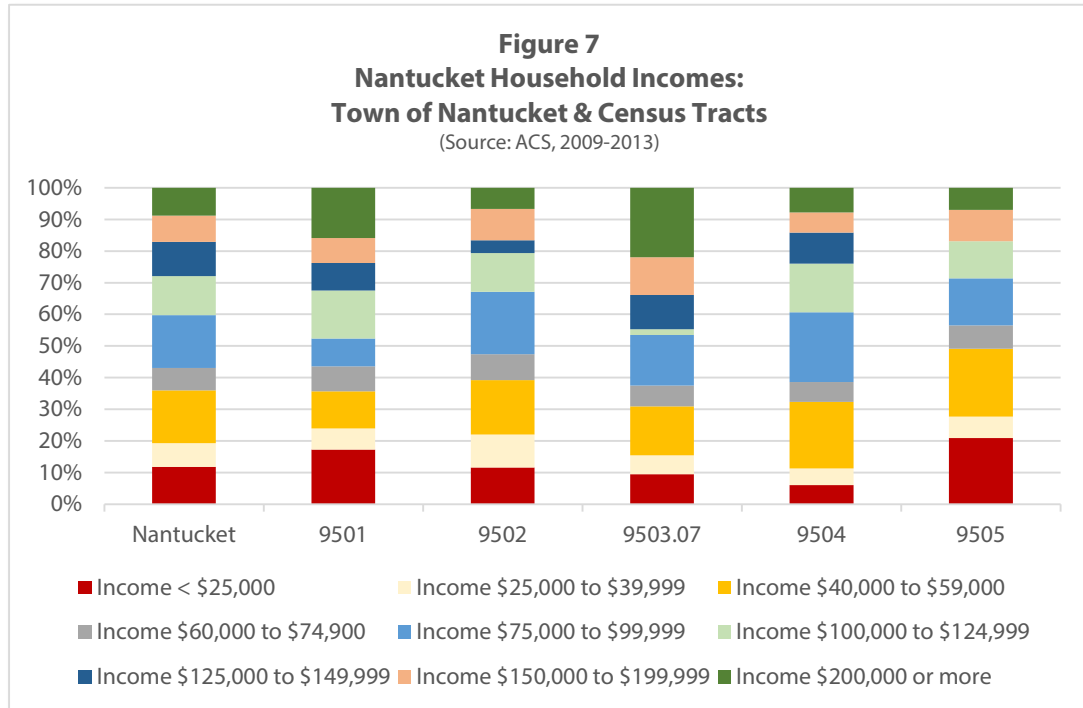
Massachusetts ranks fifth in the nation for median household income, which means that overall, its resident households enjoy a comparatively high standard of living. Nantucket is one of the wealthiest communities in the state, so its households tend to be fairly well-off. For example, households with incomes below \$25,000 comprise 12 percent of all year-round households on Nantucket, but 20 percent throughout the Commonwealth. Approximately 27 percent of Nantucket households and 22 percent of the state's households have incomes over \$125,000. Still, Nantucket's household wealth is not evenly distributed throughout the island. As shown in Figure 7, the percentage of upper-income households on the west side of the island is larger than any other area. By contrast, moderate-income households tend to be most prevalent in Mid-Island neighborhoods and along the south side of Nantucket.

Household wealth on Nantucket is unevenly distributed by race and ethnicity, too, but the differences are more difficult to quantify. First, when the number of people in a population sample is very small, the Census Bureau does not publish income statistics. As a result, there are no race and income estimates for some parts of Nantucket. Second, the Census Bureau reports household income as the sum of income of all people 18 and over in the household, regardless of familial status. Accordingly, household income for a group of unrelated people occupying a single housing unit is the sum of their individual incomes. Poverty indicators shed more light on income differences on Nantucket because poverty is reported for households, families, and individuals. For example, 14 percent of Nantucket's year-round population has incomes below poverty, but the corresponding statistics for African American residents is almost 20 percent, and for Hispanic or Latino residents, 30 percent.²⁸ Hispanic or Latino households in the Mid-Island area have the lowest median income of any group on Nantucket: \$26,939.²⁹

²⁷ Census 2010, H12.

²⁸ ACS 2009-2013 Five-Year Estimates, B06012, B170011.

²⁹ ACS 2009-2013 Five-Year Estimates, B190311.



As in most communities, the economic position of families in Nantucket is generally better than that of all households (including families and nonfamilies). This is true for a few reasons: first, family households tend to be younger, so they are more likely to be in the labor force, and second, married-couple families in particular (which still make up the majority of families with children) often have more than one wage earner. The situation for single-parent families is quite different. Among the working-age population, single-parent families and one-person households have fairly low incomes – low relative to the cost of Nantucket’s market-rate housing and even relative to price-controlled housing such as units available through the Housing Needs Covenant Program.

Table 7. Median Income: Families with Children by Family Type and Working-Age One-Person Households

	Median Family Income	Families with Dependent Children		Ages 15-64	
		Married Couples	Single Parents	Men Living Alone	Women Living Alone
Massachusetts	\$84,900	\$113,187	\$28,116	\$43,901	\$40,542
Nantucket (Town)	\$92,500	\$106,667	\$53,505	\$51,280	\$46,947
Census Tract 9501	\$101,042	\$106,591	\$60,784	\$76,953	\$53,500
Census Tract 9502	\$86,769	\$95,917	\$44,022	\$37,869	\$46,108
Census Tract 9503.07	\$122,500	\$61,875	-	-	-
Census Tract 9504	\$110,288	\$114,750	\$55,000	\$55,096	\$51,583
Census Tract 9505	\$81,989	\$88,641	\$21,406	-	\$48,906

Source: ACS 2009-2013, B19215, B19216, and RKG Associates, Inc.
 Census Tract Legend: 9501: Town; 9502: Miacomet/Mid-Island/Cisco; 9503.07: Madaket/Dionis/Clif; 9504: Airport/Mid-Island/Surfside; 9505: Polpis/Sconset/Tom Nevers

HOUSING CHARACTERISTICS

It is harder to confirm the number of housing units in a community than many people realize. To the general public, a housing unit is a single-family home or two-family home, an accessory apartment, an apartment in a multi-family building or a townhouse condominium: “A room or enclosed floor space used, or to be used, as a habitable unit for one family or household, with facilities for sleeping, cooking and sanitation” - that is, a dwelling unit as defined in Nantucket’s zoning bylaw. However, the official housing count reported by the Census Bureau every ten years is a little different. Under the Census Bureau’s broad definitions of “housing,” rooms in boarding houses and retirement homes can qualify as housing units. The federal definition also includes structures or portions thereof that are not classified (or regulated) as housing under the State Building Code, e.g., mobile homes, recreational vehicles, and boats, and rooms or groups of rooms without separate cooking or sanitation facilities. For purposes of this study, “housing unit” means what most people generally think of as housing, i.e., it does not include recreational vehicles. It could include some types of shared quarters, such as single-room occupancy (SRO) units, but not employer-owned dormitory housing such as the units owned by Nantucket Island Resorts for its summer workers.

Nantucket has absorbed a higher rate of housing growth than most parts of the state. Between 2000 and 2010, Nantucket’s housing inventory increased by 2,408 units, or 26.1 percent. However, seasonal housing increased 30 percent, from 5,170 units in 2000 to 6,722 units in 2010, outpacing total housing growth – that is, demand for seasonal housing on Nantucket appeared to be reducing the supply of year-round housing. More recent estimates from the American Community Survey place seasonal housing on Nantucket at 7,137 units, i.e., an increase of about 400 units since 2010. Moreover, the ACS estimates that the total number of year-round occupied units has fallen to 4,069 (from 4,229 in 2010) while the number of year-round owner-occupied units has increased to 2,667 units (from 2,475 in 2010).³⁰ Most of the drop in year-round units has occurred among rental units. Together, these trends seem to provide some support for the perceptions of Nantucket residents who say that year-round rental options have decreased significantly. They say that today, rental vacancies are often filled by word-of-mouth and other informal means because anyone advertising an apartment for rent will likely receive hundreds of requests.

EXISTING INVENTORY

One of Nantucket’s greatest housing challenges involves its limited range of housing choices and price points, which in turn reflect the town’s land use regulations and infrastructure (notably a limited sewer service area), and market expectations. The overwhelming majority of housing units on Nantucket are detached single-family homes. This makes sense given the town’s historic development patterns, but it is not a very efficient use of land or an economical way to create affordably priced units. Mixed residential uses exist in the more densely settled areas of Nantucket, notably downtown and the Mid-Island neighborhoods. These settings include two-family homes or row houses, some multifamily dwellings, and sometimes apartments above commercial space as well, and it is in the Mid-Island neighborhoods that over

³⁰ Census 2010, Census 2000, H1, H3, H4; and ACS 2009-2013 Five-Year Estimates, B25003.

80 percent of Nantucket’s year-round renters live.³¹ In many parts of Nantucket there are privately owned residential lots with two detached single-family homes, i.e., a principal dwelling and a cottage, with both units under common ownership unless one is conveyed subject to an affordable housing restriction (Nantucket Housing Needs Covenant). Table 8 summarizes Nantucket’s housing inventory by unit types.

Table 8. Housing Types (Estimated; 2013)

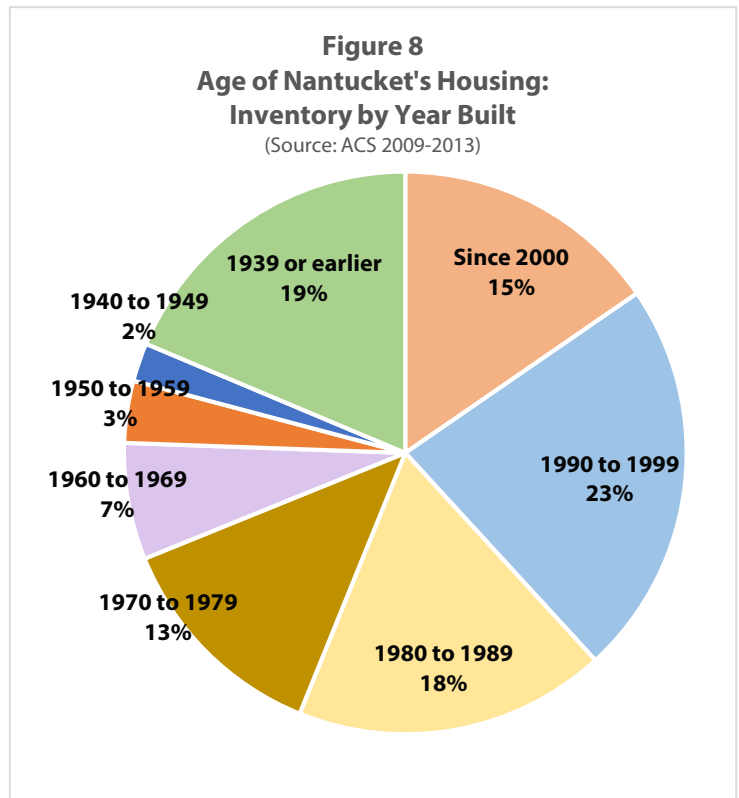
Location	Total Housing Units	1-Family Detached	Townhouse	Duplex	Multi-Family 3-9 Units	Multi-Family 10+ Units	RV, Boats
Massachusetts	2,808,549	52.3%	5.1%	10.3%	17.0%	14.5%	0.9%
Nantucket (Town)	11,650	85.0%	3.4%	6.3%	3.6%	0.6%	1.2%
Census Tract 9501	2,989	89.7%	0.7%	5.6%	2.4%	0.5%	1.2%
Census Tract 9502	3,114	73.9%	7.4%	10.7%	5.7%	0.4%	1.9%
Census Tract 9503.07	1,191	89.8%	4.1%	1.1%	1.8%	0.0%	3.3%
Census Tract 9504	1,640	78.7%	3.5%	11.2%	6.5%	0.0%	0.0%
Census Tract 9505	2,716	94.3%	1.3%	1.3%	1.3%	1.5%	0.4%

Source: ACS Five-Year Estimates 2009-2013, B25024.
 Note: Census 2010 reported Nantucket’s actual housing count as 11,618 units.
 Census Tract Legend: 9501: Town; 9502: Miacomet/Mid-Island/Cisco; 9503.07: Madaket/Dionis/Clif; 9504: Airport/Mid-Island/Surfside; 9505: Polpis/Sconset/Tom Nevers

HOUSING AGE AND SIZE

Compared with the state as a whole, Nantucket has fairly new housing units. This may come as a surprise to some Nantucket residents or visitors, especially since Nantucket’s iconic downtown has such an enviable collection of well-preserved historic residences. However, Nantucket has grown so much since the 1970s (Figure 8) that all of its late-twentieth century homes have a dramatic impact on the island’s housing age profile. Today, the median year built for all housing on Nantucket (year-round and seasonal) is 1983, compared with 1958 for the state.³²

Nantucket’s owner-occupied housing is similar in size and basic amenities to owner-occupied units throughout Massachusetts.



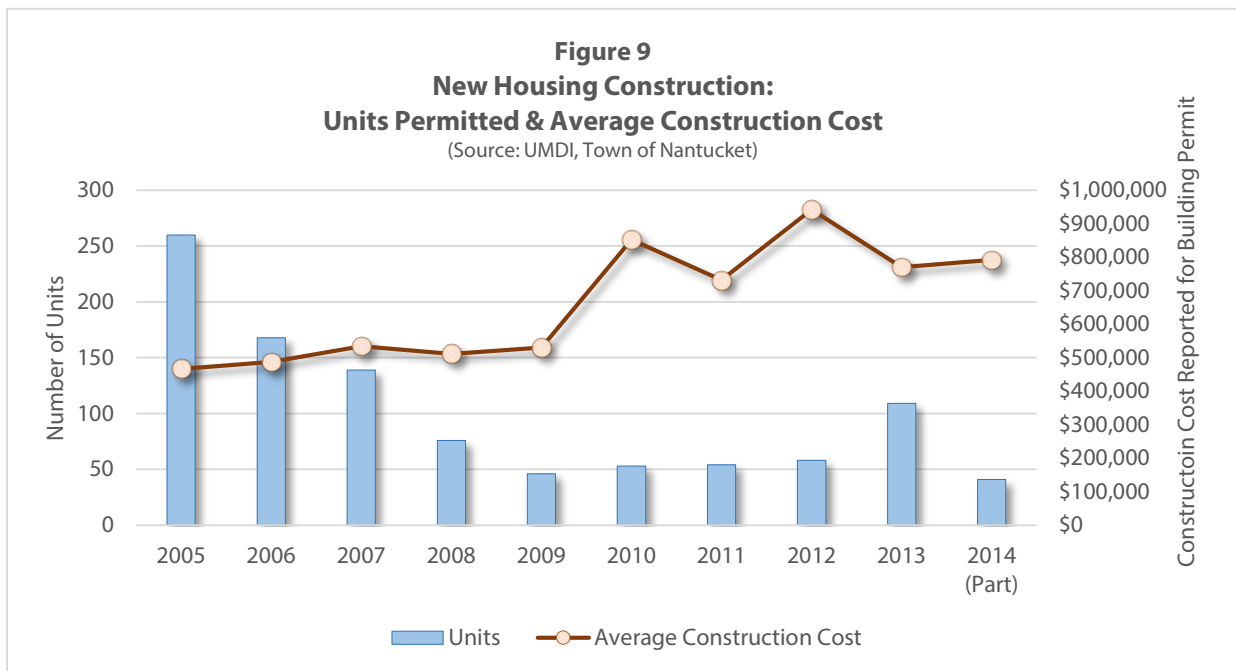
³¹ ACS 2009-2013 Five-Year Estimates, B25032.

³² ACS 2009-2013 Five-Year Estimates, B25035.

The most significant differences can be found in and around the downtown area, where there are many large historic houses that tend to dominate the housing inventory. Overall, however, the majority of owner-occupied homes in Massachusetts and Nantucket are three- or four-bedroom dwellings with cooking and plumbing facilities, basic utilities, and reasonable space for vehicle parking. While renter-occupied units elsewhere in the state are comprised primarily of one- or two-bedroom apartments, Nantucket’s rental units tend to be a little larger, and this is due to the composition of Nantucket’s rental stock: many single-family and two-family homes as opposed to multi-family apartment developments.

RESIDENTIAL CONSTRUCTION

Data from the UMass Donohue Institute (UMDI) indicate that between 2005 and 2013, Nantucket issued building permits for 975 new homes, nearly all detached single-family dwellings. It is little wonder that Nantucket housing sale prices are so high. In 2013, the most recent year for which annual data have been released, the average construction cost reported for new units, excluding the land cost, was \$770,225.³³ Though less than the average reported in 2012, an average reported construction cost of over \$770,225 is very high – higher than the average reported in Boston’s affluent west suburbs. Figure 9 shows that the average construction cost per unit increased sharply in 2010, and while it has fluctuated since then, there appears to be an emerging pattern of rising costs per unit. For the portion of 2014 that is available from the Town, the average cost is up slightly: \$782,000.³⁴



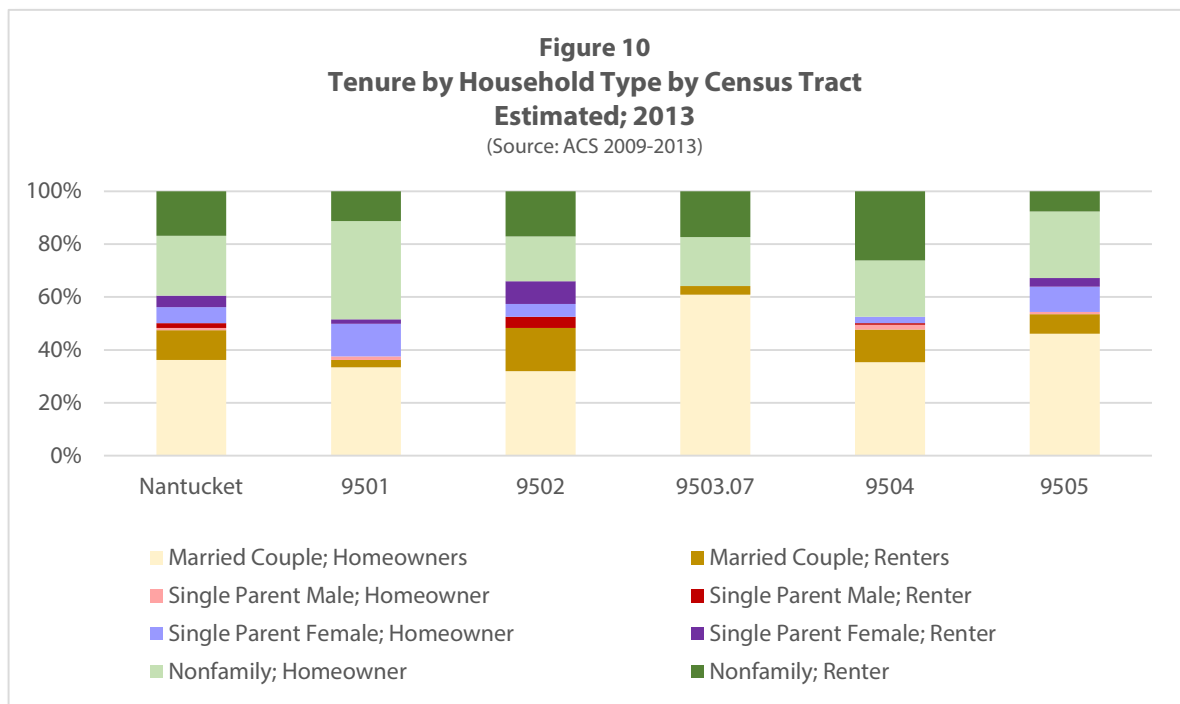
³³ N.B. Local governments (including Nantucket) report new residential permits and average construction cost per unit on a monthly basis to the federal government. UMDI simply summarizes the locally generated data. In RKG’s experience the federal numbers are largely accurate for new single-family homes, but new multifamily units tend to be under-reported.

³⁴ Town of Nantucket, Building Department, April 2015.

In addition to new home construction permits, Nantucket issues almost twice the number of permits for renovation and alteration projects that increase the value of local homes. Some of the new single-family units are actually replacements for demolished older residences, too. In the first four months of 2014, for example, Nantucket issued eleven residential demolition permits (excluding sheds).³⁵

OCCUPANCY, TENURE, AND HOUSEHOLD SIZE

Most year-round residents of Nantucket and the state as a whole own the house they live in, yet in many ways Nantucket’s housing tenure statistics differ from those of the Commonwealth. Unlike Massachusetts as a whole, where the homeownership rate has incrementally increased over time,³⁶ Nantucket has experienced fluctuating owner-occupancy conditions, from 63 percent in 2000 to 58 percent in 2010 and most recently, an estimated 66 percent in 2013. Overall, Nantucket has more owner-occupant newcomers on one hand and more long-term renters on the other hand, but these differences do not apply town-wide. The neighborhoods with the largest shares of long-time homeowners lie along the island’s north side, and long-time renters, in the downtown area.³⁷ Also, non-family households and single-parent families headed by women are primarily homeowners in Nantucket, but statewide they are primarily renters. Similarly, single-parent families headed by men are primarily renters on Nantucket but homeowners elsewhere in Massachusetts.³⁸ Figure 10 reports tenure by household type for the town and its five census tracts.



³⁵ Ibid.

³⁶ U.S. Census Bureau, Current Population Survey/Housing Vacancy Survey (CPS/HVS), Housing Vacancies and Homeownership, Annual 2014 and Historical Tables.

³⁷ ACS 2009-2013 Five-Year Estimates, B25039.

³⁸ ACS 2009-2013 Five-Year Estimates, B11012.

Comparing ACS estimates with decennial census data can produce some distortions because the former is based on a comprehensive, monthly population survey and the latter, a point-in-time actual count. Nevertheless, trends that corroborate informal accounts from Nantucket residents can be gleaned from these sources. Since 2010, for example, the average renter household size has gradually increased, and the shift in the average statistic stems primarily from growth among large renter households, i.e., households with more than four people. Seventy percent of the island’s large renter households live in Mid-Island neighborhoods near the airport, where a majority of Nantucket’s African American, Hispanic or Latino, and lower-income households reside.³⁹

INCOME, TENURE, AND HOUSING COSTS

Under a long-standing federal guideline, housing costs are considered affordable when they do not exceed 30 percent of a household’s monthly gross income.⁴⁰ Nantucket’s local housing programs adopt the same definition of housing affordability to determine how much a household can afford to spend per month on housing. These amounts are shown in Table 9, along with area median income estimates by household size, along with the HUD Fair Market Rent (the maximum monthly rent for housing occupied by tenants with federal rental assistance).

Household Size	2015 AMI	Unit Type	Maximum Affordable Housing Cost			HUD
			60% AMI	100% AMI	150% AMI	Fair Mkt. Rent
Single Person	\$69,813	studio or 1 BR	\$1,047	\$1,745	\$2,618	\$935
Two Person	\$79,750	1 or 2 BR	\$1,196	\$1,994	\$2,991	\$1,161
Three Person	\$89,750	2 or 3 BR	\$1,346	\$2,244	\$3,366	\$1,571
Four Person	\$99,688	2, 3, or 4 BR	\$1,495	\$2,492	\$3,738	\$2,205
Five Person	\$107,688	3 or 4 BR	\$1,615	\$2,692	\$4,038	\$2,213

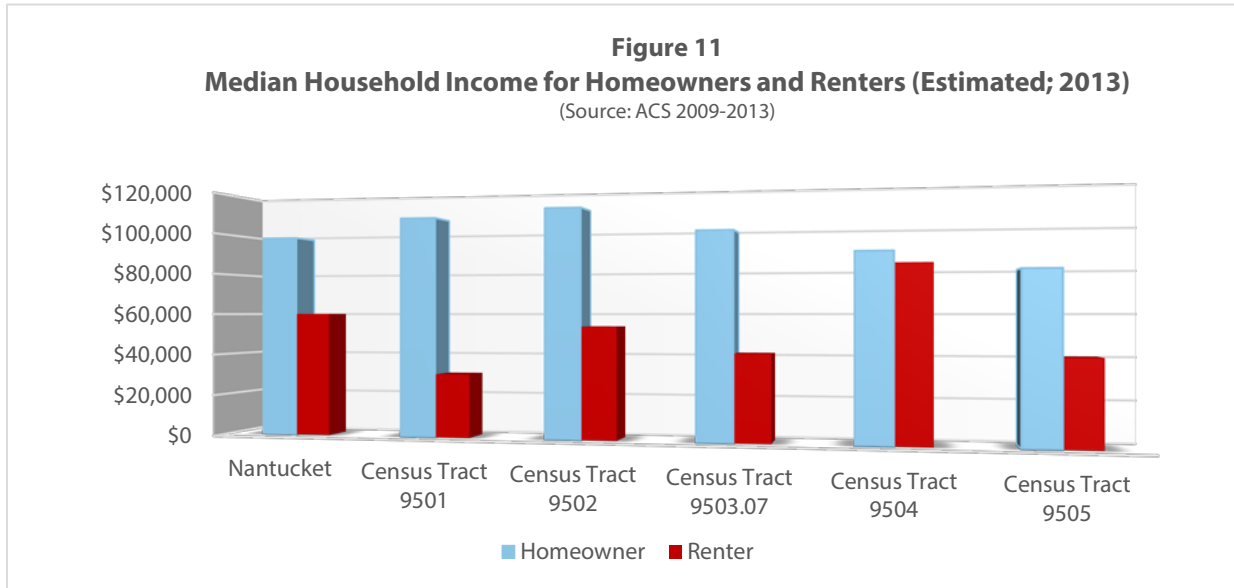
Source: Housing Nantucket, 2015; HUD, Schedule B, Final 2015 FMRs for Existing Housing, Eff. 10/1/2014.
 Note: (1) Housing Nantucket’s 60% income limits are close to those established by the federal government for the Low-Income Housing Tax Credits (LIHTC) Program.
 (2) HUD Fair Market Rent is a payment standard for housing authorities that administer Section 8 assistance; it is not an affordable rent per se. HUD’s goal for the FMR is that it should be “high enough to permit a selection of units and neighborhoods and low enough to serve as many low-income families as possible.”
 (3) HUD Fair Market Rents do not precisely correspond with household size. For example, the FMR for a three-bedroom unit is \$2,205 regardless of whether the household includes three, four, or five people.

³⁹ Census 2010, H16 and HCT1; ACS Five-Year Estimates 2009-2013, B25009, DP03; HUD, Low- or Moderate-Income (LMI) Areas by Census Block Group, ACS 2007-2011.

⁴⁰ M. Schwartz and E. Wilson, “Who Can Afford to Live in a Home? A Look at Data from the 2006 American Community Survey” Working Paper, U.S. Census Bureau. The conventional public policy indicator of housing affordability in the United States is the percent of income spent on housing. Housing expenditures that exceed 30 percent of household income have historically been viewed as an indicator of a housing affordability problem. The conventional 30 percent of household income that a household can devote to housing costs before the household is said to be burdened evolves from the United States National Housing Act of 1937, although the original standard was not 30 percent. In 1940, it was 20 percent and in 1969, Congress increased it to 25 percent. The 30 percent standard that applies today was established in 1981. See also, “Housing Affordability: Myth or Reality?,” Wharton Real Estate Center Working Paper, Wharton Real Estate Center, University of Pennsylvania, 1992.

OWNER-OCCUPIED HOUSING

For many Nantucket homeowners, the cost of housing consumes a large share of their household income. Their income may be much higher than that of renters, but the purchase price of for-sale housing is also very high. In 2014, for example, Nantucket’s median single-family sale price was \$1,225,000 – up almost 20 percent over 2013.⁴¹



As indicated in Figure 11, Nantucket’s median homeowner household income is \$97,985, with a census tract-level range from a low of \$80,417 to a high of \$110,804.⁴² The median monthly housing cost for owner-occupied housing with a mortgage payment in Nantucket is \$3,026,⁴³ a figure technically affordable to a household with income of \$121,040, or about 35 percent of Nantucket’s existing homeowners. In Massachusetts

According to a special tabulation of census data published by HUD, housing cost burden affects 78 percent of Nantucket homeowners with incomes between 50 and 80 percent AMI, and 68 percent of homeowners with incomes between 80 and 100 percent AMI.

overall, approximately 34 percent of all homeowners spend more than 30 percent of their monthly income on a mortgage payment, taxes, and insurance – the basic components of homeowner housing costs. As such, these homeowners fit the federal definition of **housing cost burden**.⁴⁴ Significantly, Table 10 reports that over half of Nantucket’s year-round homeowners are housing cost burdened and nearly 30 percent are

⁴¹ The Warren Group, Town Stats Database.

⁴² ACS 2009-2013 Five-Year Estimates, B25119.

⁴³ ACS 2009-2013 Five-Year Estimates, B25008.

⁴⁴ N.B. California has the highest percent of mortgaged homeowners with housing burden of any state in the U.S, followed by Hawaii, Nevada, Florida, New Jersey, Rhode Island, and Massachusetts, although burden for all of these states is similar to California.

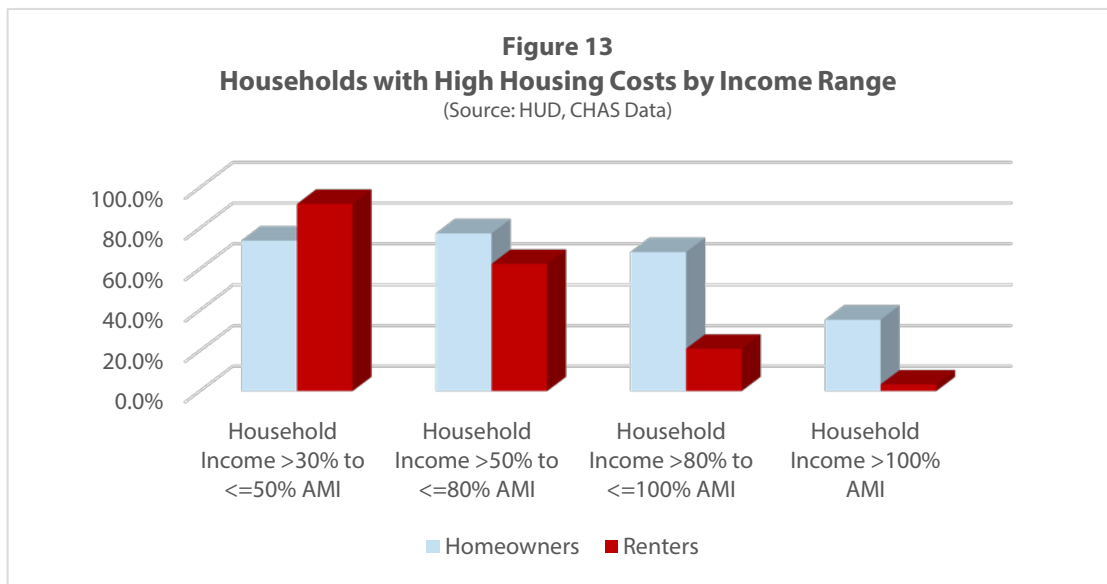
severely cost burdened, which means their housing costs exceed 50 percent of their monthly gross income.⁴⁵

Table 10. Comparison Homeowner Housing Values and Monthly Housing Cost Estimates*

Location	Median Housing Cost	Lower Value Home	Median Value Home	Upper Value Home	Housing Cost Burden	Severe Cost Burden
Massachusetts	\$1,705	\$230,500	\$330,100	\$464,900	34.4%	13.6%
Nantucket	\$2,365	\$651,800	\$929,700	1,000,000+	53.0%	29.9%
Census Tract 9501	\$1,851	\$786,900	\$1,000,000+	1,000,000+	42.0%	23.5%
Census Tract 9502	\$2,739	\$581,100	\$832,000	1,000,000+	54.5%	28.6%
Census Tract 9503.07	\$1,583	\$475,000	\$890,600	1,000,000+	35.5%	28.0%
Census Tract 9504	\$2,771	\$632,000	\$891,300	1,000,000+	63.9%	37.4%
Census Tract 9505	\$1,948	\$777,100	\$1,000,000+	1,000,000+	53.3%	31.1%

Source: ACS 2009-2013 Five-Year Estimates, and RKG Associates.
 Notes: (1) The Census Bureau does not report specific housing values over \$1 million; (2) Homeowner housing cost burden includes homeowners both with and without a mortgage.
 Census Tract Legend: 9501: Town; 9502: Miacomet/Mid-Island/Cisco; 9503.07: Madaket/Dionis/Clif; 9504: Airport/Mid-Island/Surfside; 9505: Polpis/Sconset/Tom Nevers

It is possible that some of Nantucket’s housing cost burdened homeowners have chosen to “buy up” to larger, amenity-laden homes instead of purchasing a more modest and affordable unit. However, available data indicate that this is not really the case. HUD’s Comprehensive Housing Affordability Strategy (CHAS) Data show that most technically affordable units are occupied by higher-income households and that at any given time, there is only a handful of vacant, modestly priced homes on the market.⁴⁶ The high cost of housing for Nantucket homeowners is particularly challenging for lower-income residents. According to a special tabulation of census data published by HUD, housing cost burden affects 78 percent of Nantucket



⁴⁵ ACS 2009-2013 Five-Year Estimates, B25092.

⁴⁶ CHAS Data, Tables 15A, 17A.

homeowners with incomes between 50 and 80 percent AMI and 68 percent of homeowners with incomes between 80 and 100 percent AMI. **Nantucket’s homeownership affordability problems have little to do with ambitious homebuyers and everything to do with a severe shortage of appropriately priced supply.**

RENTER-OCCUPIED HOUSING

Nantucket’s median renter household income is \$60,104, but the census tract median ranges widely from a low of \$30,625 to a high of \$83,512 (Figure 11).⁴⁷ The higher-end income is deceptive because it includes income from all sources for everyone in the household over 15 years, including relatives and nonrelatives.⁴⁸ This is significant for a census tract like 9504 (Airport/Mid-Island/Surfside), where many households include non-relatives who share housing costs in order to make ends meet.

Rents on Nantucket are much higher than throughout Massachusetts and in some cases, higher than market rents in the Greater Boston area. Town-wide, an estimated 41 percent of all renters are housing cost burdened, paying more than 30 percent of their monthly gross income for rent and basic utilities. Nantucket’s unaffordably housed renters are concentrated in the Town area and the island’s west end, where the percentages of rental housing cost burden exceed the state average (50 percent). Local sources say these statistics are skewed due to the very small number of rental units in Nantucket’s Town neighborhoods. This may be true, but since Nantucket’s supply of year-round rental units is so deficient, it would be a mistake to think that housing cost burdened renters simply choose to live in an expensive area.

Table 11. Comparison Rent Estimates

	Median Gross Rent	Lower Contract Rent	Median Contract Rent	Upper Contract Rent	Housing Cost Burden	Severe Cost Burden
Massachusetts	\$1,069	\$614	\$936	\$1,320	50.3%	25.8%
Nantucket (Town)	\$1,564	\$900	\$1,443	\$1,858	40.8%	17.4%
Census Tract 9501	\$1,320	\$1,080	\$1,228	\$1,418	68.5%	33.3%
Census Tract 9502	\$1,700	\$821	\$1,543	\$2,000+	46.7%	17.9%
Census Tract 9503.07	-	-	-	-	66.7%	0.0%
Census Tract 9504	\$1,581	\$1,086	\$1,420	\$1,733	24.3%	16.4%
Census Tract 9505	\$1,200	\$388	\$1,200	\$1,750	42.7%	9.8%

Source: ACS 2009-2013 Five-Year Estimates.
 Notes: The Census Bureau does not report gross and contract rent estimates for Tract 9503.07 because the number of rental units is so small.
 Census Tract Legend: 9501: Town; 9502: Miacomet/Mid-Island/Cisco; 9503.07: Madaket/Dionis/Clif; 9504: Airport/Mid-Island/Surfside; 9505: Polpis/Sconset/Tom Nevers

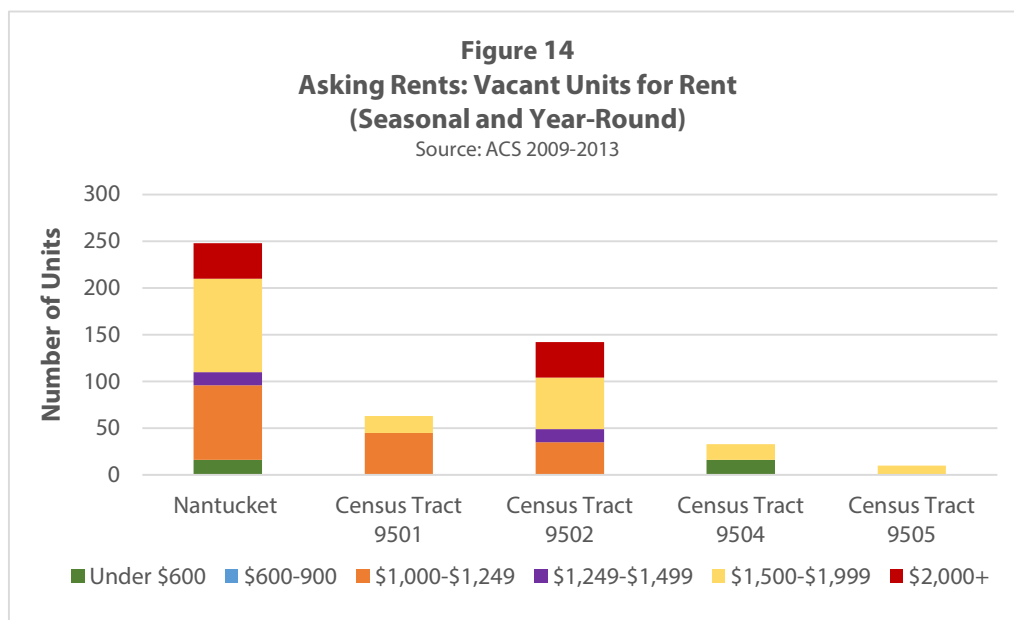
Unlike conditions statewide, most of Nantucket’s housing cost burdened renters are working-age people – especially young people under 34 years – not senior citizens. The author estimates that the percentage of renters with housing cost burdens is considerably higher than the Census Bureau’s data suggest, based on informal interviews and anecdotal information obtained during site visits in January and February 2015.

⁴⁷ ACS 2009-2013 Five-Year Estimates, B25119.

⁴⁸ U.S. Census Bureau, *American Community Survey and Puerto Rico Community Survey 2013 Subject Definitions*, 82.

Furthermore, what the Census Bureau reports as affordably housed renters masks an underlying problem for many of Nantucket’s lower-income wage earners: housing units over-occupied by unrelated people who pool their resources in order to find housing they can afford.

Asking Rents. In the past few years, over half of all vacant rental units on Nantucket came with asking rents of \$1,500 or more, and less than 7 percent with asking rents below \$1,000.⁴⁹ The ACS reports an average of 248 units offered for rent at any given time, including both year-round and seasonal units and private and public housing. These are **contract rents** (what the landlord will charge), not **gross rents** (contract rent plus basic utilities), though some rental units include utilities that tenants do not have to pay out of pocket. Figure 14 displays the distribution of asking rents for the island as a whole and the five census tracts based on monthly surveys conducted by the Census Bureau between 2009 and 2013.



Renters informally interviewed for this study say the Census Bureau’s data underestimate actual market conditions on Nantucket and stop short of capturing the more compelling problems: **lack of supply on one hand, and an existing supply that includes many units with code violations on the other hand.** The perceptions of local renters are largely borne out through social media, where people looking for apartments often go, hoping for a more efficient source of information than word-of-mouth referrals.

⁴⁹ ACS 2009-2013 Five-Year Estimates, B25061. Recent issues of *The Inquirer and Mirror* have included ads for some summer and winter rentals, but the only year-round rentals have been furnished rooms in a private residence, a partially furnished one-bedroom apartment in Madaket for \$2,000/month, and a four-bedroom home without a published asking rent.

LOW- OR MODERATE-INCOME RESIDENTS

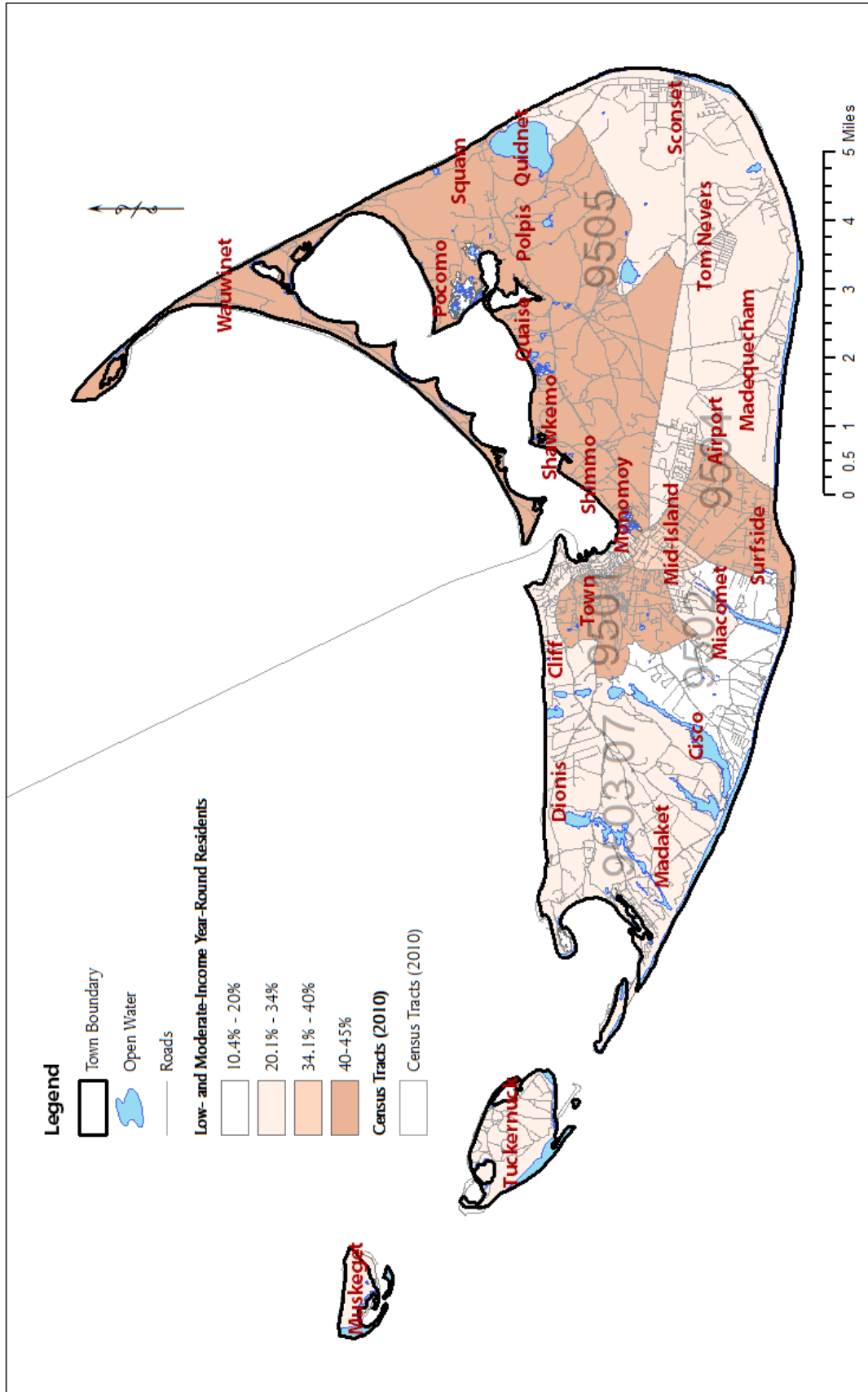
According to the HUD, about 38 percent of Nantucket's year-round households have low or moderate incomes as that term is used in most housing programs (Map 2).⁵⁰ Some people may find this surprising because Nantucket also has year-round household wealth and a seasonal population that is extraordinarily wealthy, but it is not uncommon for resort communities to have more low- or moderate-income residents than is readily apparent. HUD estimates that 30 percent of Nantucket's homeowners and 49 percent of its renters have incomes below 80 percent AMI. HUD's estimates shed even more light on the households most affected by Nantucket's very high housing costs, however. As illustrated in Figure 13, the highest incidence of housing cost burden occurs among the island's lowest wage earners: working-age people with incomes at or below 50 percent AMI. Housing cost burden affects anywhere from 74 to 86 percent of the residents in this lower-income group. In current dollars, this means a household of four with income under \$49,890 – or more accurately, a household of two with income under \$39,900.⁵¹ For the single people and very small families that make up most of the households with incomes below 50 percent AMI, the maximum affordable rent, including utilities, is \$998 (and usually much less). **Nantucket does not have an adequate supply of affordably priced rentals for its working poor: people whose incomes are at or below the 60 percent AMI threshold for “workforce housing” under Nantucket's local housing assistance programs.**

PRICE-RESTRICTED HOUSING

Most communities have some modestly priced housing: small, older single-family homes that are less valuable than new homes, multi-family condominiums, or apartments that can be leased for relatively low monthly rents. This type of affordable housing often stays affordable as long as the market will allow. As Nantucket is well aware, market demand for luxury vacation homes can place tremendous pressure on these units, resulting in major renovations or demolition/reconstruction that effectively reduces the community's supply of affordable housing. Under a Massachusetts law that went into effect in 1969, however, all communities are supposed to have housing that is affordable to low-income households and remains affordable to them even when home values appreciate under robust market conditions. These units remain affordable because their resale prices and rents are governed by a deed restriction that lasts for many years, if not in perpetuity. Both types of affordable housing meet a variety of housing needs and both are important. The crucial difference is that the market determines the price of unrestricted affordable units while a recorded legal instrument determines the price of deed restricted units. There are other differences, too. For example, any household - regardless of income - may purchase or rent an unrestricted affordable unit, but only a low- or moderate-income household is eligible to purchase or rent a deed restricted unit.

⁵⁰ HUD, Comprehensive Housing Affordability Strategy (CHAS) Data, retrieved from HUD/PDR.

⁵¹ HUD, 2015 Income Limits, release date March 9, 2015.



RKG

Data Sources: MassGIS, U.S. Bureau of the Census, Mass. Department of Environmental Protection (DEP), MassDOT, Town of Nantucket GIS.

This map is for general planning purposes only. The data used to create the map are not adequate for making legal boundary or location line determinations. Exercise caution when interpreting the information on this map.

Map 2
Year-Round Low- and Moderate-Income Residents
 April 27, 2015

Housing Nantucket, Inc.
WORKFORCE HOUSING
NEEDS ASSESSMENT

CHAPTER 40B

When less than 10 percent of a community's housing consists of deed restricted affordable units, M.G.L. c. 40B, Sections 20-23 ("Chapter 40B") authorizes the Zoning Board of Appeals to grant a comprehensive permit to qualified affordable housing developers. The 10 percent minimum is based on the total number of **year-round housing units** reported in the most recent decennial census; for Nantucket, this currently means that 490 units out of 4,896 must be affordable (Census 2010). A comprehensive permit is a type of unified permit: a single permit that replaces the approvals otherwise required from separate city or town permitting authorities. Sachem's Path is an example of a Chapter 40B comprehensive permit development. Chapter 40B supersedes zoning and other local regulations that make it too expensive to build low- and moderate-income housing. By consolidating the approval powers of multiple town boards, the state legislature hoped to provide more low-income housing options in suburbs and small towns. Under Chapter 40B, the Zoning Board of Appeals may approve, conditionally approve, or deny a comprehensive permit, but in communities that do not meet the 10 percent minimum, developers may appeal to the state Housing Appeals Committee (HAC). Although comprehensive permits may still be granted after a town achieves the 10 percent minimum, the HAC no longer has authority to overturn a local board's decision.

Development	Location	Housing Type	SHI Units	Restriction Expires	Subsidizing Agency
Miacomet Village I	3 Manta Drive	Rental	10	Perpetual	DHCD
Miacomet Village I	3 Manta Drive	Rental	12	Perpetual	DHCD
Miacomet Village II	Norquarta Drive	Rental	19	5/1/2047	FHLBB, RHS
Housing Authority	Benjamin Drive	Rental	5	Perpetual	HUD
Academy Hill School	Westminster St.	Rental	27	12/1/2016	MassHousing, HUD
Landmark House	144 Orange St.	Rental	18	2015*	HUD 202, RHS
Landmark House II	Orange St.	Rental	8	2041	FHLBB, HUD
DMH Group Homes	Confidential	Rental	5	N/A	DMH
Norquarta Drive	Norquarta Drive	Rental	2	Perpetual	DHCD
Dartmouth Street	Dartmouth Street	Rental	2	Perpetual	Town of Nantucket
Norwood Street	Norwood Street	Rental	1	Perpetual	Town of Nantucket
Irving Street	Irving Street	Rental	1	Perpetual	Town of Nantucket
Clarendon Street	Clarendon Street	Rental	1	Perpetual	Town of Nantucket
Abrem Query	2-4-6-8 Folger Ave	Own	7	Perpetual	FHLBB
Beach Plum Village	15-19 Rugged Rd; 6-8 Scotts Way	Own	3	Perpetual	MassHousing

Sources: DHCD, Housing Nantucket, Inc.

The Massachusetts Department of Housing and Community Development (DHCD) maintains a list of the deed restricted affordable units in each city and town. Known as the Chapter 40B Subsidized Housing Inventory (SHI), the list determines whether a community meets the 10 percent minimum. It also is used to track expiring use restrictions, i.e., when non-perpetual affordable housing deed restrictions will lapse. As shown in Table 12, Nantucket's SHI currently includes 121 affordable units, or 2.5 percent of the island's year-round housing units. The 121-unit affordable housing inventory represents a 21-unit gain between

2000 and 2010: a fraction of the island's total housing growth of 2,400 units in the same period. Moreover, the affordable housing restriction for eighteen SHI units is scheduled to expire this year is at Landmark House, a HUD 202 development for the elderly. In addition, the restriction controlling twelve of the twenty-seven units at the Academy Hill School – also reserved for seniors - will expire near the end of 2016.



LOCAL WORKFORCE HOUSING EFFORTS

DHCD does not “count” all of Nantucket’s deed-restricted housing on the SHI. In most cases this is because Nantucket’s affordable units tend to be restricted for households with higher incomes than the state defines as low or moderate income. There are also developments with an approved comprehensive permit and partially under construction, but the SHI-eligible units have not been built or simply have not been added to the state’s list. The following local initiatives to create affordable housing are either ineligible or not ready for listing in the SHI.



- **Housing Nantucket.** Twenty-four out of thirty-one rental units and fifty-six covenant homes for year-round residents with incomes up to 150 percent AMI.
- **Habitat for Humanity.** Six homeownership units and one currently under construction. Habitat is also scheduled to construct four of the affordable units at Sachem’s Path.
- **Nantucket Housing Authority/Housing Assistance Corporation of Cape Cod.** Sachem’s Path, a 36-unit homeownership development under construction on land owned by the Nantucket Housing Authority, will eventually generate eight SHI-eligible units. (The remaining twenty-eight units will be “Nantucket affordable,” i.e., for households with incomes between 100 and 150 percent AMI.) The Town has made a considerable investment in Sachem’s Path with Community Preservation Act (CPA) funds.
- **Nantucket Education Trust (NET).** Several years ago, the NET created twelve employer-assisted housing for teachers on Cow Pond Lane near the school complex. The project is not actually occupied by many teachers, but the units exist and they are available to the general public when there is not enough interest from school department employees. In 2015, the Cow Pond Lane units provide housing for four school department workers, three town employees, and five other Nantucket households unrelated to the schools.⁵²
- **Town of Nantucket:**
 - **Town:** One year-round dwelling at 38 Westchester Street, used as entry housing for department heads.
 - **Department of Public Works.** Four year-round units for employees at the Surfside Wastewater Treatment Facility (one one-bedroom unit, one two-bedroom unit, and two three-bedroom units).⁵³
 - **Airport:** One year-round dwelling unit with six to eight beds.
 - **Nantucket Police Department.** Seasonal housing at LORAN Station for summer reserve officers and community service officers; forty-two beds, including eight for female employees; and seasonal housing for lifeguards, including 47 Okorwaw Avenue (ten beds), 109 Washington Street Ext. (four beds), and 39 Washington Street (twelve beds).
- **Employer-Assisted Housing.** There is no comprehensive inventory of employer-owned housing on Nantucket, but several private employers are known to provide short-term or seasonal housing for their workers. One of the island’s largest employers, **Nantucket Island Resorts, Inc.**, maintains 210 beds for seasonal employees of its five hotels and marina. Most of the beds are actually reserved for experienced hospitality workers returning to Nantucket for the summer season. Nantucket Island Resorts employs about 400 people at peak season, so the dormitory beds accommodate just a little over

⁵² Caitlin Waddington, Nantucket Community School, by email, March 18, 2015.

⁵³ Kara Buzanoski, Nantucket DPW Director, by email, March 18, 2015.

half of its seasonal workers.⁵⁴ The company also employs fifty-five to fifty-six year-round workers, all of whom depend on other privately owned housing on Nantucket. Other examples of employer-owned housing for workers include **Something Natural**, a popular sandwich and specialty foods shop owned by Selectman Matt Fee, which provides housing for approximately twenty-four of its fifty seasonal employees.⁵⁵ Other entities such as **Stop & Shop** are known to rent units to house their workers as well. The **Nantucket Cottage Hospital** owns twenty-six workforce housing units (combined total of 58 bedrooms) and leases seven additional units (21 bedrooms).

- **The U.S. Coast Guard** owns ten three-bedroom units at Gouin Village and at LORAN Station, eight three bedroom and two four bedroom units.
- **Rental Assistance Program.** Nantucket's **Interfaith Council** provides temporary financial assistance to help year-round renters with housing emergencies due to family illness, loss of work, or other unforeseen conditions, or to help them move from substandard units to safe, decent, year-round housing. Since there are no shelter facilities for the homeless on Nantucket, the Rental Assistance Program plays a critical role in helping to prevent homelessness with a flexible "stop-gap" subsidy. To qualify for help, renters must have lived on Nantucket for at least two years, have some source of employment, and live in legal (code-compliant) housing. Many applicants live in illegal units, so they can receive help only if they move to better housing. In a given year, the Rental Assistance Program helps sixty to seventy households with an overall program budget of approximately \$150,000.

While the Town, non-profit organizations, and local employers have taken steps to provide affordable housing, the existing level of effort and the existing approaches are not enough. The present inventory of deed-restricted units does not begin to meet Nantucket's needs for affordably priced units at all market levels, from households with very low incomes to those earning somewhat more than the maximum for the Nantucket Housing Needs Covenant Program. There are about 500 renter households with incomes in a range that might qualify for a covenant homeownership unit (generally 80-150 percent AMI), but the program currently includes just fifty-six units, most of which were created from conveyances that occurred on the eve of the last recession (pre-December 2007). A unit-by-unit approach like that of the covenant program makes sense for growth management and housing preservation reasons, but it is not an efficient way to create housing for people who need it.

In addition, while the Town of Nantucket has created or otherwise provides for some housing for municipal and school employees, the majority of units established through Town-sponsored or Town-supported efforts are actually not workforce units; rather, they are for seniors. It must be very difficult for elderly residents who spent their working years as Nantucket homeowners or renters, only to find themselves without suitable, affordable housing in retirement. Projects like Academy Hill Apartments and Our Island Home play a vital role in preserving age and income diversity on Nantucket. Town-sponsored workforce housing should complement, not compete with, these other humanitarian programs.

⁵⁴ Nantucket Island Resorts, interview, January 19, 2015.

⁵⁵ Matt Fee, interview, January 18, 2015.

However, short of significantly increasing its housing supply, Nantucket will not be able to address the needs of any of the groups that need housing priced appropriately for their means – including but not limited to the people in the workforce. **The existing supply is inadequate, and as numerous past studies and reports show, the supply has been inadequate for a very long time.**

MOVING FORWARD

Nantucket should focus on addressing several workforce housing barriers in order to achieve the following ten-year production goals.

WORKFORCE HOUSING DEVELOPMENT STRATEGY 2015-2025 ⁵⁶			
Workforce Housing Income Tier	Estimated Number of Units	Tools	Potential Methods
120-150% AMI	20 Homeownership 30 Rental	Inclusionary Zoning Covenant Program Overlay District Buydowns Land Bank	New development Reuse of existing dwellings: conversion of large houses into smaller units
100-120% AMI	20 Homeownership 30 Rental	Housing Rehabilitation Covenant Program Nonconforming Lots Incentive Zoning Town Land	New development Reuse of existing dwellings Scattered site/infill housing
80-100% AMI	10 Homeownership 15 Rental	CPA Subsidy HOME Accessory apartments Town Land – existing or land the Town could acquire for community housing purposes	New development Scattered site/infill housing
50-80% AMI	10 Homeownership 60 Rental 20 SRO	LIHTC HOME CPA Chapter 40B Accessory apartments Town Land	New development Conversion of obsolete commercial space
30-50% AMI	25 Rental	LIHTC Section 8 PBA Chapter 40B National Affordable Housing Trust (new federal program)	New construction
Total	240 Units Homeownership: 60 Rental: 180		

ACTIONS

■ **Make better use of Chapter 40B to create affordable housing for working families.**

Enacting zoning changes to create affordable housing can be very difficult, even in communities that are generally supportive of affordable and workforce housing efforts. Nantucket should consider actively pursuing partnerships with non-profit and for-profit developers that have worked successfully with cities

⁵⁶ The strategy calls for 240 units over ten years, which is a more manageable effort than the several-hundred units contemplated in Nantucket’s 2002 housing plan. The basis for 240 units is that 240 represents 10 percent of the island’s total housing growth from 2000 to 2010.

and towns on so-called “friendly” Chapter 40B developments. For example, the Town of Shrewsbury (Central Massachusetts) has issued “Requests for Expressions of Interest” to recruit private developers as partners for Local Initiative Program (LIP) comprehensive permits. Nantucket could also provide financial support to friendly Chapter 40B developments (as was done for Sachem’s Path). Examples of potential funding mechanisms could include **purchase price buydowns** of affordable units from 80 percent AMI or market-rate units to 150 or 120 percent AMI. A purchase price buydown subsidizes the difference between an asking price and a price that is actually affordable to a low, moderate, or middle-income homebuyer.

■ Evaluate options for regulatory reform.

Nantucket has taken steps to increase the housing supply in ways that should produce modestly priced housing even if not deed restricted, e.g., the multifamily overlay district, the recently enacted tertiary unit program, and relaxation of requirements for accessory apartments. The Town could also consider some options that have been pursued in other communities:

- **Affordable Units on Small Lots.** Amend the Zoning Bylaw to allow substandard (undersized) lots to be used for an infill single-family workforce housing unit, such as renovated relocation unit, subject to a covenant and year-round occupancy requirements.



- **Remove Barriers to Supply.** Nantucket’s present zoning imposes large-lot requirements on over 70 percent of the island. The desire to limit growth in rural areas makes good planning sense, but there needs to be offsetting development incentives – with or without affordability restrictions – in areas close to goods and services.
- **Inclusionary Zoning.** Work with for-profit and non-profit developers to design an inclusionary housing bylaw that could work throughout or within selected areas of any high- or moderate-density zoning district.

Inclusionary zoning is a bylaw that requires or provides incentives for developers to create affordable housing as a part of market-rate developments, either by including affordable housing

in the development, building it off-site, or contributing land or money to a housing trust fund in lieu of construction. In Massachusetts, it was pioneered successfully in three cities – Brookline, Cambridge, and Newton – and has gradually spread to suburban areas, but with mixed results. Due to Nantucket’s very high land costs and seemingly relentless market interest in seasonal homes, inclusionary zoning will never provide a “cure-all” for the island’s workforce housing needs. By the same token, Nantucket has the basic ingredients found in most inclusionary zoning programs in the U.S.: strong housing demand and high housing costs that can provide an internal subsidy.⁵⁷

Nantucket currently gives the Planning Board special permit authority to require inclusionary housing units in major commercial developments. Consideration should be given to imposing an actual requirement in commercial, multifamily, or higher-density districts and giving the Planning Board authority to waive the requirement in exchange for a reasonable alternative, e.g., a cash contribution to the Town’s housing trust.

■ **Build financial resources and capacity to develop mixed-income housing.**

Nantucket needs to develop an affordable housing fund that includes not only Community Preservation Act (CPA) revenue, but also monies from other sources. The following concepts should be pursued:

- **Housing Bank.** A transfer tax comparable to that established for the Nantucket Land Bank Commission in 1983. Nantucket voters had the opportunity to adopt the Nantucket Community Housing Bank, a home rule option to impose a 1 percent transfer tax on real estate transactions on Nantucket, comparable to the Martha’s Vineyard Housing Bank. Although it originally received their approval, Nantucket voters rejected the measure when it came back for a second vote, perhaps out of concern about taxes or impediments to future home sales. The program or a similar one needs to be resurrected and reintroduced in Nantucket. Available state and federal subsidies are very limited, declining, and not necessarily in sync with Nantucket’s workforce housing needs. **The Town needs resources to develop price-appropriate housing for year-round and seasonal workers.**
- **Land Bank Partnership.** Exploring options for reallocating a portion of the Land Bank’s funding for joint open space-affordable housing initiatives modeled after successful projects elsewhere, e.g., Battle Road Farm in Lincoln, Massachusetts; Island Co-housing, West Tisbury; or Ryan Road in Northampton. There are *many* examples of successful open space/affordable housing initiatives in Massachusetts, including established partnerships between the Vineyard’s Island Housing Trust and the Martha’s Vineyard Land Bank Commission. Nantucket does not need to “reinvent the wheel” in terms of establishing a working relationship with the Land Bank Commission. There are plenty of models, both in New England and throughout the country.

⁵⁷ See Appendix C for inclusionary zoning training packet prepared for Citizen Planner Training Collaborative (CPTC) in 2014-2015.

- **Priority Consideration for CPA funds.** Nantucket could make a sustained commitment to allocate most of the CPA funds to affordable housing (which may include land acquisition for new moderate-income housing construction), e.g., as has been done in Provincetown.
- **Issuance of Bonds.** The Town needs land that is free of conservation restrictions for municipally sponsored housing development, e.g., acquisition of land for new construction or acquisition of existing housing that can be redeveloped as multifamily units. Some communities have issued bonds for this purpose, backed by CPA funds, or used the home rule process to exempt bonds for housing and community development projects from the constraints on use of bond proceeds in G.L. c. 44. The Town of Easton partnered with Beacon Communities to save a historically significant mill from demolition by reusing the property for affordable housing. Toward that end, Easton gave both outright grants and a deferred payment loan, both CPA-assisted, to facilitate Beacon’s project.
- **Revitalize the Housing Trust.** Nantucket established an affordable housing trust by adopting a 2004 state law, but the trust is underutilized due to vacancies and loss of qualified staff. The Town should recruit new members and provide the trust with a housing planner (at least part-time) to help develop a business plan for the trust’s loan fund and underwriting guidelines for potential projects. **The Town needs in-house housing advocacy in order to make any measurable gains in the production and monitoring of affordable housing, but in-house advocacy will only go so far without reliable support from the community.**

■ **Pay attention to fair housing concerns, especially in light of new regulations under the federal Fair Housing Act.**

HUD is expected to release new, more stringent Fair Housing Act regulations in the next few months, based on a proposed rule published in the *Federal Register* on July 19, 2013 (“Affirmatively Furthering Fair Housing; Proposed Rule). The regulations will have a “cross-cutting” impact on federal funds that communities receive from other agencies, e.g., transportation, education, library, and so on. Nantucket should develop and adopt affirmative fair housing policies to guide the use of Town-owned resources (land, buildings, or funding) in order to ensure non-discrimination against groups protected under the federal Fair Housing Act, e.g., families with children, people with disabilities. The Town could embrace a policy similar to that recently adopted by state (providing for a minimum percentage of three-bedroom units in any given development).

■ **Build capacity to develop mixed-income and affordable housing through partnerships with seasoned non-profit developers.**

Develop a working partnership between Housing Nantucket, Inc., and an experienced non-profit or for-profit developer with a track record for “friendly” mixed-income housing developments in other communities. Non-profit examples: Neighborhood of Affordable Housing (NOAH) or The Community Builders in Boston, or Housing Assistance Corporation on the Cape. For-profit examples include Beacon Communities.

- **Ensure that housing developed on Town-owned land is managed by a qualified private entity.**

- **Revisit the meaning of “workforce housing.”**

For purposes of the Nantucket Housing Needs Covenant Program, the Town embraced a definition of workforce housing that was consistent with a then-new gubernatorial executive order in the early 2000s: a qualifying income up to 150 percent AMI. The upper end of the workforce housing income range makes sense for homeownership units, but consideration should be given to devoting equal or greater emphasis to rental housing for lower-income workers. The strongest components of Nantucket’s employment base involve low-wage jobs in hospitality, tourism, and arts and recreation industries. While the town clearly needs to support the development of higher wage jobs in other sectors, hospitality and tourism are crucial components of the Town’s economy. Taking steps to reduce overcrowding and rentals in substandard units and providing safe, decent, sanitary housing options for the island’s low-income workers will be important not only for economic development but also affirmatively furthering fair housing.

APPENDIX A: GLOSSARY

Affirmative Marketing Plan. A plan that meets the fair housing and non-discrimination requirements of the Department of Housing and Community Development (DHCD) for marketing affordable housing units. Such plan typically provides for a lottery and outreach to populations protected under the federal Fair Housing Act of 1968, as amended. The plan must be designed to prevent housing discrimination on the basis of race, creed, color, national origin, sex, age, disability, familial status, sexual orientation, gender identity, or any other legally protected class under state or federal law.

Affordable Housing. As used in this report, "affordable housing" is synonymous with low- or moderate-income housing, i.e., housing available to households earning no more than 80 percent of area median income at a cost that does not exceed 30 percent of their monthly gross income.

Affordable Housing Fund. The mechanism used to account for and report revenues and expenditures for affordable housing, including but not limited to Community Preservation Act (CPA) receipts and other affordable housing funding sources.

Area Median Income (AMI). The median family income, adjusted for household size, within a given metropolitan or non-metropolitan area, updated annually by HUD and used to determine eligibility for most housing assistance programs. For Nantucket, AMI is based on the Nantucket County Median Income.

Chapter 40A. G.L. c. 40A, the state Zoning Act. The current version of the Zoning Act was adopted in 1975 (1975 Mass. Acts 808).

Chapter 40B. G.L. c. 40B, § 20-23 (1969 Mass. Acts 774), the state law administered locally by the Board of Appeals in order to create affordable housing. It provides eligible developers with a unified permitting process that subsumes all permits normally issued by multiple town boards. Chapter 40B establishes a basic presumption at least 10 percent of the housing in each city and town should be affordable to low- or moderate-income households. In communities below the 10 percent statutory minimum, affordable housing developers aggrieved by a decision of the Board of Appeals can appeal to the state Housing Appeals Committee, which in turn has authority to uphold or reverse the Board's decision.

Chapter 40R. G.L. c. 40R (2004 Mass. Acts 149, s. 92), a state law that provides for overlay districts with variable densities for residential development and multi-family housing by right (subject to site plan review). At least 25 percent of the units in a Chapter 40R district have to be affordable to low- or moderate-income people.

Chapter 44B. G.L. c. 44B (2000 Mass. Acts 267), the Community Preservation Act, allows communities to establish a Community Preservation Fund for open space, historic preservation, and community housing by imposing a surcharge of up to 3 percent on local property tax bills. The state provides

matching funds (or a partial match) from the Community Preservation Trust Fund, generated from Registry of Deeds fees.

Comprehensive Permit. The unified permit authorized by Chapter 40B for affordable housing development.

Community Development Block Grant (CDBG). Under the Housing and Community Development Act of 1974, as amended (42 U.S.C. 5300 et seq.), the U.S. Department of Housing and Urban Development (HUD) makes funds available each year for large cities ("entitlement communities") and each of the fifty states (the Small Cities or "non-entitlement" program). CDBG can be used to support a variety of housing and community development activities provided they meet one of three "national objectives" established by Congress. Housing activities are usually designed to meet the national objective of providing benefits to low- or moderate-income people. Funds may be used for housing rehabilitation, redevelopment of existing properties for residential purposes (in some cases), making site improvements to publicly owned land in order to support the construction of new housing, interest rate and mortgage principal subsidies, and downpayment and closing cost assistance. As a "non-entitlement community," Nantucket has received CDBG funds in the past from DHCD and can only do so again by submitting a competitive application in the future. It could be an advantageous mechanism for code enforcement. The state program is guided by a five-year Consolidated Plan and One-Year Action Plans required by HUD.

Community Housing. As defined under Chapter 44B, "community housing" includes housing affordable and available to (a) households with incomes at or below 80 percent AMI and (b) between 81 percent and 100 percent AMI.

Comprehensive Permit. The unified permit authorized by Chapter 40B for affordable housing development.

Consolidated Plan. A five-year plan required by HUD in order for large cities and states to spend CDBG and HOME funds. The purpose of the plan is to document and analyze housing market conditions, affordable housing needs, homelessness and disability housing needs, and non-housing community development needs in the city or state that receives federal housing and community development funds and design a strategy to address those needs using federal, state, local, and private resources. HUD grant recipients also have to prepare one-year action plans showing how each year's funding will be used in a manner consistent with the five-year Consolidated Plan.

Department of Housing and Community Development (DHCD). The state's lead housing agency, originally known as the Department of Community Affairs (DCA). DHCD oversees state-funded public housing and administers rental assistance programs, the state allocation of CDBG and HOME funds, various state-funded affordable housing development programs, and the Community Services Block Grant (CSBG) Program. DHCD also oversees the administration of Chapter 40B.

Extremely Low Income. See Very Low Income.

Fair Housing Act (Federal). Established under Title VII of the 1968 Civil Rights Act, the federal Fair Housing Act prohibits discrimination in the sale, rental, and financing of dwellings, and in other housing-related transactions, based on race, color, national origin, religion, sex, familial status (including children under the age of 18 living with parents or legal custodians, pregnant women, and people securing custody of children under the age of 18), sexual orientation, gender identity, and disability.

Fair Housing Law, Massachusetts. G.L. c. 151B (1946), the state Fair Housing Act prohibits housing discrimination on the basis of race, color religious creed, national origin, sex, sexual orientation, age, children, ancestry, marital status, veteran history, public assistance reciprocity, or physical or mental disability.

Fair Market Rent (FMR). A mechanism used by HUD to control costs in the Section 8 rental assistance program. HUD sets FMRs annually for metropolitan and non-metropolitan housing market areas. The FMR is the 40th percentile of gross rents for typical, non-standard rental units occupied by recent movers in a local housing market. (See 24 CFR 888.)

Family. Under the Federal Fair Housing Act (FFHA), family includes any of the following:

- (1) A single person, who may be an elderly person, displaced person, disabled person, near-elderly person, or any other single person; or
- (2) A group of persons residing together, and such group includes, but is not limited to:
 - (a) A family with or without children (a child who is temporarily away from the home because of placement in foster care is considered a member of the family);
 - (b) An elderly family;
 - (c) A near-elderly family;
 - (d) A disabled family;
 - (e) A displaced family; and
 - (f) The remaining members of a tenant family.

Gross Rent. Gross rent is the sum of the rent paid to the owner plus any utility costs incurred by the tenant. Utilities include electricity, gas, water and sewer, and trash removal services but not telephone service. If the owner pays for all utilities, then gross rent equals the rent paid to the owner.

Group Home. A type of congregate housing for people with disabilities; usually a single-family home.

Inclusionary Zoning. A zoning ordinance or bylaw that encourages or requires developers to build affordable housing in their developments or provide a comparable public benefit, such as providing affordable units in other locations ("off-site units") or paying fees in lieu of units to an affordable housing trust fund.

Infill Development. Construction on vacant lots or underutilized land in established neighborhoods and commercial centers.

HOME Investment Partnership Program (HOME). A HUD-administered formula grant program that supports the creation and preservation of housing for low- or moderate-income people. Authorized under Title II of the Cranston-Gonzalez National Affordable Housing Act of 1990, as amended, HOME provides funding to states, larger cities, and groups of contiguous communities that form a consortium for the purpose of qualifying as a "Participating Jurisdiction," or "PJ," which is similar to a CDBG entitlement recipient. Falmouth is part of the Barnstable County HOME Consortium, administered by the Cape Cod Commission. HOME funds can be used for home purchase or rehabilitation financing assistance to eligible homeowners and new homebuyers, construction or rehabilitation of housing for rent or ownership, or site acquisition or improvement, demolition of dilapidated housing to make way for HOME-assisted development, and relocation expenses. PJs may also use HOME funds for tenant-based rental assistance contracts of up to two years if doing so is consistent with their Consolidated Plan and justified under local market conditions. Up to 10 percent of the PJ's annual allocation may be used for program planning and administration.

Household. One or more people forming a single housekeeping unit and occupying the same housing unit.
(See definition of FAMILY)

Housing Appeals Committee (HAC). A five-member body that adjudicates disputes under Chapter 40B. Three members are appointed by the Director of DHCD, one of whom must be a DHCD employee. The governor appoints the other two members, one of whom must be a city councilor and the other, a selectman.

Housing Authority. Authorized under G.L. 121B, a public agency that develops and operates rental housing for very-low and low-income households.

Housing Cost, Monthly. For homeowners, monthly housing cost is the sum of principal and interest payments, property taxes, and insurance, and where applicable, homeowners association or condominium fees. For renters, monthly housing cost includes rent and basic utilities (oil/gas, electricity).

HUD. See U.S. Department of Housing and Urban Development.

Inclusionary Zoning. Zoning regulations that encourage or require the inclusion of affordable units in residential or mixed-use developments.

Jobs-to-Housing Ratio. An indicator of the adequacy of employment and housing in a given community or area.

Labor Force. The civilian non-institutionalized population 16 years and over, either employed or looking for work.

Labor Force Participation Rate. The percentage of the civilian non-institutionalized population 16 years and over that is in the labor force.

Local Initiative Program (LIP). A program administered by DHCD that encourages communities to create Chapter 40B-eligible housing without a comprehensive permit, e.g., through inclusionary zoning, purchase price buydowns, a Chapter 40R overlay district, and so forth. LIP grew out of recommendations from the Special Commission Relative to the Implementation of Low or Moderate Income Housing Provisions in 1989. The Commission prepared a comprehensive assessment of Chapter 40B and recommended new, more flexible ways to create affordable housing without dependence on financial subsidies.

Low Income. As used in this report, low income means a household income at or below 50 percent of AMI. It includes the household income subset known as very low income.

Massachusetts Housing Partnership (MHP). A public non-profit affordable housing organization established by the legislature in 1985. MHP provides technical assistance to cities and towns, permanent financing for rental housing, and mortgage assistance for first-time homebuyers.

MassHousing. The quasi-public state agency that provides financing for affordable housing.

Mixed-Income Development. A residential development that includes market-rate and affordable housing.

Mixed-Use Development. A development with more than one use on a single lot. The uses may be contained within a single building ("vertical mixed use") or divided among two or more buildings ("horizontal mixed use").

Moderate Income. As used in this report, moderate income means a household income between 51 and 80 percent of AMI.

Overlay District. A zoning district that covers all or portions of basic use districts and imposes additional (more restrictive) requirements or offers additional (less restrictive) opportunities for the use of land.

Regulatory Agreement. An affordable housing restriction, recorded with the Registry of Deeds or the Land Court, outlining the developer's responsibilities and rights

Section 8. A HUD-administered rental assistance program that subsidizes "mobile" certificates and vouchers to help very-low and low-income households pay for private housing. Tenants pay 30

percent (sometimes as high as 40 percent) of their income for rent and basic utilities, and the Section 8 subsidy pays the balance of the rent. Section 8 also can be used as a subsidy for eligible rental developments, known as Section 8 Project-Based Vouchers (PBV), which are not "mobile" because they are attached to specific units.

Shared Equity Homeownership. Owner-occupied affordable housing units that remain affordable over time due to a deed restriction that controls resale prices, thereby retaining the benefits of the initial subsidy for future moderate-income homebuyers.

Single Room Occupancy (SRO). A building that includes single rooms for occupancy by individuals and usually includes common cooking and bathroom facilities shared by the occupants.

Subsidized Housing Inventory (SHI). A list of housing units that "count" toward a community's 10 percent statutory minimum under Chapter 40B.

SHI-Eligible Unit. A housing unit that DHCD finds eligible for the Subsidized Housing Inventory because its affordability is secured by a long-term use restriction and the unit is made available to low- or moderate-income households through an approved affirmative marketing plan.

Subsidy. Financial or other assistance to make housing affordable to low- or moderate-income people.

Typical, Non-standard Rental Units. A term that defines the types of rental units that HUD includes and excludes in establishing the FMR for each housing market area. The term excludes: public housing units, rental units built in the last two years, rental units with housing quality problems, seasonal rentals, and rental units on ten or more acres.

U.S. Department of Housing and Urban Development (HUD). The lead federal agency for financing affordable housing development and administering the Fair Housing Act.

Very Low Income. As used in this report, very low income is a household income at or below 30 percent of AMI. In some housing programs, a household with income at or below 30 percent of AMI is called extremely low income.

Workforce. People who work or who are available for work, either in a defined geographic area or a specific industry.

Workforce Housing. There is no single industry standard that defines "workforce housing." HUD defines it as housing affordable to households earning between 80 and 120 percent of AMI. The Urban Land Institute has traditionally used the term "workforce housing" to describe units affordable to households with incomes between 60 and 100 percent AMI. Nantucket has adopted a broad range of incomes for the term "workforce housing," from 60 to 150 percent AMI.

APPENDIX B: NATIONAL LOOK AT WORKFORCE HOUSING INITIATIVES

Appendix B presents workforce housing initiatives in other resort communities with challenges similar to those on Nantucket. Internet research was conducted to identify communities facing similar housing barriers for low- to middle-income workers. The communities selected for “case study” review were chosen based on the following criteria:

- 1) “Similar” to Nantucket in terms of the following: seasonal, resort, extremely high housing costs relative to surrounding areas, low relative average wage, high wage adjustment factor;
- 2) Optionally, one of the case studies could examine a non-resort community with substantial growth in housing values;
- 3) Has an active “workforce” housing program; and
- 4) Local or county government sponsors programs.

A number of communities were identified with the criteria listed above. The following three are highlighted due to the availability of information, willingness of local staff to participate, and relevance of potential strategies. It is important to note that by focusing on these similarity factors, some well-known workforce housing programs have been eliminated – programs in places with established traditions in inclusionary zoning and price-appropriate housing at a variety of income levels, e.g., Montgomery County, MD.

KEY WEST, FLORIDA

The Problem. Contributing factors to the need for affordable housing in Key West include lower-wage tourism based jobs; loss of military families that lived in housing subsidized by the government; increased demand for second homes; government limitations on growth due to hurricane evacuation procedures; the loss of housing due to conversion to guesthouses; and the lack of available vacant land.⁵⁸ The city is 120 miles from the mainland, which means it shares Nantucket’s difficulty to recruit qualified workers without suitable housing. Additionally, the state of Florida froze new home construction in Key West (except to replace older structures) due to tighter hurricane evacuation standards and other reasons.⁵⁹ Housing construction in Key West has only just restarted.⁶⁰

⁵⁸ Parker, Dan, “How Key West Handles It,” Port Aransas South Jetty, October 23, 2014 last accessed at http://www.portasouthjetty.com/news/2014-10-23/Front_Page/How_Key_West_handles_it.html

⁵⁹ Parker, Dan, “How Key West Handles It,” Port Aransas South Jetty, October 23, 2014 last accessed at http://www.portasouthjetty.com/news/2014-10-23/Front_Page/How_Key_West_handles_it.html

⁶⁰ Interview with Kevin Bond, Acting Planning Director, City of Key West

Key West has a multi-pronged approach to workforce housing and adopted a Workforce Housing Ordinance in 2005.

BASIC PROGRAM COMPONENTS

- **Accessory Dwelling Units / Incentives.** In order to encourage the private sector to provide affordable and workforce housing, the City of Key West allows owners of single-family residences to build smaller homes as additions that could provide more affordable housing.⁶¹ This initiative has had limited appeal because the units created are generally small and only permitted in one zoning district.
- **Mixed Use Incentives.** Future policy indicates that in all mixed use zoning districts, the City will encourage the addition of affordable workforce housing on the same site as commercial properties and institutions to promote employee housing.⁶² The Accessory Unit Infill Incentive ordinance provides a break on parking requirements for providing affordable units in commercial districts (e.g., allowing a bike or motor bike space rather than a car space). The Compact Infill Development also encourages affordable housing in commercial districts by providing bonus square footage for providing affordable units. These two newer ordinances are yet to be tested – though permit applications have been submitted.
- **Inclusionary Housing Ordinance.** In 2005, the City of Key West adopted a workforce housing ordinance that requires 30 percent of the units in new housing developments to be affordable to people employed in the local economy. Income eligibility reflects the percentage of the workforce at each income level, mixes people of all incomes together, and does not create high and low-income enclaves. Due to the lack of new housing construction in Key West, however, this ordinance has not yet produced any affordable housing. Key West is essentially in a redevelopment phase.

Key West Inclusionary Housing Ordinance: Income Tiers		
	Rental Housing Limits (% area median income)	Ownership Housing Limits (sales price not to exceed)
Low Income	80% AMI	2.5x AMI
Median Income	100% AMI	3.5x AMI
Moderate Income	120% AMI	5x AMI
Middle Income	140% AMI	6.5x AMI

Under the inclusionary ordinance, 10 percent of all new market-rate housing must be affordable to low income households and 20 percent of all new housing must be affordable to median income households. Applicants for affordable housing are required to earn 70 percent of their income in Key West. In addition to residential construction requirements, any new commercial industrial, hotel/motel, or multi-family housing development shall be required to provide affordable housing or pay "fees in lieu" to the Housing Trust Fund. A fee-in-lieu program is permitted only for projects of ten units or

⁶¹ Parker, Dan, "How Key West Handles It," Port Aransas South Jetty, October 23, 2014 last accessed at http://www.portasouthjetty.com/news/2014-10-23/Front_Page/How_Key_West_handles_it.html

⁶² Key West Comprehensive Plan, Appendix A, 2013

less. The affordability requirement remains in place in perpetuity for any deed restriction enacted after the ordinance was adopted (affordability may expire for those built before 2005).⁶³

OTHER HOUSING INITIATIVES

The City has historically taken a proactive approach to providing affordable units by working with the State of Florida and private developers to allow more affordable units. Through a community development organization, the City serves as developer of affordable workforce housing units on city-owned property located in both Key West and in the community redevelopment areas. On the legislative side, the City has implemented policies to allow accessory apartments to single-family homes, to facilitate infill of affordable units, and to facilitate apartments above commercial developments.⁶⁴

- **Building Permit Allocation System:** Key West’s Building Permit Allocation System (BPAS) requires a set percentage of new building permits per year that must be designated as affordable.⁶⁵ Between 2013 and 2023, the BPAS will allow 91 new units to be constructed per year; approximately half of them will be affordable.
- **Housing Trust Fund:** Funded by revenue from fees-in-lieu collected, the Fund is earmarked for the provision of housing affordable to low- and moderate-income households. Options for use include: (1) financial aid to developers; (2) mortgage assistance to homeowners; (3) financial incentive for converting transient units to affordable housing; (4) direct investment in or leverage to housing affordability through site acquisition, housing development and housing conservation; or (5) other affordable workforce housing purposes.
- **Homebuyers Assistance Program:** To assist eligible members of the workforce to obtain loans (\$20,000 maximum) so they can become homeowners. The community development office through the housing authority of the City of Key West administers this program.

TRACK RECORD

While the City of Key West has made progress on increasing the supply of affordable housing, “the provision of decent, safe, sanitary and affordable housing to all residents continues to be one of the most daunting challenges that the City of Key West faces.”⁶⁶ Their efforts are complicated by statewide hurricane evacuation policy (which slowed down housing construction) and expiring deed restrictions. In the coming years, it will be possible for hundreds of new residential units to be constructed; of those, approximately 500 should be affordable to the workforce.

⁶³ Parker, Dan, “How Key West Handles It,” Port Aransas South Jetty, October 23, 2014 last accessed at http://www.portasouthjetty.com/news/2014-10-23/Front_Page/How_Key_West_handles_it.html

⁶⁴ Key West Comprehensive Plan, Appendix A, 2013

⁶⁵ Key West Comprehensive Plan, Housing Element, 2013

⁶⁶ Parker, Dan, “How Key West Handles It,” Port Aransas South Jetty, October 23, 2014 last accessed at http://www.portasouthjetty.com/news/2014-10-23/Front_Page/How_Key_West_handles_it.html

LESSONS LEARNED⁶⁷

At the time of the 2005 Evaluation and Appraisal Report, it was noted that the workforce housing construction (inclusionary) policy has been successful. However, there was still a recognized shortage of affordable units.⁶⁸ According to the Acting Planning Director, the City is looking now to ways to permit increased density and taller building heights as an incentive for new construction. They recognize that they cannot build their way out of the problem. Building new construction is difficult (due to limited land availability) and expensive; there is a negligible difference in constructing a market rate and an affordable unit. Therefore, the City is focusing on reuse of existing vacant or underutilized properties and increasing density in commercial areas.

BRECKENRIDGE, COLORADO

The Problem. Like other resort communities, Breckenridge has a sizable gap between what its service and local employees earn and the cost of housing. While not an island, the town is mostly built-out and limited in future growth by the National Forest, which surrounds the town (they have conducted some land trades). The town's goal is that at least 50 percent of those people working in town will be residents. The benefits of this are to reduce in-commuting, improve quality of life for the local workforce, and strengthen the community. Breckenridge's biggest challenge going forward is losing unrestricted units in which locals are currently living. Over the next five to ten years, the town expects to lose a significant number of workforce units due to employee retirement (many of these people purchased their homes in the 1970s, before real estate prices escalated). Market appreciation means these units will not even be affordable for the town to buy down.

HOUSING TRUST FUND

A county-wide, voter-approved (2006) impact fee (\$2 per square foot) and sales tax (0.125%) funds Breckenridge's Affordable Housing Trust Fund. The Fund enables Breckenridge to engage in a variety of housing efforts. Together, the fee and tax generate \$800,000 per year. These provisions will sunset in 2016 unless voters agree to an extension, so the process for renewing them has begun. The Housing Trust Fund can be used for annexation, acquiring land, and building projects. Breckenridge uses these funds for targeting some very low AMI, due to the larger subsidy needed. However, the fund balance is 1/10th of what the town needs to reach its goals. Breckenridge will leverage the fund balance and avail itself of any viable funding program (LIHTC, CDBG, etc.).

OTHER HOUSING INITIATIVES

- **Inclusionary Zoning.** Breckenridge's zoning ordinance has protections and incentives in place to ensure that new development is contributing in some way to the workforce housing problem. New development is required to provide 10 percent of the units as affordable housing. Only approximately

⁶⁷ Representatives from the Key West Planning Department did not respond to my request for information.

⁶⁸ Key West Comprehensive Plan, Appendix A, 2013

one-eighth of the Town's workforce housing is attributable to this requirement because it applies only to new construction, not redevelopment. Breckenridge is now in a redevelopment phase and sees little large-scale new construction.

- **Annexation.** Breckenridge has produced the most workforce housing through its annexation policy. The town will make a property outside of town boundaries developable by allowing access to public water and sewer system. In exchange, the developer has to provide 80 percent of the units as deed restricted workforce housing. While this strategy has been very successful, very limited potential for annexation remains in unincorporated areas adjacent to Breckenridge. This approach would obviously not work in Nantucket.
- **Buy-Downs.** With limited remaining land available for acquisition or annexation, the town is now pursuing a strategy to buy-down or acquire older properties (e.g. former lodging sties) and convert them into local housing in order to increase the workforce housing supply. According to Senior Planner Laurie Best, land banking (and buy-down, as part of it) is critical in order to create opportunities for either the public to create more housing itself or partner with a private developer by providing the land or rights.

TRACK RECORD

As of May 2014, 32 percent of resident households in Breckenridge reside in workforce housing with occupancy, pricing, and income or use restrictions to ensure continued affordability and occupancy by locals.⁶⁹ Breckenridge began building affordable housing in 1997, with the bulk of deed-restricted ownership housing built before 2001. Forty-six percent of the growth in resident households between 2000 and 2010 is attributed to workforce housing development.⁷⁰ According to this May 2014 case study on Breckenridge, the town experienced the following impacts related, at least in part, to the development of workforce housing between 2000 and 2010:

- A 60% increase in the number of families with children able to live in town.
- Increased local occupancy of homes from 25% to 28%.
- Helped essential workers (healthcare, emergency services, education, and childcare) purchase homes.
- Decreased in-commuting by 100,000 vehicle miles each week.
- Increased local area expenditures by \$15m per year, due to the increase in year-round occupants.

⁶⁹ Wendy Sullivan, *Impact of Affordable Workforce Housing on Community Demographics, Economies, and Housing Prices and Options; Case Study: Breckenridge, May 2014.*

⁷⁰ Wendy Sullivan, *Impact of Affordable Workforce Housing on Community Demographics, Economies, and Housing Prices and Options; Case Study: Breckenridge, May 2014.*

- Provided locals with a variety of housing options and price points that held their value better and were less susceptible to foreclosure than market rate units.

LESSONS LEARNED⁷¹

Higher density is critical. That is the only way to do projects on town-owned land and to have a significant impact. Standards must be strictly enforced to preserve affordability, too. Some units that were initially serving the Breckenridge workforce did not have tight enough standards or restrictions to keep them affordable over time. As a result, appreciation has gradually caused some units to become unaffordable to the workforce population. The Town now limits capital improvements and the ability for a property owner to increase value.

CHAMPLAIN HOUSING TRUST (CHAMPLAIN REGION, VT)

The Problem. When the Champlain Housing Trust (CRT) was founded in 1984, a critical low-income neighborhood in Burlington was gentrifying. Local residents could no longer afford to live there, and the organization's founders were concerned about the loss of community. CHT engaged in community organizing to secure public funds to buy property in those areas.⁷² Today, the problem is that many prospective buyers do not have adequate funds to pay the down payment on a home (typically 20 percent of purchase price) plus closing costs (\$7,000 to \$8,000). According to CHT staff, the program offers something between renting and purchasing on the open market. It also secures the public subsidy (as stated in ground lease/covenant) by passing it and roughly 75 percent of the market appreciation on to the next buyer continuing its affordability.⁷³

SHARED EQUITY PROGRAM

Through its Shared Equity Program (SEP), the Champlain Housing Trust (CHT) offers qualified buyers assistance in purchasing a home. In exchange for that help, the buyers share the market appreciation of the home with the next buyer when they sell (25% to the original buyer and 75% to CHT).⁷⁴ A buyers' income may not exceed 100 percent of AMI and assets are capped. The buyer/homeowner obtains a mortgage from a bank and pays the principal each month. Usually, the homeowner also pays for closing costs, upkeep, and maintenance. When the homeowner decides to sell the property, CHT has the right of first refusal. In addition to sharing the appreciation, the homeowner recoups all of the equity built up through monthly principal payments, as well as any money spent on capital improvements.⁷⁵

⁷¹ Based on interview with Laurie Best, Senior Planner, Town of Breckenridge.

⁷² "Social Innovation Fund Partners with a National Nonprofit Organization and Community Programs to Help More Americans Achieve Homeownership" accessed at http://docs.geofunders.org/?filename=sif_impact_ncb.pdf.

⁷³ Responses provided by Evan Girard, AmeriCorps Intern and Kim Moran, HOC Special Projects Coordinator

⁷⁴ Emily Higgins, Champlain Housing Trust, "How have shared equity housing models created positive impacts on the supply of affordable housing?" accessed at Cornerstone Partnership (www.affordableownership.com)

⁷⁵ Nancy Cook, "What If There Was a Middle Option Between Renting and Owning?," National Journal, accessed at <http://www.nationaljournal.com/next-economy/solutions-bank/what-if-there-was-a-middle-option-between-renting-and-owning-20150213>

The shared equity model helps the CHT retain affordability over time. As a community land trust, CHT retains ownership of the land under the house, providing the buyer a ground lease for full rights, use and responsibility, which also helps to keep housing affordable.

The CHT is funded chiefly by the Vermont Housing and Conservation Board, an NGO in the state, via state property tax transfer fees. Some other sources have included Community Development Block Grants (CDBG) and Tax Credits for Homeownership, and Inclusionary Zoning required by cities and towns. CHT also relies on local lenders to understand and support the model; shared equity homes don't fit neatly into conventional transactions. With the tightening of credit after the market crash, CHT sought out and received a dedicated source of financing from a local bank to support down payments.

TRACK RECORD

Originating in the mid-1980s, CHT now has over 550 single-family homes and condominiums in the SEP, most of which are occupied or seeking to be sold. According to a 25-year performance assessment conducted in 2009, *Lands in Trust, Homes that Last*, the program has:

- Improved access to housing – all households served earn 100% AMI or considerably less.
- Created individual wealth – the average recouped the original down payment of \$2,300 and received a net gain in equity of nearly \$12,000.
- Enabled residential mobility – 67.4 percent of next homes were market rate.
- Preserved affordability – 5.65 percent gain in affordability upon resale.
- Retained community wealth – bring homeownership to 357 lower-income families.
- Enhanced residential stability – 96.7 percent of homes remained in stewardship.

The CHT program is used as a national model. Additionally, it was awarded the United Nations World Habitat Award for the Global North and recognized as a viable alternative to the conventional mortgage markets.⁷⁶

LESSONS LEARNED

“Stewardship grows; data management software is important for managing properties and demonstrating outcomes; policies and procedures are important to the success of a program; funds are needed to provide down payments so that the net price is affordable; lenders who understand the model and want to participate.”⁷⁷ As a steward of significant public funds, CHT sought to broaden the geographic range covered by the organization. However, every community land trust (CLT) is different. CLTs exist in other island communities, such as Martha’s Vineyard, Bainbridge Island, and the San Juan Islands in

⁷⁶ John Emmeus Davis & Alice Stokes, *Champlain Housing Trust, Lands In Trust, Homes That Last*, 2009.

⁷⁷ Summary from Kim Moran, HOC Special Projects Coordinator, CHT

Washington. While the program can be administered on a small scale, it requires creative and dedicated champions to initiate and maintain the program.

CHT is part of a national effort to bring this to scale through funding from the Ford Foundation and Social Innovation Fund. CHT has shared best practices around the state (with other CLTs) and many groups have adopted software to manage their property data and day-to-day workflow. In an appreciating market the fees are better able to support staffing, dedicated source of financing (mortgages) and dedicated source for down payment assistance (grants) is key to success.

Community Summaries

	Champlain Region, VT	Breckenridge, CO	Key West, FL
Program Type	Shared Equity Housing Program	Sales & Impact Tax; Land Banking and Buy Down; Codes and Incentives; Annexation	New Construction (inclusionary); Accessory Units
Population Served	211,261 (2010); total population of 3 counties	4,540 (2010)	24,649 (2010); 56,000 (daily seasonal)
Income Level Served	Up to 100% of AMI. Can differ based on original funding source (e.g. Habitat for Humanity is capped at 80% AMI).	Up to 180% AMI (for-sale). Town-sponsored projects will target lower AMI, since the subsidy is so much more. More difficult to re-sell homes at higher ranges.	Divided into four categories of income ranging from 80% to 140% of AMI. Can increase up to 160%.
Median Household Income		\$70,000 (2012)	\$52,004 (2010)
Average Wage		\$33,000 (2012)	\$37,844 (2010)
Wage Adjustment Factor	None. Assume that wages will increase with housing costs.	None.	Unknown.
Median Residential Sale Price	\$238,000 (2008, Burlington/South Burlington MSA)	\$585,509 (2012)	\$382,450 (2010)
Change in Housing Cost	86% (1999 – 2006)	27% (2001 - 2006)	- 50% (2005 – 2010) [Decline from \$776,000 in 2005, attributed to the economic downturn]
Estimated Affordable Home Cost*		\$300,000 (2012)	\$156,000 (2013); at 100% AMI

Notes:

* Estimates provided by community reports and calculations may differ.

APPENDIX C: INCLUSIONARY ZONING TRAINING MATERIALS FOR CITIZEN PLANNER TRAINING COLLABORATIVE

CITIZEN PLANNER TRAINING COLLABORATIVE ANNUAL CONFERENCE 2014

INCLUSIONARY ZONING

By

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WHAT ARE WE TALKING ABOUT?

“Inclusionary zoning (IZ) requires developers to make a percentage of housing units in new residential developments available to low- and moderate-income households. In return, developers receive non-monetary compensation-in the form of density bonuses, zoning variances, and/or expedited permits-that reduce construction costs.” *www.policylink.org*

“An ordinance or program that requires or provides incentives for developers to provide affordable housing as a part of their market-rate developments, either by including the affordable housing in the development, building it off-site, or contributing land or money to a housing trust fund in lieu of construction.”

-Allen Malloch, National Housing Institute

“Inclusionary zoning (IZ) is a set of controls and incentives designed to encourage the production of affordable housing. The common characteristic of all IZ programs is the requirement that builders allocate a specific proportion of their development activity to “affordable” housing. For mandatory programs, it is common that builders have the alternative of paying a one-time fee rather than participating. Many programs are voluntary or allow significant exemptions. Most IZ programs offer developer incentives to compensate for the anticipated reduction in revenue. One of the most common incentives, the density bonus, allows developers to build beyond the density ceiling. Other incentives to participate consist of impact fee waivers, fast-tracking of permits, and construction subsidies . . .”

-Alastair McFarlane, HUD

“Inclusionary zoning is a local zoning ordinance or land use policy that either requires or encourages housing developers to include a specified percentage of low and/or moderate income housing in new residential developments . . .”

-City of Walnut Creek, CA

“Though they vary in form and restrictiveness from state to state, all programs contain five basic components . . . inclusionary percentage, income target, alternatives to on-site development, developer incentives, affordability periods . . .” –*David McCarthy, UPenn School of Design*

“. . . any municipal or county ordinance that requires or allows a property owner, builder, or developer to restrict the sale or resale price or rent of a specified percentage of residential units in a development as a condition of receiving permission to construct that development . This definition thus covers both voluntary inclusionary programs in which the owner/builder/developer has an option to impose price restrictions, usually in return for certain incentives; and mandatory programs, in which the price or rent restrictions are a mandatory condition of approval. This definition also includes ordinances that allow payment of a fee as a way to opt out of an inclusionary program.”

–*National Association of Home Builders*

“Inclusionary zoning is distinctive from other affordable housing programs in three major respects: First, it primarily utilizes private sector development. Unlike many other affordable housing creation programs, inclusionary zoning does not necessitate a direct government subsidy. . . Second, it integrates affordable units directly into market-rate developments, thus dispersing incomes throughout the municipality . . . Third, inclusionary zoning often produces more for-sale units than conventional affordable housing programs (because it is the result of market production rather than government subsidies, which often mandate rental housing), targeting families at the higher end of the “low-income” spectrum.”

–*Chicago Metropolitan Agency for Planning*

[Inclusionary zoning] calls for a minimum percentage of lower and moderate income housing to be provided in new developments. Inclusionary programs are based on mandatory requirements or development incentives, such as density bonuses. Most inclusionary zoning programs contain the following elements: Income-eligibility criteria for defining affordability; Pricing criteria for affordable units; Restrictions on resale and re-rental of affordable units; Provisions for in-lieu fees; Other provisions regarding on-site or off-site construction requirements, transfer of excess affordable housing credits, etc.”

–*Association of Bay Area Governments*

“IZ policies typically require developers to set aside a proportion of units in market-rate residential developments to be made affordable for lower-income households in exchange for development rights or zoning variances. These policies are considered “inclusionary” because they are intended to allow lower- and moderate-income households to buy or rent property in middle- and upper-income communities.

–*Owen Deutsch*

PLANNING CONSIDERATIONS

- 1) Does your community have a housing plan?
- 2) Why adopt an inclusionary zoning ordinance or bylaw? What do you want to accomplish with it?

- 3) What are the housing needs in your community? Why do you think inclusionary zoning will help to address those needs?
 - Very-low, low- and moderate-income households
 - What about middle-income households?
- 4) What types of projects will be subject to your inclusionary zoning requirements? When and where will the ordinance/bylaw apply?
- 5) Do you want affordable units within the development (“inclusion units”)? What is your community willing to offer in order to get inclusion units?
 - Additional market-rate units
 - Streamlined review and decision process
 - Fee waivers
 - Cash subsidies
 - Transfer credits
 - Other?
- 6) Are you willing to consider off-site units? How will you evaluate proposals for off-site units?
 - Housing quality (e.g., age, condition, location)
 - Proximity to other affordable housing?
 - Other?
- 7) Should your ordinance/bylaw allow developers to pay a fee in lieu of affordable units?
 - How will fee be calculated? By whom?
 - When will the developer have to pay it?
 - What will your community do with the fund? Who will manage the fund?
 - Should it be harder for a developer to pay a fee than create affordable units?
- 8) How important is it for the units to “count” on the Subsidized Housing Inventory?
 - Eligible incomes
 - Marketing and local preference
 - How long must the units remain affordable?
 - Who will monitor the affordability restrictions?

LEGAL CONSIDERATIONS

- 1) Home Rule Amendment
- 2) Chapter 40A
- 3) Uniformity Clause
- 4) Special Permits
- 5) By Right?
- 6) Impact Fees

- 7) *Wall Street Development Corp. v. Planning Board of Westwood* (2008)
- 8) *Nollan v. California Coastal Commission* (1987)
- 9) *Dolan v. City of Tigard* (1994)
- 10) *Koontz c. St. Johns River Water Management District* (2012)

SUGGESTIONS

- 1) If you have a valid housing plan, design inclusionary zoning as a tool for housing plan implementation.
- 2) If you don't have a valid housing plan, prepare one first – work on inclusionary zoning second.
- 3) Talk to your local developers! Seek their input; take their suggestions seriously.
- 4) Balance meeting local needs against getting to the 10 percent statutory minimum under Chapter 40B.
- 5) Make it easier/more attractive to create inclusion units than to pay a fee in lieu of units
- 6) Consider the pro's and con's of cash payments (in lieu of affordable units):
 - Many developers would rather pay the fee; easy to comply
 - Community can use revenue to invest in desired types of affordable housing, but -
 - Harder for local governments to create affordable housing
 - Formula for fees has to balance administrative simplicity with fairness to the applicant
 - Housing trust should have a business plan
 - Consider limiting cash payments to 50 percent of the required number of affordable units
- 7) Figure out the resources your community can bring to the table:
 - Public education
 - Lottery
 - Outreach
 - Cost offsets, e.g., reduced/waived water-sewer fees for affordable units, expedited permitting
 - Other?
- 8) Figure out the resources you need to make the ordinance or bylaw successful
 - Staff capacity
 - Public education materials
 - Housing trust
 - Monitoring