Commonwealth of Massachusetts
DEPARTMENT OF HOUSING & COMMUNITY DEVELOPMENT
Charles D. Baker, Governor ◆ Karyn E. Polito, Lt. Governor ◆ Janelle Chan, Undersecretary

July 18, 2019

Ms. Dawn E. Hill Holdgate, Chair
Nantucket Select Board
16 Broad Street
Nantucket, MA 02554

RE: Housing Production Plan - Certification Approved

Dear Ms. Hill Holdgate:

The Department of Housing and Community Development (DHCD) certifies that the Town and County of Nantucket is in compliance with its Housing Production Plan. This certification is effective for a two year period beginning on June 14, 2019 to June 13, 2021. This Certification of Municipal Compliance is based on the following findings:

Nantucket has provided evidence that the (59) units described in its request are eligible to be counted towards certification. The Subsidized Housing Inventory (SHI) eligible units in these projects are:

- 7 Surfside Road (SHI ID# 10295, 4 units) –eligible for the SHI as of 2/26/19
- Meadows II (SHI ID# 10296, 40 units)—eligible for the SHI as of 5/3/19
- Surfside Crossing (SHI ID# 10297, 15 units)—eligible for the SHI as of 6/14/19

Please note that all units must retain eligibility for the SHI for the entire certification period. If units are no longer eligible for inclusion on the SHI, they will be removed and will no longer be eligible for certification. This action may affect the term of your certification.

I applaud your efforts to plan for the housing needs of Nantucket. I have included an updated list of SHI eligible units. Nantucket's current SHI stands at 3.90%. Please contact Phillip DeMartino, Technical Assistance Coordinator, at (617) 573-1357 or Phillip.DeMartino@mass.gov, if you need assistance as you implement your HPP.

Sincerely,

Louis Martin
Associate Director

cc Senator Julian Cyr
Representative Dylan A. Fernandez
C. Elizabeth Gibson, Town Manager, Town of Nantucket
Andrew Vorce, Director of Planning, Town of Nantucket
Judith Wegner, Chair, Planning Board, Town of Nantucket
Ed Toole, Chair, Zoning Board of Appeals, Town of Nantucket
Tucker Holland, Housing Specialist, Town of Nantucket

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT CH40B SUBSIDIZED HOUSING INVENTORY

Nantucket

DHCD ID #	Project Name	Address	Type	Total SHI Units	Affordability Expires	Built w/ Comp. Permit?	Subsidizing Agency
2055	Miacomet Village I	3 Manta Drive	Rental	10	Perp	Yes	*DHCD*
2056	Miacomet Village I	3 Manta Drive	Rental	12	Perp	Yes	*DHCD*
2057	Academy Hill School	Westminster St.	Rental	27	2019*	No	*DHCD* *MassHousing* *MassHsg/HUD*
2058	Landmark House	144 Orange St.	Rental	18	2019*	No	*RHS*
2059	Landmark House II	Orange St.	Rental	8	2041	No	*FHLBB* *HUD*
2060	Miacomet Village II	Norquarta Drive	Rental	19	05/01/2047	Yes	*FHLBB* *RHS*
2061	Nantucket Housing Authority	Benjamin Drive	Rental	5	Perp	No	*HUD* *HUD* *HUD*
4383	DDS Group Homes	Confidential	Rental	0	N/A	No	*DDS*
4588	DMH Group Homes	Confidential	Rental	5	N/A	No	*DMH*
7610	Norquarta Drive	Norquarta Drive	Rental	2	perp	No	*DHCD*
7611	Dartmouth Street	Dartmouth Street	Rental	2	perp	No	*Town of Nantucket*
7612	Norwood Street	Norwood Street	Rental	1	perp	No	*Town of Nantucket*

This data is derived from information provided to the Department of Housing and Community Development (DHCD) by individual communities and is subject to change as new information is obtained and use restrictions expire.

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT CH40B SUBSIDIZED HOUSING INVENTORY

Nantucket

DHCD ID #	Project Name	Address	Type	Total SHI Units	Affordability Expires	Built w/ Comp. Permit?	Subsidizing Agency
7613	Irving Street	Irving Street	Rental	1	perp	No	*Town of Nantucket*
7614	Clarendon Street	Clarendon Street	Rental	1	perp	No	*Town of Nantucket*
9086	Abrem Query	2-4-6-8 Folger Ave	Ownership	7	Perp	YES	*FHLBB*
9087	Beach Plum Village	15-19 Rugged Road & 6-8 Scotts Way	Ownership	3	Perp	YES	*MassHousing*
10262	Ticcoma Way	Ticcoma Way	Rental	1	Perp	NO	*DHCD*
10263	Sachem's Path I and II	95 Surfside Road, Wapossett Circle & Nanina Drive	Ownership	10	Perp	YES	*DHCD* *MassHousing*
10295	7 Surfside Road	7 Surfside Road	Rental	4	Perp	NO	*DHCD*
10296	Meadows II	Davkim Lane	Rental	40	Perp	NO	*DHCD*
10297	Surfside Crossing	3, 5, 7 & 9 South Shore Rd	Ownership	15	Perp	YES	*MassHousing*
	Nantucket Totals			191	**Census 2010 Year Round Housing Units**		4,896
					Percent Subsidized		3.90%

This data is derived from information provided to the Department of Housing and Community Development (DHCD) by individual communities and is subject to change as new information is obtained and use restrictions expire.

NANTUCKET

CHAPTER 40B HOUSING PRODUCTION PLAN

August 2016

Prepared for:
Nantucket Affordable Housing Trust
Nantucket Planning and Land Use
Services Department

Prepared by:

RKG ASSOCIATES INC

JM Goldson
community preservation
+ planning

NANTUCKET
CHAPTER 40B HOUSING PRODUCTION PLAN

August 2016

Prepared for:
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Nantucket Planning and Land Use
Services Department

Prepared by:
RKG Associates, Inc.
in association with
JM Goldson

Approved by the Nantucket Planning Board
August 8, 2016

Approved by the Nantucket Board of Selectmen
September 21, 2016

Town of Nantucket
Chapter 40B Housing Production Plan

1. INTRODUCTION 1
Background 1
What has Nantucket done to provide affordable housing? 2
Why have a Housing Production Plan? 3
Notes on Census Data and Demographic Maps 5

2. HOUSING NEEDS ANALYSIS 7
Introduction 7
Population Trends 8
Household Trends 14
Housing Characteristics 16
Existing Inventory 18
Occupancy, Tenure, and Household Size 19
Income, Tenure, and Housing Costs 20
Price-Restricted Housing 24
Chapter 40B 25
Affordable Housing Providers 25

3. HOUSING GOALS 29
Principles 29
Qualitative Goals 30
Quantitative Goals: 2016-2020 30

4. IMPLEMENTATION STRATEGIES 31
Appropriate locations for higher-density housing 31
Local resources for affordable housing 35
Fair housing and affordable housing 37
Capacity for development, education, and advocacy 37

APPENDIX 45
Appendix A: Glossary 45
Appendix B. Affordable Housing Timeline: Nantucket 51
Appendix C. Master Plan Implementation: Housing and Land Use, 2009 – Present 55
Appendix D. “Safe Harbor” Status through Housing Plan Certification 59
Appendix E. Affirmative Fair Housing Marketing Plan Requirements 61
Appendix F. Disposition of Municipal Property for Affordable Housing 65
Appendix G. Town of Amherst: Tax Incentive Legislation for Affordable Housing 71
Appendix H. Town of Provincetown: Tax Exemptions for Affordable Housing 73

1. INTRODUCTION

BACKGROUND

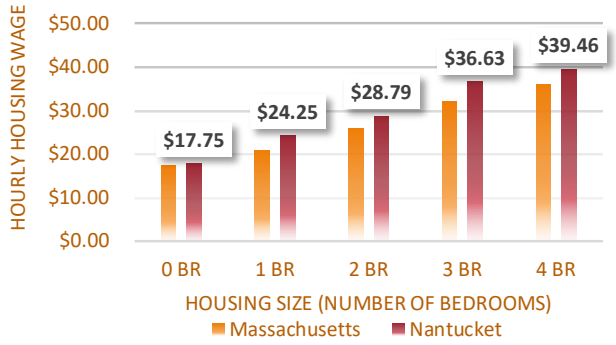
It is June, which means the shoulder season in Nantucket ended a month ago and hospitality businesses have already started to staff up for the summer. It also means that for many Nantucket residents – from teachers to postal workers, nurses, and town employees – the seasonal "shuffle" begins again. From June to September, year-round renters often have no choice but to move in order to make way for vacationers who spend as much as $7,000 per week to rent a private cottage.

The demand for housing in Nantucket for the summer comes not only from wealthy tourists, but also seasonal workers. By July, the number of people working in Nantucket will be twice as high as in January, with five-fold growth occurring in accommodations and food service employment.[1] Those flocking to Nantucket for seasonal jobs run the gamut from immigrants shuttling between winter and summer resorts to college students, artists, and others hoping to escape the mainland for a few months. Although some of the larger hospitality businesses on Nantucket offer dormitory housing to their summer employees, the number of beds does not begin to accommodate the number of workers who need a place to stay.

Housing is the most coveted real estate in Nantucket. The monthly rents for year-round homes and apartments in Nantucket match or exceed what landlords charge in Greater Boston. In fact, Nantucket is the state's most expensive county, with a rental housing wage of $28.79 (Figure 1.1). Since the actual hourly wage in Nantucket is far less than $28.79, households with lower incomes would have to work longer hours to pay for their housing, as shown in Figure 1.2.

Housing is the most coveted real estate in Nantucket. The monthly rents for year-round homes and apartments in Nantucket match or exceed what landlords charge in Greater Boston. In fact, Nantucket is the state's most expensive county.

Figure 1.1
HOW MUCH MUST RENTERS EARN IN ORDER TO AFFORD FAIR MARKET RENTS?



Moreover, for-sale housing prices place Nantucket on par with Boston's exclusive west suburbs. While Nantucket wages do run high relative to the state as a whole, they do not really compensate for the even-higher cost of housing – as evidenced by the high incidence **housing cost burden** among year-round residents. Unlike Boston, Cambridge, and Worcester and the smaller urban centers that dot the Commonwealth's rivers, there are no suburbs or outlying towns that can shoulder some of the regional need for affordably priced housing. Nantucket is an island situated thirty miles out at sea. There is no "next town over" with more housing options. As a

[1] Executive Office of Labor and Workforce Development, ES-202 Employment and Wages, Nantucket, Massachusetts, 2015 Annual Report.

result, stories abound of residents leaving Nantucket because they have lost housing, people turning down jobs because they cannot find housing, and overcrowded housing conditions as lower-income families try to double up in order to avoid homelessness.

WHAT HAS NANTUCKET DONE TO PROVIDE AFFORDABLE HOUSING?

While very high housing costs often act as a magnet for Chapter 40B comprehensive permits, this has not really been the case on Nantucket. In fact, Nantucket has a relatively small **Subsidized Housing Inventory (SHI)**: 121 affordable units, or 2.5 percent of the town's year-round housing stock.[2] Creating affordable housing in Nantucket is very difficult – far more difficult than in most mainland communities. Just about all of the affordable housing that does exist in Nantucket came about because of some type of local initiative. For example:

- **Sachem's Path.** A mixed-income housing development known as Sachem's Path would not have happened without land donated by the Nantucket Housing Authority (NHA), public funds from several sources (including the Town), a mission-based developer, Housing Assistance Corporation of Cape Cod (HAC), and a "friendly" comprehensive permit. When completed, Sachem's Path will offer forty homeownership units for households with incomes at 80 percent, 100 percent, and 150 percent of the Nantucket County Area Median Income (AMI). Ten of these units will be for moderate-income homebuyers (with incomes at or below 80 percent AMI), which means they will qualify for the SHI, including three constructed by Habitat for Humanity.

  Sachem's Path is also a model for energy efficiency that other affordable housing developments can follow. All Sachem's Path homes went through the Mass Save New Construction Program. An average unit exceeded the Tier II savings requirement, reaching 41 percent higher efficiency than the Reference Home. One hundred percent LED bulbs, increased insulation, and very energy efficient heatpump water heaters and air source heat pumps were installed and incentivized in this project.

Nantucket offficials and community leaders, following testimony at a hearing on H. 4317 in June.

- **Nantucket Housing Needs Covenant Program.** Nantucket's zoning, the NHA's leadership, and Executive Order 418 gave birth to the Nantucket Housing Needs Covenant Program, which helps income-eligible families purchase their first home. In all of the residential districts, Nantucket allows up to two dwelling units per lot as long as both units remain in one ownership. A resident who no longer needs or wants responsibility for a second dwelling unit can sell it, but the unit must be sold for a price affordable at 150 percent AMI and must remain affordable over time under a recorded covenant. Administered by Housing Nantucket, the Covenant Program has helped sixty-one year-round residents become homeowners. Though not eligible for the SHI, units in the Covenant Program help Nantucket address the affordable housing needs of many employed residents, thereby supporting the health of the island's economy.

- **Funding.** Nantucket has adopted the Community Preservation Act (CPA), established an Affordable Housing Trust under G.L. c. 44, § 5C, and

[2] The 121 affordable units on Nantucket's SHI do not include any of the ten moderate-income units at Sachem's Path. When the project is finished, Nantucket's revised SHI will consist of 131 affordable units or 2.7 percent of the town's year-round housing – assuming the affordable housing restriction for Academy Hill is extended beyond December 2016.

most recently appropriated $1 million from Town funds to help the Trust create affordable housing in Nantucket. At the same town meeting that approved $1 million for the Affordable Housing Trust, residents voted to file a **home rule petition** with the legislature to institute a real estate transfer fee that would help Nantucket create a permanent source of revenue for affordable housing. The legislation exempts the first $2 million of the sale price of any individual real property transfer, so many routine sales of existing homes would not be subject to the fee. Nantucket's home rule petition is currently before the legislature (H. 4317) along with a similar request from Provincetown. Despite opposition from the real estate industry, the House Committee on Municipalities and Regional Government favorably reported the bill in late June 2016 and referred it to the House Committee on Steering, Policy, and Scheduling.

- **Fairgrounds Road.** The Town acquired land at 6 Fairgrounds Road for the specific purpose of creating new affordable housing. Discussions are currently underway about the disposition process for the Fairgrounds Road property: number of units, affordability targets, SHI eligibility, and so forth. The Town hopes to make many of the units available to municipal and school department employees.

- **Richmond Great Point Development.** In November 2015, Nantucket Town Meeting overwhelmingly supported a proposed zoning change to allow construction of 325 housing units on a 32-acre mid-island site. The zoning provides for single-family dwellings at nine units per acre and apartments up to twenty-three units per acre. While this development also has **Project Eligibility** (PE) approval from MassHousing and could proceed with the comprehensive permit process, the Town partnered with Richmond to pursue the zoning change so Nantucket would have more local control.[3] As of July 2016, Richmond has applied for a special permit to construct 225 rental units (Meadows II) and 50 homeownership units ("Sandpiper Place"). In each component, 25 percent of the units will be affordable to households with incomes at or below 80 percent AMI.

- **Rental Housing.** Nantucket has other types of housing assistance for individuals and families with lower incomes, such as 31 public housing units at Miacomet Village owned and managed by the NHA, 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.

WHY HAVE A HOUSING PRODUCTION PLAN?

> I'm still looking for any and all possible leads on housing. It could be but not limited to... A couch, floor, bed or bedroom and for any time periods examples a day, two days, a week or season and year-round ...
> *Nantucket Seasonal & Year-Round Rentals Group, Facebook*

The primary reason for any town to create an affordable housing plan is to set goals and choose strategies that will give a community's affordable housing efforts focus and direction. In Massachusetts – because communities have to comply with Chapter 40B – there are added reasons for developing a housing plan. The Department of Housing and Community Development (DHCD), which administers Chapter 40B, offers some incentives to communities that adopt a Housing Production Plan and implement it by creating new **low- and moderate-income housing**. Accordingly, the purpose of this plan is to help Nantucket create more affordable housing on a gradual but steady basis until the Town reaches the 10 percent minimum under Chapter 40B, consistent with the state's housing plan regulations at 760 CMR 56.03(4).

There are other reasons that Nantucket needs to develop and implement a Housing Production Plan at this time. Notably:

[3] See Appendix B for a complete list of housing-related land use regulations adopted since the 2009 master plan.

- **Public Education.** Nantucket needs more (and more effective) public education about affordable housing. Nantucket's affordable housing crisis has been obvious to community leaders for a very long time, and many groups have tried to find, promote, and implement solutions. However, people have different ideas about what the island's priorities should be, and not everyone understands the relationship between Nantucket's housing shortage and economic development.

> The average home price in 1995 was approximately $300,000 on Nantucket. Compare that to today where the average price is $1,938,000 as of March 2016 – a whopping increase of 546 percent. According to the Bureau of Labor and Statistics, CPI has increased during the same period by only 57 percent.
> *-Ken Beaugrand*
> *Testimony, H. 4317*
> *June 14,2016*

- **Capacity Building.** The Affordable Housing Trust has a critical role to play in affordable housing leadership, finance, and development. Like other housing trusts in Massachusetts, Nantucket's needs an action plan to guide its activities, but it also needs training, professional staff support, and an administrative plan for the trust fund: funding and strategy goals, program design(s), grant and loan standards and decision criteria, and procedures. As a governmental body, the Affordable Housing Trust may be called upon at any time to be accountable for the investment decisions it makes to create affordable housing. Written procedures and standards will help the Trust answer to the public, increase its credibility with other funding sources, and address basic questions from the Town's auditors.

- **Responsibilities of Local Government.** Nantucket has an Affordable Housing Trust, but the Trust alone cannot address Nantucket's affordable housing needs. The Board of Selectmen, Planning Board, Zoning Board of Appeals, Planning and Land Use Services (PLUS) Department, Board of Health, Building Inspector, Community Preservation Committee (CPC), Historic District Commission (HDC), Nantucket Housing Authority, and others have responsibilities, too. All of these entities need to understand how their actions either exacerbate the island's housing problems or contribute to solutions, and they need to work together.

  The need for greater cooperation and a shared commitment to solving Nantucket's housing crisis is not limited to producing affordable housing that "counts" on the Chapter 40B SHI. The issues in Nantucket are far more complicated than whether the Town meets the 10 percent statutory minimum. Nantucket has a housing crisis because there is a shortage of housing at all market levels – especially rental housing – and not enough variety in the housing stock that currently exists. Groups like the Affordable Housing Trust, the CPC, and the Housing Authority have a particular mission to provide affordable housing for low- or moderate-income people, and they will continue to need land and financial resources to carry out their charge. However, increasing the supply of year-round and seasonal workforce rental and ownership housing without price restrictions requires both leadership and a sustained commitment of support from the Planning Board, Board of Selectmen, and other policy-making bodies in the town. Steps the Town takes to increase housing supply and housing diversity will help to create more choices and thereby make access to housing in Nantucket more achievable for the island's workforce.

- **Fair Housing.** Nantucket's economy depends heavily on hospitality and tourism. Industries like accommodations and food service, recreation, retail, and others act as a driving force in Nantucket's employment base, providing as much as 50 percent of all local employment but only 36 percent of local wages. The prevalence of lower-wage jobs in Nantucket plays a significant role in the racial and ethnic make-up of the island's resident population. Since monthly rents far exceed what lower-wage workers can afford on their own, many of Nantucket's minority and foreign-born residents live in shared quarters in some mid-island neighborhoods. In these locations, single-family and two-family homes have

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essentially been converted to congregate residences where the tenants pay rent on a per-room basis. The result is geographic concentration of minorities and low-income people in over-occupied, substandard housing. While these conditions did not happen "by design," there are unique ways that populations protected under the federal Fair Housing Act have been affected by Nantucket's housing shortage.

- **Expertise in Affordable Housing Development.** Nantucket has several non-profit, community-based organizations with an interest in affordable housing, but it does not have a community-based housing developer. Housing Nantucket administers affordable housing assistance programs and is recognized as a community leader in affordable housing education and advocacy. The Community Foundation for Nantucket, ReMain Nantucket, the Nantucket Rental Assistance Program (Nantucket Interfaith Council), and others provide leadership, funding, and advocacy, and these are all important for building a base of support for affordable housing at all market levels. However, the absence of a qualified, knowledgeable non-profit housing developer limits Nantucket's capacity to create, monitor, and preserve affordable units. In a matter of weeks, the Affordable Housing Trust will have a large fund to administer, but the benefits of that fund may be curtailed by the lack of non-profit development capacity.

- **Land Supply**. Nantucket is a nationally recognized leader in land conservation. Residents are justifiably proud of the success of organizations like the Nantucket Conservation Foundation, Nantucket Islands Land Bank, the Massachusetts Audubon Society, the 'Sconset Trust, and others. Through their collective efforts, about half of Nantucket's land area is protected in perpetuity from development. Nantucket's success with land conservation creates a challenge for affordable housing development, first because the supply is severely constrained and second, the available supply is very expensive. Nantucket has pursued creative ways to "make land" through **upzoning** initiatives, but other measures are needed, such as an inventory and prioritization of Town-owned, unrestricted property that can be used for housing. There also must be closer collaboration between Town government, affordable housing proponents, and the Nantucket Islands Land Bank to meet island-wide needs for conservation, economic prosperity, and social fairness. In support of addressing common needs, the Land Bank Commission has adopted a policy to guide "cooperative acquisitions" with affordable housing organizations.[4]

NOTES ON CENSUS DATA AND DEMOGRAPHIC MAPS

This plan incorporates data from a wide variety of sources, including Housing Nantucket, the Town of Nantucket, the Community Foundation 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), and various federal agencies, including the 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

[4] "Nantucket Islands Land Bank Affordable Housing Policy," adopted by Land Bank Commission on November 10, 2015.

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).** The ACS is a fairly new program of the Census Bureau and it is critical for any housing analysis. It provides 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 small towns like Nantucket, ACS estimates are reported as five-year rolling tabulations. The most recent ACS five-year dataset covers the period 2010-2014. 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.

- **HUD 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 2008-2012.

2. HOUSING NEEDS ANALYSIS

INTRODUCTION

Nantucket is home to approximately 10,856 year-round residents.[1] 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 actually multiple jurisdictions in a single geography: a town, a county, and a regional planning commission, which is very 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 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.[2] Together, Nantucket's open space and fairly restrictive zoning constrain the land supply and in turn, the housing supply.

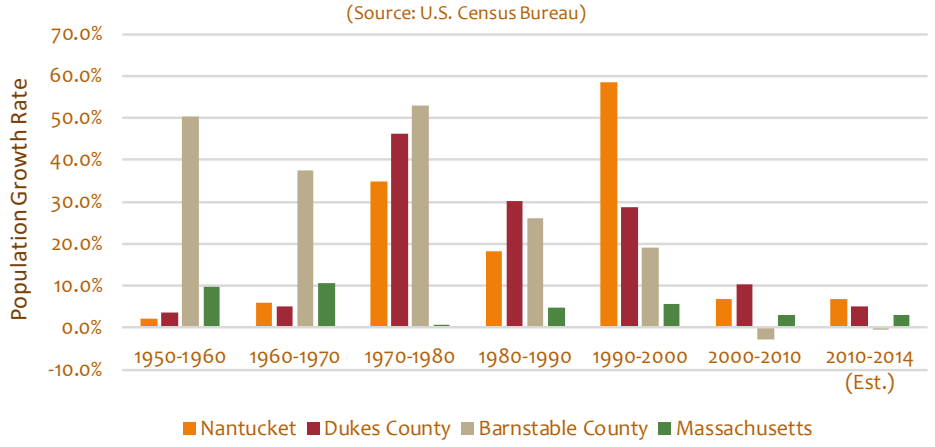
Over time, the Nantucket Land Bank and other conservation groups have successfully acquired and taken steps to protect about half of Nantucket's land. With Nantucket's golf courses and other recreation facilities added to the mix, over 60 percent of the island is undevelopable.

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. Furthermore, 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

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

[2] *Nantucket Housing Production Plan* (2009), 12.

Figure 2.1
POPULATION GROWTH HISTORY: NANTUCKET AND MARTHA'S VINEYARD
(Source: U.S. Census Bureau)



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 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.[3] 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 2.1). 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.[4]

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.[5]

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 2.2), Nantucket's 2035 population will be approximately 12,004, in-

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

[4] N.B. These provisions lapsed in 2001.

[5] 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.

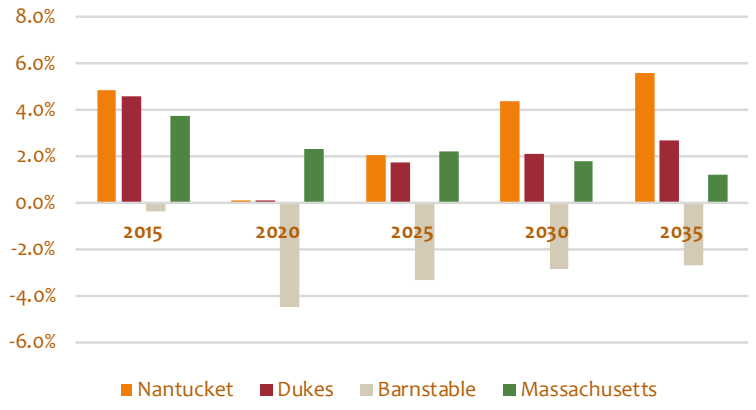
Table 2.1. Population Projections by Age Group, Percent Change 2015-2035: Cape & Islands

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.

cluding 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.[6]

Figure 2.2
POPULATION PROJECTIONS: PERCENT CHANGE 2010-2035, CAPE & ISLANDS REGION
(Source: UMass Donohue Institute)



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.[7]

Race, Ethnicity, and Culture

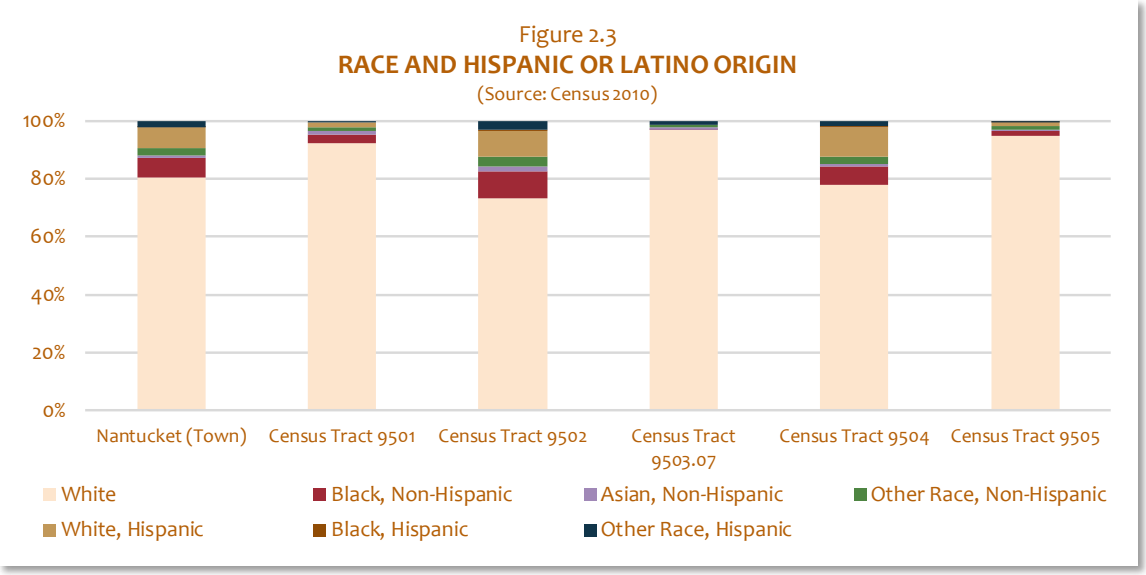
Nantucket has more racial and cultural diversity than the state as a whole. This can be seen both in federal census data and demographic profiles of the Nantucket Public Schools. The Massachusetts Department of Elementary and Secondary Education (DESE) reports comparative socioeconomic data for all of 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.[8] 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 lo-

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

[7] U.S. Census Bureau, Census 2010, DP-1.

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



cal governments to affirmatively further fair housing and eliminate policies and practices that have the effect (however unintended) of housing discrimination against groups 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 (Map 2.1). 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 2.3). 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.[9]

> 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.

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 2.2. 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 (Map 2.2).[10] An unusually large percentage of children in the Nantucket Public Schools speak a language other than English at home.

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 2.3). Less than half of Nantucket's residents are originally from Massachusetts, but of the population born out of state, one-fourth moved to

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

[10] ACS 2009-2013, B16007.

Table 2.2. Foreign-Born Population by Citizenship and Origin (Estimated; 2013)

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

Table 2.3. Current Population by Place of Birth (Estimated; 2013)

			Native, Born Out of State					
Location	Est. Population	Born in Massachusetts	Northeast	Midwest	South	West	Abroad	Foreign-Born
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

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.

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 2.4), 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,[11] 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

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

Table 2.4. Labor Force and Education Levels (Estimated; 2013)

	Population 16 and Over		Educational Attainment				
Location	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

diploma. Education levels, wages, and poverty tend to go hand-in-hand.

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.[12] 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 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.[13] 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.[14]

The size and composition of Nantucket's economy present some important challenges for developing a housing strategy for any income group.

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).[15]

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

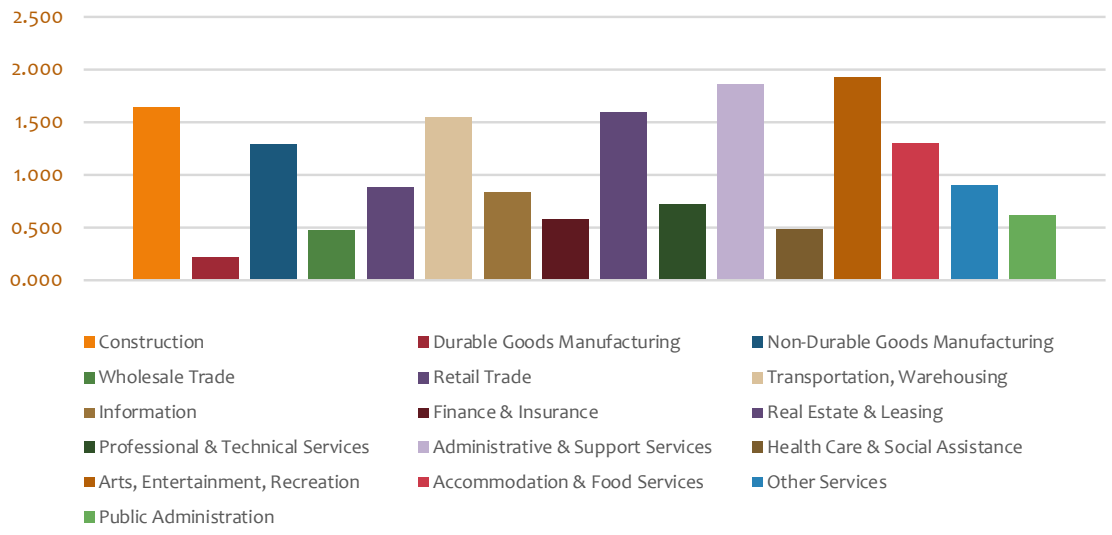
[12] EOLWD, Employment and Wages Report, ES-202: Nantucket, 2009-2013.

[13] ACS 2009-2013 Five-Year Estimates, B19053.

[14] County Business Patterns, 2012.

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

Figure 2.4
NANTUCKET'S EMPLOYMENT BASE: LOCATION QUOTIENTS
(Source: ES-202)



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**.[16] 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. 2.4).

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.

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.[17]

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.

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

[16] 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.

[17] Amanda Johnson, Town of Nantucket Human Resources Department, March 10, 2015.

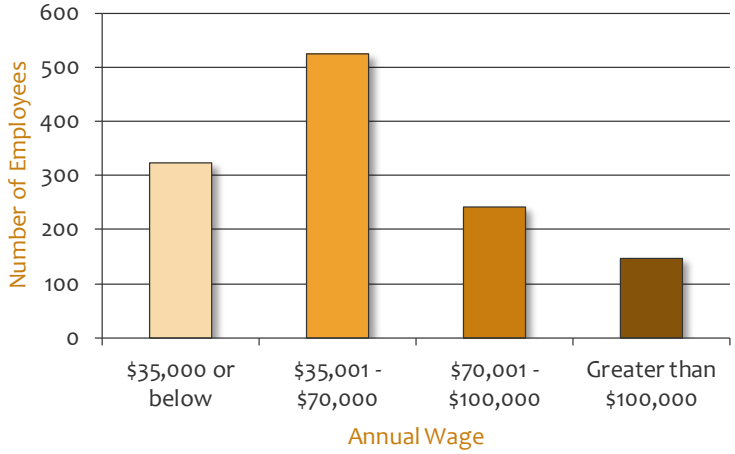
Table 2.5. Median Annual Earnings: Selected Occupations and Industries (Estimated; 2013)

		Occupations		Industries				
	Median Earnings	Mgt.	Svcs.	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

relation to Nantucket's extraordinarily high housing costs, the wage difference does not seem that significant. For example, Table 2.5 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,[18] 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. Indeed, a recent survey of 204 public and private employers in Nantucker indicates that some 26 percent of their workers earn wages that fall far below the minimum required to afford Nantucket rents (Fig. 2.4-1).

Figure 2.4-1
NUMBER OF EMPLOYEES BY WAGE GROUP
(Source: Nantucket Housing Survey, 2016)



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.[19]

Nantucket's year-round homes are predominantly owner-occupied.[20] 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

[18] ACS 2009-2013 Five-Year Estimates, B25064.

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

[20] Census 2010, H4.

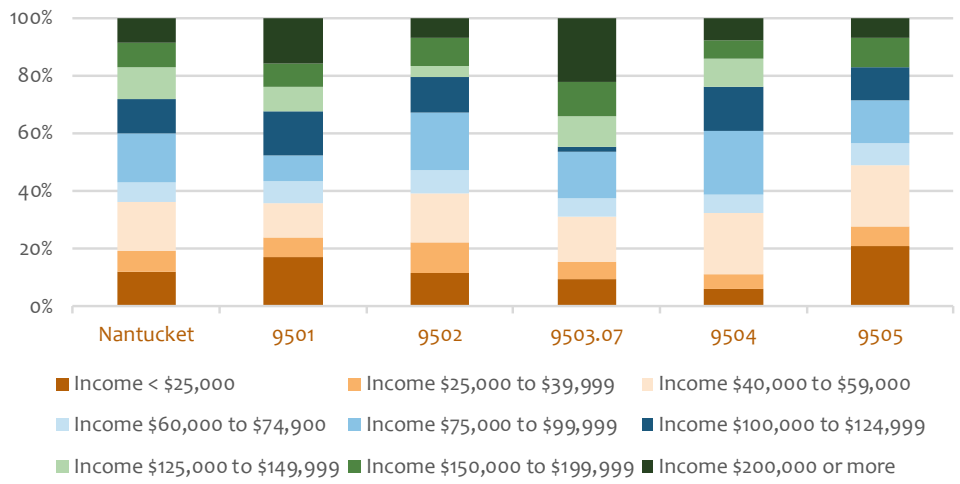
Table 2.6. Household Types (Estimated; 2013)

	American Community Survey (ACS) Estimates				
Location	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

African American and Hispanic households live in Mid-Island neighborhoods, which is also where most of the rental housing on Nantucket can be found.

Figure 2.5
NANTUCKET HOUSEHOLD INCOMES: TOWN OF NANTUCKET & CENSUS TRACTS
(Source: ACS, 2009-2013)



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 neighborhoods where the percentage of one-person non-family households drops as low as 64 percent (Table 2.6).

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. 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.[21]

[21] Census 2010, H12.

Table 2.7. Median Income: Families with Children by Family Type and Working-Age One-Person Households

		Families with Dependent Children		Ages 15-64	
	Median Family Income	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

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 2.5, 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.[22] Hispanic or Latino households in the Mid-Island area have the lowest median income of any group on Nantucket: $26,939.[23]

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.

HOUSING CHARACTERISTICS

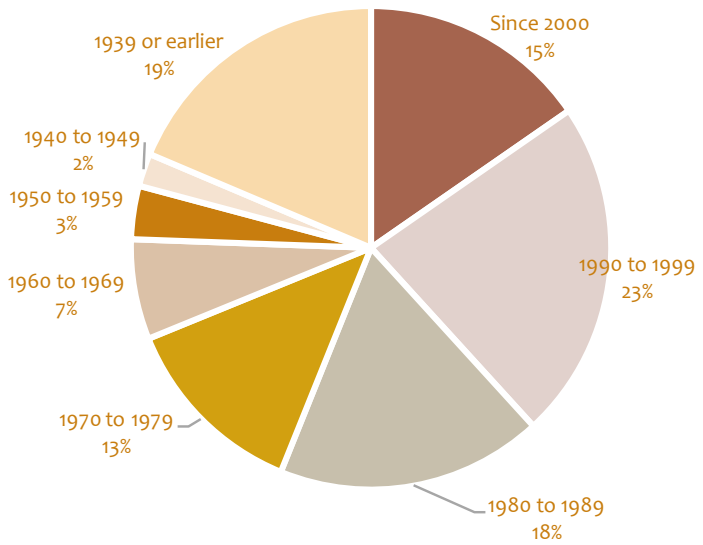
It is harder to confirm the number of housing units in a community than many people realize. To the general public, a housing unit is a single-family home or two-family home, an accessory apartment, an apartment in a multi-family building or a townhouse condominium: "A room or enclosed floor space used, 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

22 ACS 2009-2013 Five-Year Estimates, B06012, B17001I.

23 ACS 2009-2013 Five-Year Estimates, B19031I.

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 may 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 housing plan, "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 or elder care facilities such as Our Island Home.

Figure 2.6
AGE OF NANTUCKET'S HOUSING: INVENTORY BY YEAR BUILT
(Source: ACS 2009-2013)



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).[24] 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.

Table 2.8. 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%

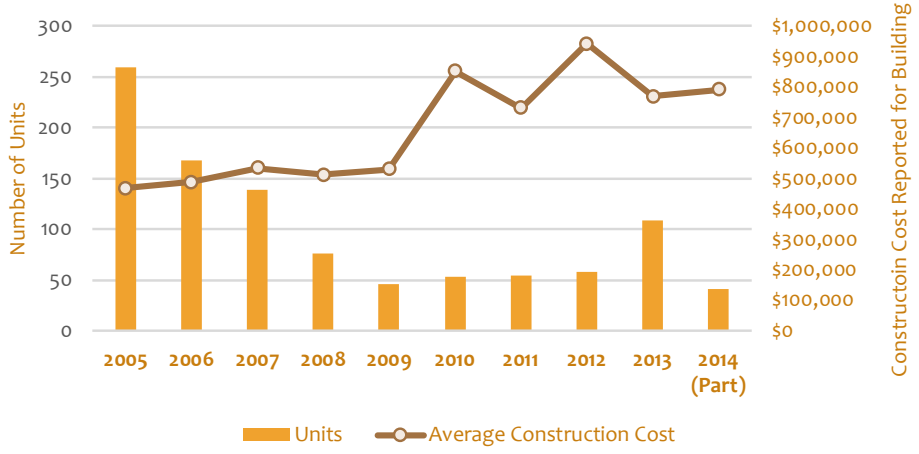
Source: ACS Five-Year Estimates 2009-2013, B25024.
Note: Census 2010 reported Nantucket's actual housing count as 11,618 units.
Census Tract Legend: 9501: Town; 9502: Miacomet/Mid-Island/Cisco; 9503.07: Madaket/Dionis/Clif; 9504: Airport/Mid-Island/Surfside; 9505: Polpis/Sconset/Tom Nevers

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

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 80 percent of Nantucket's year-round renters live.[25] 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 2.8 summarizes Nantucket's housing inventory by unit types.

Figure 2.7
NEW HOUSING CONSTRUCTION: UNITS PERMITTED & AVERAGE CONSTRUCTION COST
(Source: UMDI, Town of Nantucket)



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 2.6) 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.[26]

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

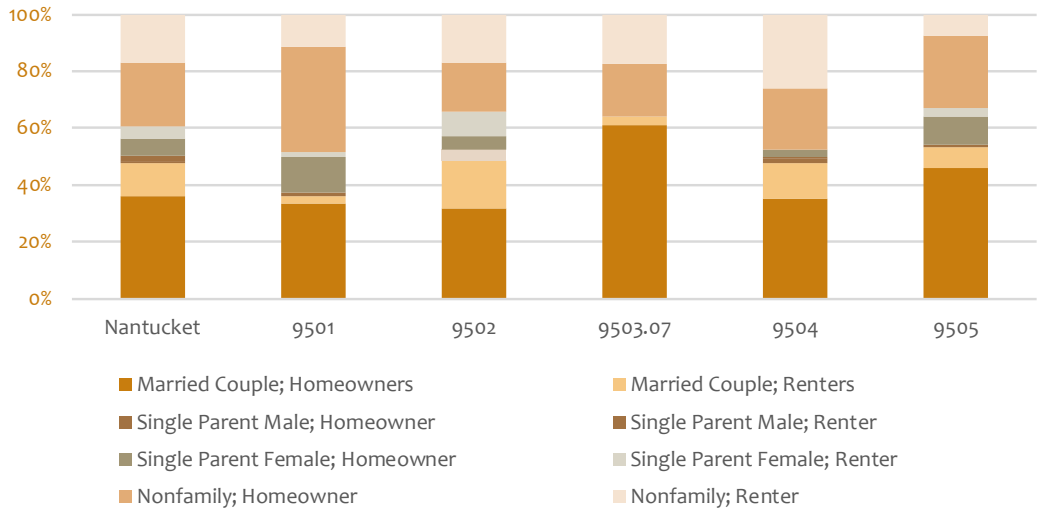
Data from the UMass Donohue Institute (UMDI) indicate that between 2005 and 2013, Nantucket issued building permits for 975 new homes, nearly all detached single-family dwellings. It is little wonder that Nantucket housing sale prices are so high. In 2013, the most recent year for which annual data have been released, the average construction cost reported for new units, excluding the land cost, was $770,225.[27]

[25] ACS 2009-2013 Five-Year Estimates, B25032.

[26] ACS 2009-2013 Five-Year Estimates, B25035.

[27] 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 summa-

Figure 2.8
TENURE BY HOUSEHOLD TYPE BY CENSUS TRACT ESTIMATED; 2013
(Source: ACS 2009-2013)



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 2.7 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.[28]

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).[29]

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,[30] 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.[31] 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.[32] Figure 2.8 reports tenure by household type for the town and its five census tracts.

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

rizes 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.

28 Town of Nantucket, Building Department, April 2015.

29 Ibid.

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

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

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

Table 2.9. Estimated Maximum Affordable Housing Cost by Household Type and Income (2015)

			Maximum Affordable Housing Cost			HUD
Household Size	2015 AMI	Unit Type	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.

Nantucket's median homeowner household income is $97,985.The median monthly housing cost for owner-occupied housing with a mortgage payment in Nantucket is $3,026: a figure technically affordable to a household with income of $121,040, or about 35 percent of Nantucket's existing homeowners.

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.[33]

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.[34] 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 2.9, 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).

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.[35]

As indicated in Figure 2.9, Nantucket's median homeowner household income is $97,985, with a census tract-level range from a low of $80,417 to a

[33] 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.

[34] 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.

[35] The Warren Group, Town Stats Database.

Figure 2.9
MEDIAN HOUSEHOLD INCOME FOR HOMEOWNERS AND RENTERS (ESTIMATED; 2013)
(Source: ACS 2009-2013)

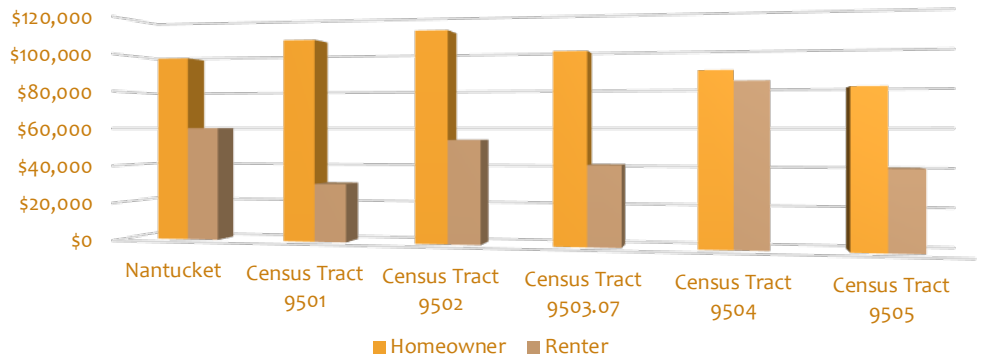


Table 2.10. Comparison Homeowner Housing Values and Monthly Housing Cost Estimates*

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

high of $110,804.[36] The median monthly housing cost for owner-occupied housing with a mortgage payment in Nantucket is $3,026,[37] a figure technically affordable to a household with income of $121,040, or about 35 percent of Nantucket's existing homeowners. In Massachusetts 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**.[38] Significantly, Table 2.10 reports that over half of Nantucket's year-round homeowners are housing cost burdened and nearly 30 percent are **severely cost burdened**, which means their housing costs exceed 50 percent of their monthly gross income.[39]

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.[40] The high cost of housing for Nantucket homeowners

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

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

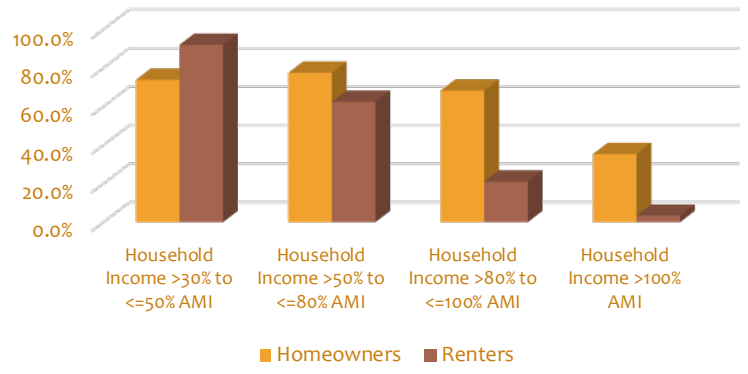
38 N.B. California has the highest percent of mortgaged homeowners with housing burden of any state in the U.S, followed by Hawaii, Nevada, Florida, New Jersey, Rhode Island, and Massachusetts, although burden for all of these states is similar to California.

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

40 CHAS Data, Tables 15A, 17A.

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 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.

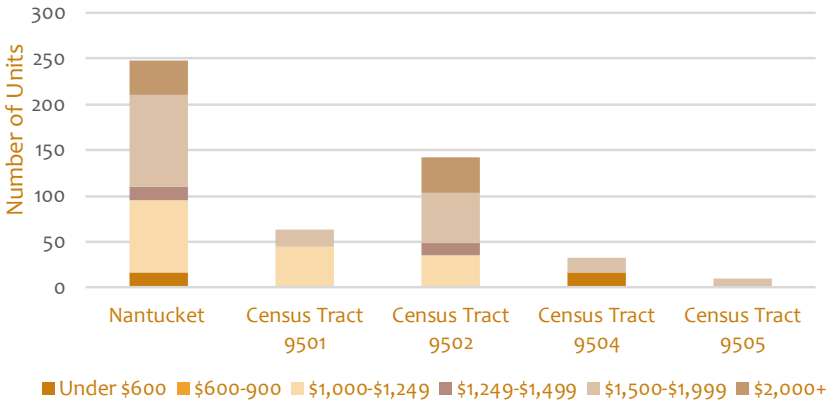
Figure 2.10
HOUSEHOLDS WITH HIGH HOUSING COSTS BY INCOME RANGE
(Source: HUD, CHAS Data)



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 2.9).[41] 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.[42] 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.

Figure 2.11
ASKING RENTS: VACANT UNITS FOR RENT (SEASONAL AND YEAR-ROUND)
Source: ACS 2009-2013



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.

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. 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.

[41] ACS 2009-2013 Five-Year Estimates, B25119.

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

Table 2.11. 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

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.[43] 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 2.11 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 Housing Nantucket's Workforce Housing Needs Study (2015) said 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.

Utility Costs and Housing Affordability

Energy is imported to Nantucket under special engineering and logistical circumstances that result in premium costs for liquid fuels and electricity. As a result, Nantucket residents consistently pay some of the highest energy prices in the U.S.

Liquid fuels, namely propane and petroleum products, present a logistical challenge to Nantucket since no pipelines exist from the mainland. Oil and gasoline are supplied to Nantucket via barges, which offload to a tank farm in the downtown area for storage and distribution to facilities around the island. Propane reaches the island via tanker trucks that the Steamship Authority transports to the island. Due to the hazardous nature of the cargo, voyages made with a propane truck aboard cannot transport any other vehicles or passengers. This results in an exceptionally high rate for heating oil and propane, which is used in lieu of residential natural gas on Nantucket. In addition, National Grid customers on Nantucket all pay an extra 15 percent "cable facility surcharge" on their monthly electric bills to pay for the two undersea cables that currently deliver power to the island from the Cape Cod electric grid.

Low- and 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 2.3).[44] 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

[43] 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.

[44] HUD, Comprehensive Housing Affordability Strategy (CHAS) Data, retrieved from HUD/PDR.

Table 2.12. Nantucket's Chapter 40B Inventory (2016)

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 Quary	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
*Use restriction extended; new term has not been verified.
Note: Sachem's Path is not currently listed on Nantucket's SHI, probably because building permits were not issued within one year of the comprehensive permit. The Town will need to submit copies of the building permits and certificates of occupancy to DHCD, at which time the units will be added to the SHI.

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 2.10, 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.[45] 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 too low for programs like the Nantucket Housing Needs Covenant Program and even most Chapter 40B rental units.

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 house-

[45] HUD, 2015 Income Limits, release date March 9, 2015.

hold - 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.

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 for low- and moderate-income households (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.

DHCD maintains the Chapter 40B Subsidized Housing Inventory (SHI), the list determines whether a community meets the 10 percent minimum. The SHI is also used to track expiring use restrictions, i.e., when non-perpetual affordable housing deed restrictions will lapse. As shown in Table 2.12, Nantucket's SHI currently includes 125 affordable units, or 2.6 percent of the island's year-round housing unts. The 125-unit affordable housing inventory represents a 25-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 at Landmark House (HUD 202) was scheduled to expire last year, but it was reportedly extended. 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.

AFFORDABLE HOUSING PROVIDERS

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.

Non-Profit Organizations

- **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, one is at Sachem's Path and two more are planned.
- **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.[46]

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).[47]
- **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 and no organization focusing exclusively on developing and managing employer-owned housing. 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 half of its seasonal workers.[48] The company also employs fifty-five to fifty-six year-round workers, all of whom depend on other privately owned housing on Nantucket.
- **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.[49]
- The **Nantucket Cottage Hospital** owns twenty-six workforce housing units (combined total of 58 bedrooms) and leases nine additional units (24 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.

Other entities such as Stop & Shop are known to rent units to house their workers as well, but the number of units is unknown.

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

[46] Caitlin Waddington, Nantucket Community School, by email, March 18, 2015.

[47] Kara Buzanoski, Nantucket DPW Director, by email, March 18, 2015.

[48] Nantucket Island Resorts, interview, January 19, 2015.

[49] Matt Fee, interview, January 18, 2015.

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. 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: low-income, moderate-income, year-round workers, or seniors. The existing supply is inadequate, and as numerous past studies and reports show, the supply has been inadequate for a very long time.

3. HOUSING GOALS

Nantucket's affordable housing goals are production targets that have been set based on best available information. There could be considerable fluctuation from year to year, but ultimately the purpose of this plan is to increase Nantucket's Subsidized Housing Inventory (SHI) by at least 120 new SHI-eligible housing units between 2016 and 2020.

PRINCIPLES

1. Affordable and mixed-income housing developments should be located in areas where the Town's planning, zoning, and infrastructure support higher intensity of use. (See Map 3.1)

2. Developers should be encouraged to produce new affordable housing through the Town's standard regulatory procedures or cooperatively planned comprehensive permits. The Town should continue to work with private developers to improve their proposals, acculturate them to community interests in Nantucket, encourage greater energy-conservation and use of renewable energy, and increase affordability above and beyond the required 25 percent for a comprehensive permit.

> Developers should work within the Town's standard permitting procedures or pursue cooperatively planned comprehensive permits. Nantucket has demonstrated its ability to work with housing developers when developers are willing to work with the Town.

3. Recognize local government's responsibility for fair and affordable housing in Nantucket, and lead by example.

4. Whenever possible, the supply of affordable housing should be increased through redevelopment of disturbed sites, adaptive reuse of non-residential structures, or conversion of existing residential properties to multiple dwellings.

5. The Town should provide regular, predictable funding for creating and preserving affordable housing and empower the Affordable Housing Trust to perform the functions it is authorized to perform by state law.

6. For developments on its own land, the Town should maximize the number of affordable housing units; create affordability at multiple levels, from incomes below 50 percent AMI up to 150 percent AMI; and take steps to ensure that all units are energy efficient, with renewable energy included in the design of Town-sponsored projects to the maximum extent possible.

7. Subsidies should be made available to rental developments in exchange for deeply affordable units for households with incomes below 50 percent AMI. These subsidies could be provided by the Affordable Housing Trust or Community Preservation Committee (or both), or through some type of partnership with non-profit community organizations.

8. To promote neighborhood compatibility of density and building forms that differ from surrounding properties, the Town should provide design guidance to developers and homebuilders. Models and specifications pre-approved by

the Historic District Commission and others should be available for a variety of building forms and contexts.

9. Wherever possible, the Town should establish partnerships for affordable housing and encourage others to do the same.

QUALITATIVE GOALS

- Increase the variety of mixed-income housing choices in Nantucket, particularly in commercial centers and higher-density districts, to support Nantucket's economy and accommodate household growth.
- Create permanently affordable rental housing for low- and very-low-income households in order to reduce the incidence of over-occupied, substandard housing.
- Work with Nantucket's large employers to increase the supply of employer-assisted housing, both for seasonal and year-round workers.
- Educate the community about Nantucket's affordable housing needs.
- Preserve the Town's existing affordable housing through monitoring and enforcement of affordable housing deed restrictions.
- Plan affordable housing to incorporate sustainable building practices and to support Nantucket's summer peak load reduction programs.
- Encourage greater energy-conservation and use of renewable energy in residential development and redevelopment projects, including but not limited to the production of new affordable housing.

QUANTITATIVE GOALS: 2016-2020

NEED: INDIVIDUALS AND FAMILIES WITH INCOMES BETWEEN 51-80 PERCENT AMI

- SHI-Eligible Production Targets:
- 10 homeownership units
- 70 year-round rental units
- 10 single-room occupancy (SRO) units

Potential Tools: Town-owned land, LIHTC, federal Affordable Housing Trust Fund, Nantucket Affordable Housing Trust, CPA, Chapter 40B

NEED: HOUSEHOLDS WITH INCOMES BETWEEN 31-50 PERCENT AMI

- SHI-Eligible Production Targets: 20 year-round rental units

Potential Tools: Town-owned land, LIHTC, Section 8 PBA, Nantucket Affordable Housing Trust, CPA, Chapter 40B

NEED: SPECIAL NEEDS POPULATIONS

- SHI-Eligible Production Targets:
- 10 group home units (beds)
- 8-10 congregate units for very-low-income seniors

Tools: Town-owned land, Nantucket Affordable Housing Trust, CPA, DMR/DMH, Nantucket Housing Authority

NEED: HOUSEHOLDS WITH INCOMES BETWEEN 81-120 PERCENT AMI

- Production Targets:
- 5 homeownership units
- 5 year-round rental units

Potential Tools: Town-owned land, Nantucket Affordable Housing Trust, Town funding (CPA for eligible units), Zoning

NEED: HOUSEHOLDS WITH INCOMES BETWEEN 121-150 PERCENT AMI

- Production Targets:
- 20 homeownership units
- 10 rental units

Potential Tools: Town funding, Zoning, Nantucket Housing Needs Covenant Program

4. IMPLEMENTATION STRATEGIES

DHCD encourages cities and towns to prepare, adopt, and implement a Housing Production Plan that demonstrates an annual increase in Chapter 40B units equal to or greater than 0.50% of the community's year-round housing units. By systematically increasing its low- and moderate-income housing inventory, Nantucket will have more flexibility in the future to decide when, where, and how much affordable housing should be built and if necessary, to deny unwanted Chapter 40B comprehensive permits.

As noted elsewhere in this plan, however, Nantucket's housing needs go well beyond addressing the mandate of Chapter 40B. There is a fundamental lack of housing supply in Nantucket. Unless the island's leadership takes steps to address both overall supply and the variety of housing types available to people who live and work here, creating more SHI-Eligible units alone will not solve Nantucket's housing problems. Removing regulatory barriers to housing production in areas that can support growth, working with the island's larger employers to encourage development of employer-assisted housing for seasonal and year-round workers, and investing resources in public education about Nantucket's varied housing needs will all be critical components of a successful, comprehensive housing strategy. Nantucket's economic health and social well-being will depend on reducing pressures on the year-round housing market by increasing supply and having enough housing for people of all ages and incomes.

To qualify for the flexibility that a DHCD-approved Housing Production Plan offers, Nantucket will need to create (through the issuance of permits and approvals) at least twenty-four new low- or moderate-income housing units (or an amount equal to or greater than the 0.50 percent production goal) in a given calendar year and obtain certification from DHCD that the Housing Production Plan standard had been met. These are SHI-eligible units, and they can be created on a stand-alone basis or within mixed-income developments.

> Nantucket needs to create at least twenty-four new low- or moderate-income housing units per year.

The Town needs to consider ways to increase its affordable housing education, advocacy, and development capacity when implementing this plan. Nantucket has decided to fund a part-time housing coordinator in Fiscal Year (FY) 2017, and this will help to build some administrative capacity within town government. In addition, there needs to be leadership training and education for the Board of Selectmen, Community Preservation Committee, and Affordable Housing Trust.

APPROPRIATE LOCATIONS FOR HIGHER-DENSITY HOUSING

Strategy: Affordable Housing on Town-Owned Land / Fairgrounds Road

Principle: For developments on its own land, the Town should maximize the number of affordable housing units; create affordability at multiple levels, from incomes below 50 percent AMI up to 150 percent AMI; and take steps to ensure that all units are energy efficient, with renewable energy included in the design of Town-sponsored projects to the maximum extent possible.

In 2012, the Town acquired property on Fairgrounds Road for construction of affordable housing, main-

> In Nantucket, apartments are allowed by right in commercial buildings in the commercial districts, and town meeting recently agreed to allow up to three units per lot "by right" in several residential zones.

ly for town employees. To date, the project has been stalled for a variety of reasons, including differences of opinion about what kind of housing should be built on the site and for whom, what the Town's role should be, and whether the Town can restrict some of the units for occupancy by municipal employees.

There are scores of examples of affordable housing on town-owned land in Massachusetts. It is probably one of the easiest strategies for increasing the supply of affordable units in any city or town. The Massachusetts Housing Partnership maintains an inventory of land disposition Requests for Proposals (RFP).[1] In Nantucket's case, the best approach will be one that provides a variety of unit types and is designed to accommodate both year-round and seasonal municipal workers. While SHI-eligible housing units have to be made available through an affirmative fair housing marketing plan, Nantucket could consider negotiating with the designated developer to set aside some of the market-rate units for rent by Town employees (with subsidies or rent guarantees provided by the Town, as necessary).

In addition, the Town should lead by example and ensure that units constructed at Fairgrounds Road are highly energy efficient, integrating renewable energy if possible. Incentives are available for solar hot water systems. Perhaps funding can be found for solar PV as well.

Strategy: the Moderate- and High-Density Zoning Districts

Principle: Affordable and mixed-income housing developments should be located in areas where the Town's planning, zoning, and infrastructure support higher intensity of use.

Years ago, Nantucket made a conscious decision to zone areas for concentrated residential and commercial development and let most of the island evolve in a low-density land use pattern. In areas where the Town provides for concentrated development, Nantucket has fairly permissive zoning regulations with fewer barriers than one often finds in suburbs and small towns on the mainland. For example, apartments are allowed by right in commercial buildings in the commercial districts, and town meeting recently agreed to allow up to three units per lot "by right" in several residential zones.

In November 2015, town meeting approved innovative zoning for "bonus lots" and a significant density bonus for affordable housing as long as at least 25 percent of a project's housing units would be eligible for the SHI. Nantucket also allows accessory apartments and two "as of right" dwelling units on a lot in all residential districts, which is almost unheard of in many small towns.

Nantucket has gradually revised its zoning bylaw to reflect the policies of the 2009 Master Plan. The overall planning framework in Nantucket divides the town into "Town" and "Country" zones, or areas designated for higher- and lower-density development, as shown on Map 3.1. Nantucket's existing Chapter 40B developments – Sachem's Path, Beach Plum Village, and Abram Quary – are all located within areas the Town has zoned for growth. The Town's zoning framework makes sense, first because it responds to organic development patterns that pre-date zoning and second, the areas allocated to higher-intensity use tend to be sewered as well. Several times since 2009, Town Meeting has rezoned land by moving it into one of the "Town" districts or liberalizing the rules that govern development in the "Town" districts (see Appendix C). As with the Richmond Group in 2015, Nantucket should continue to pursue "upzoning" opportunities in areas that are consistent with the 2009 Master Plan and have adequate means of wastewater disposal.

Upzoning should be designed to increase the supply both of price-restricted and unrestricted housing in order to provide choices at a variety of price points and meet the needs of many income groups. Like most towns in Massachusetts, Nantucket can use Chapter 40B if it needs to in order to create affordable and mixed-income developments. However, it can only use its own zoning power to increase the di-

[1] See Appendix F, "Disposition of Municipal Property for Affordable Housing."

versity and supply of market-rate housing, and Nantucket desperately needs to provide for both.

In addition, the Mass Save New Construction Program provides incentives for new residential construction to be more energy efficient than what the base energy building code requires. Nantucket could further support energy efficiency in new construction by offering incentives through zoning, such as density bonuses, when new housing units will meet Energy Star or LEED certification.

Strategy: Options for Regulatory Reform

Principle: Developers should be encouraged to produce new affordable housing through the Town's standard regulatory procedures or cooperatively planned comprehensive permits.

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.

INCLUSIONARY ZONING

Nantucket could work with for-profit and non-profit developers to design an inclusionary housing bylaw that would apply throughout town 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 communities – 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.

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 affordable housing trust fund.

INFILL LOTS

Study the potential to create small affordable units on nonconforming lots that are otherwise unbuildable. The units may require some form of subsidy, but making additional land available could support production of scattered-site units by mission-based organizations like Habitat for Humanity or Housing Nantucket.

Strategy: Chapter 40B

Principles:

Developers should be encouraged to produce new affordable housing through the Town's standard regulatory procedures or cooperatively planned comprehensive permits;

Continue to work with private developers to improve their proposals, acculturate them to community interests in Nantucket, and increase affordability above and beyond the required 25 percent for a comprehensive permit; and

Provide regular, predictable funding for creating and preserving affordable housing

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Nantucket could make better use of Chapter 40B as a vehicle for creating affordable housing. Toward that end, the Town should continue to actively pursue partnerships with non-profit and for-profit developers that have collaborated with cities and towns on so-called "friendly" Chapter 40B developments. Nantucket could also provide financial support to friendly Chapter 40B developments (as was done for Sachem's Path). Having a mortgage interest in projects gives the Town even more control than the comprehensive permit or deed restriction. Investing in well thought-out rental projects should be a priority for the use of local funds, first for the added control it brings and second, because anything Nantuck-

et can do to build partnerships with non-profit and for-profit entities will help to increase the Town's capacity and know-how.

Examples of potential funding mechanisms for homeownership could include purchase price buydowns from 80 percent AMI to lower income groups or market-rate units to 150 or 120 percent AMI. Unlike downpayment assistance, 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.

Strategy: Historic District Commission

Principle: To promote neighborhood compatibility of density and building forms that differ from surrounding properties, the Town should provide design guidance to developers and homebuilders. Models (prototypes) and specifications pre-approved by the Historic District Commission and others should be available for a variety of building forms and contexts.

Like many communities, Nantucket prefers to create affordable housing through its own planning and permitting systems, i.e., without Chapter 40B comprehensive permits where possible. A handful of Massachusetts towns have produced many affordable units – sometimes more than the 10 percent statutory minimum – without ever having to use the comprehensive permit process. To succeed in doing so, the Town needs ways to work with the Historic District Commission (HDC) to reduce development costs for projects with affordable units.

The Town should consider retaining a preservation architect to work with the Planning and Land Use Services (PLUS) Department and the HDC to develop prototypes for a variety of building forms and settings as well as design and construction specifications to be used for review of affordable and mixed-income housing proposals. Specific guidance for affordable housing projects could be created as a special supplement to the Commission's existing publication, "Building with Nantucket in Mind." Projects that simply adopt the Town's prototypes and specifications could be made eligible for an expedited review process, thereby reducing the need for costly plan revisions, hearing extensions, and so forth. This may require amendments to the HDC bylaw and administrative regulations.

The Town needs ways to work with the Historic District Commission (HDC) to reduce development costs for projects with affordable units.

Strategy: Orientation of New Housing

Principle: Developers should be encouraged to produce new affordable housing through the Town's standard regulatory procedures or cooperatively planned comprehensive permits. The Town should continue to work with private developers to improve their proposals, acculturate them to community interests in Nantucket, encourage greater energy-conservation and use of renewable energy, and increase affordability above and beyond the required 25 percent for a comprehensive permit.

Nantucket should encourage builders to orient new homes to take advantage of passive heating and cooling. Historically homes were designed and sited to allow the greatest amount of sun to heat the home in the winter. To shade the home in the summer, porches, awnings, and plantings were used. Zoning and subdivision regulations can encourage new homes to be sited to take maximum advantage of the winter sun for heating, by positioning a building's longest plane no more than 30 degrees off the east/west axis to the greatest extent possible. This also provides the homeowner with the option of utilizing a solar photovoltaic and/or solar hot water heating systems on the roof of the home.

Strategy: Mass Save New Construction Program

Principle: Developers should be encouraged to produce new affordable housing through the Town's standard regulatory procedures or cooperatively planned comprehensive permits. The Town should continue to work with private developers to improve their proposals, acculturate them to community interests in Nantucket, encourage greater energy-conservation and use of renewable energy, and increase affordability above and beyond the required 25 percent for a comprehensive permit.

The Mass Save New Construction Program provides incentives for new residential construction to be more energy efficient than what the base energy building code requires. Nantucket could further support energy efficiency in new construction by offering incentives through zoning, such as a density bonus, when new housing units will meet Energy Star or LEED certification.

LOCAL RESOURCES FOR AFFORDABLE HOUSING

Strategy: Transfer Fee, Local Appropriations

Principle: The Town should provide regular, predictable funding for creating and preserving affordable housing and empower the Affordable Housing Trust to perform the functions it is authorized to perform by state law.

> Nantucket needs to put significant resources into housing production just as it has committed significant resources to open space protection for well over thirty years. If the legislature fails to approve the proposed transfer fee for Nantucket, the Town will need to pursue other options.

Affordable housing production will not happen without predictable, adequate funding for acquisition, pre-development, development, management, and monitoring. Although Nantucket recently received a comprehensive permit application for a project many people do not like, the overall track record for Chapter 40B in Nantucket has been remarkably weak. Housing development in Nantucket is distorted by the seasonal market, so even though housing sale prices are very high, Nantucket does not attract many Chapter 40B developers. Like other vacation and resort areas around the country, Nantucket has to be pro-active and initiate affordable and mixed-income housing development.

Without local intervention, the island's affordable housing needs are unlikely to be met. In order to work effectively, Nantucket needs to put significant resources into housing production just as it has committed significant resources to open space protection for well over thirty years. If the legislature fails to approve the proposed transfer fee for Nantucket, the Town will need to pursue other options, e.g., annual appropriations of local revenue (as town meeting did this year), more aggressive commitments of CPA funds, or payments from developers under an inclusionary zoning bylaw.

In addition, the Town needs to revisit limitations it has placed on the Affordable Housing Trust's authority to manage and invest the resources it has at its disposal. A key reason for creating a housing trust is to facilitate affordable housing development and "depoliticize" decisions about the use of local resources to meet housing needs. (See also, Capacity for development, education, and advocacy below.)

Strategy: CPA funds for affordable housing

Principle: The Town should provide regular, predictable funding for creating and preserving affordable housing and empower the Affordable Housing Trust to perform the functions it is authorized to perform by state law.

The Community Preservation Committee (CPC) currently makes CPA funds available for affordable housing on a project-by-project basis. The Affordable Housing Trust has to submit a funding application and potentially compete with other applicants, and ultimately each CPC-backed proposal requires approval from Town Meeting. However, Nantucket could institute a different model. The CPC could propose to appropriate each year's CPA affordable housing funds for use by the Affordable Housing Trust and allow the Trust to do its job: to create and preserve affordable housing, and to do so efficiently. This approach would go a long way toward supporting an annual housing budget for the Affordable Housing Trust and building the Trust's capacity to create affordable units. As the Community Preservation Coalition explains:

> *The CPA law states specifically in Section 5(f) that "A city or town may appropriate money in any year from the Community Preservation Fund to an af-*

fordable housing trust fund." Such trusts can have the power to purchase, sell, lease, manage, and improve real property for the purpose of creating and preserving affordable housing. At least 11 communities have appropriated CPA funds to an affordable housing trust.

CPA funds can be appropriated to both affordable housing trusts . . . as long as any ultimate expenditure of those funds is for CPA-eligible uses. Therefore, it is recommended that CPA appropriations to these trust funds be tracked separately from monies generated from other sources to ensure proper accountability of CPA funds.

If the concern is accountability, the CPC could use a system of grant agreements to provide blocks of funding to the Affordable Housing Trust, e.g., a block of funding to develop group homes, leaving it to the Trust to work with group home non-profits to secure sites for special needs housing. However, to require the Affordable Housing Trust to apply to the CPC for funding essentially defeats the purpose of having a housing trust. BOS needs to get on board.

Strategy: Town-Owned Land Study

Principle: Maximize the affordable housing benefits of developing Town-owned land.

Compared with organizations like the Nantucket Land Bank Commission, the Town of Nantucket is a relatively small landowner. The Town should consider creating an asset management plan that includes policies for identifying surplus property and disposing of it for various purposes, including for public benefits like affordable housing. A planning study could be conducted to confirm the Town's existing inventory, identify potential future needs for property to serve municipal and other public purposes, and create a policy with decision criteria for disposition by bid (highest price), for public benefits (price is irrelevant), or for unique conditions such as land swaps.

Strategy: Tax Incentives

Principles:

Whenever possible, the supply of affordable housing should be increased through redevelopment of disturbed sites, adaptive reuse of non-residential structures, or conversion of existing residential properties to multiple dwellings.

Subsidies should be made available to rental developments in exchange for deeply affordable units for households with incomes below 50 percent AMI.

There is growing interest in Massachusetts (and beyond) in using local government tax policy as a mechanism for creating affordable housing. While there are very few models available, a few cities have established tax incentive programs and recently, the Town of Amherst secured passage of a home rule petition with broad powers to allow special incentives and tax increment financing agreements (TIF) for production of affordable units. (See Appendix G.) Nantucket should consider the potential instituting a similar approach and target it to encourage sustainable projects that can be difficult to carry out, e.g., redevelopment/reuse projects or intensification of existing uses, or to encourage development of employer-assisted housing. Another option is to provide property tax exemptions to owners who rent units to low- or moderate-income households, similar to a program that has existed in Provincetown for several years. (See Appendix H.)

Strategy: Energy Efficiency and Housing Affordability

Principle: Wherever possible, the Town should establish partnerships for affordable housing and encourage others to do the same.

In 2012, the Town of Nantucket founded an Energy Office, which provides information on free energy audits through the Mass Save program and other opportunities for local residents and businesses to save energy and energy related costs. The Town should promote partnerships with its Energy Office wherever possible to provide assistance and information on decreasing energy usage and costs. Several opportunities could be pursued. For example:

- The Energy Office could be involved in the development of a home repair small grant program and the First-time Homebuyer Program, which should provide all applicants with information on energy conservation tips and free energy audits.
- With funds from the Town, the Affordable Housing Trust could support a home repair grant program. The program could provide technical assistance from the Energy Office and make small

grants available to eligible homeowners for needed repairs, including energy efficiency upgrades or renewable energy systems.

FAIR HOUSING AND AFFORDABLE HOUSING

Strategy: Reducing the potential for disparate impact on protected classes

Principle: Recognize local government's responsibility for fair and affordable housing in Nantucket, and lead by example

All communities need to pay attention to fair housing concerns, in part because of HUD's new Affirmative Furthering Fair Housing regulations and especially because of the "disparate impact" case, *Texas Housing and Community Development v. Inclusive Communities Project, Inc*. 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 and 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), or consider other policies such as making it a priority to fund group homes and "safe houses" for people recovering from addiction. Similarly, the Town could explore options for developing a subsidized assisted living residence to help low-income seniors who need some assistance with medications, meals, and housekeeping but do not need the advanced (and costly) level of care provided by nursing homes.

CAPACITY FOR DEVELOPMENT, EDUCATION, AND ADVOCACY

Strategy: Leadership from the Top

Principle: Recognize local government's responsibility for fair and affordable housing in Nantucket, and lead by example.

The Zoning Board of Appeals (ZBA) has exclusive authority to approve or deny Chapter 40B comprehensive permits. Chapter 40B was enacted in 1969 at a time when throughout the state, the ZBA was only town board that could grant special permits and variances, so it made sense to give ZBAs authority for comprehensive permits as well. However, in 1969 local governments did not play any role in creating affordable housing except through their own housing authorities or redevelopment authorities. The notion that municipalities might provide funding to create low- or moderate-income housing or work as partners with affordable housing developers was barely on the horizon at the end of the 1960s, other than in a handful of progressive towns like Lincoln, Massachusetts.

Since 1969, the roles and responsibilities of cities and towns have changed considerably. Many functions that seem ordinary or essential today did not exist in 1969, e.g., a Council on Aging, a Youth Commission or Human Services Department, or a municipally operated visitor services office. The Nantucket Historic District Commission was not created until 1970, and while Nantucket had a Conservation Commission as early as 1963, the authority of conservation commissions has changed considerably since then. In recent years, numerous Massachusetts towns have created a part-time or full-time Housing Coordinator position to help people who need affordable housing and to monitor compliance with affordable housing restrictions, but no community anticipated that one day it would be playing an activist role in affordable housing. At best, communities knew in 1969 that the legislature had imposed more permitting responsibilities on them and in many cases, they resented their new-found powers.

By the mid-1980s, it had become clear that local governments had to mobilize for affordable housing development and not simply wait for the arrival of comprehensive permit applications. Over time, other municipal officials have taken on new duties and learned the value of collaboration for affordable housing. The economic development and social consequences of failing to have adequate affordable housing have become clear to most communities, and it is obvious that many groups in Nantucket understand this as well. Indeed, many Nantucket residents seem to understand because without broad public knowledge of the town's housing crisis, it would have been difficult to secure passage of **Article 82**. Still, it is not clear that a culture of support for affordable housing has been institutionalized within Nantucket's town government. The delayed disposition of the Fairgrounds Road property, constraints placed on the

Affordable Housing Trust's powers and duties, the absence of a professionally staffed Housing Office despite the existence of a widely recognized housing crisis, and the unpredictability of funding for affordable housing all point to the challenges of moving Nantucket forward with a comprehensive approach to affordable housing.

TRAINING AND EDUCATION RESOURCES

The Board of Selectmen can help by providing leadership and support for meeting the island's housing needs. For example, the Board recently made housing on Nantucket a core issue to be addressed in a strategic plan for the Town, and they have also supported the Affordable Housing Trust's efforts to complete this Housing Production Plan. The Board could also play an instrumental role in building consensus among groups that need to work together to increase the supply of affordable housing in Nantucket. On a going-forward basis, the Town should pursue affordable and fair housing training resources for the Board of Selectmen and other policy-level bodies such as the Planning Board. The following non-profit advocacy and education organizations provide affordable housing training and technical assistance for local officials:

- Enterprise Community Partners
- Local Initiatives Support Corporation
- Massachusetts Housing Partnership

LOCAL INITIATIVES: REQUEST FOR EXPRESSIONS OF INTEREST

An activity that could be taken on by the Board of Selectmen involves recruiting affordable housing developers to partner with the Town. Following the lead of communities like Newton and Shrewsbury, Nantucket could issue a "Request for Expressions of Interest" (also known as RFI) to solicit proposals from for-profit and non-profit developers that want to create affordable units. Through the RFI process, Nantucket could identify the "most desired" components of an affordable housing proposal and invite developers and property owners to submit ideas. Of course, the RFI has to be grounded in reality or it will not work, but if done properly, the RFI can be an effective tool for engaging developers to work with the Town. Developing the RFI should be led by the Selectmen in consultation with the Planning Board and Affordable Housing Trust.

COMPREHENSIVE PERMIT GUIDELINES

Some communities have had success with developing comprehensive permit **guidelines**. Unlike comprehensive permit rules and regulations adopted by the Board of Appeals, project guidelines are policy based. Developing project guidelines should be led, ideally, by the Planning Board or a joint Planning Board-Board of Selectmen effort, as was the case in the Town of Acton. Through guidelines, the Town can identify the criteria Nantucket wants affordable and mixed-income housing developments to meet; for conforming proposals, the Board of Selectmen could expedite the process of providing Project Eligibility comments to MassHousing or MHP.

Although guidelines cannot tie the hands of the ZBA during the comprehensive permit process, the presence of guidelines can be very helpful to the ZBA in its review of development applications. Anything that can be done to streamline the permitting process under Chapter 40B could be seen as very attractive to developers. Moreover, if guidelines compliance was made one of the rating criteria the Affordable Housing Trust uses to evaluate funding requests, the Town would have an extra incentive to offer to prospective developers.

Strategy: Development Partnerships

Principle: Wherever possible, the Town should establish partnerships for affordable housing and encourage others to do the same.

Existing efforts to work with the Land Bank and others to collaborate, wherever possible, to address mutual needs should be continued and expanded. There are many examples of housing-open space alliances in Massachusetts, most notably the Town of Lincoln, a nationally recognized leader in forging partnerships between land conservation and development. In addition, Nantucket should encourage a working partnership between Housing Nantucket (for example) and an experienced non-profit or for-profit developer with a track record for "friendly" mixed-income housing developments in other communities. Some examples of potential non-profit partners include Neighborhood of Affordable Housing (NOAH) or The Community Builders in Boston, Housing Assistance Corporation of Cape Cod in Hyannis, or MetroWest Collaborative Development in Newton. Nantucket needs local, experienced development capacity to create SHI-eligible housing. It is a critical

missing piece in the affordable housing "toolbox" and essential for the success of local housing initiatives. The entity for doing so could be Housing Nantucket or a community development organization that is formed specifically for this purpose.

Strategy: Affordable Housing Trust

Principle: Provide regular, predictable funding for creating and preserving affordable housing and empower the Affordable Housing Trust to perform the functions it is authorized to perform by state law

In order to carry out the strategies included in this Housing Production Plan, it will be important for Nantucket to build its capacity to promote and carry out affordable housing development and monitor and enforce affordable housing deed restrictions. Having capacity includes gaining access to greater resources – both financial and technical – as well as building local political support, developing partnerships with public and private developers and lenders, and creating and augmenting local organizations and systems that will support new housing production. This Housing Production Plan incorporates an organizational structure for implementing the strategies and continued oversight of housing policy and initiatives in Nantucket. The Affordable Housing Trust should have a leading role in many of these strategies.

STATUTORY PURPOSE AND POWERS

At the 2009 Annual Town Meeting, Nantucket voted unanimously to accept G.L. c. 44, §55C and establish the Nantucket Affordable Housing Trust (Trust). Per G.L. c. 44, §55C, the statutory purpose of the Trust is ". . . to provide for the creation and preservation of affordable housing in municipalities for the benefit of low- and moderate-income households." The statute also includes sixteen specific powers granted to the Board of Trustees (Board) that require no further action or authorization from other municipal bodies (including Town Meeting and Board of Selectmen). The key powers are briefly summarized as follows:

- Accept and receive real property, personal property, or money, by gift, grant, or contribution including money, grants, and Community Preservation Act funds.
- Purchase and retain real or personal property, including investments.
- Sell, lease, convey, etc. any personal, mixed, or real property at public auction or by private contract.
- Execute deeds, assignments, transfers, etc., related to any transaction of the board for the accomplishment of the purposes of the Trust.
- Employ advisors and agents, such as accountants, appraisers, and lawyers.
- Borrow money and mortgage and pledge trust assets as collateral.
- Manage or improve real property.
- Abandon any property the Board deems appropriate.

TRUST'S MISSION

The Trust's mission is "to provide for the creation and preservation of affordable housing in the Town of Nantucket, preferably in perpetuity, as a general policy, but subject to exceptions where it is practicable and reasonable to do so, for the benefit of year-round low and moderate income households who would otherwise have difficulty financial or otherwise, locating housing on Nantucket."

SOURCE AND USES OF TRUST FUNDS

The Trust has generated revenue from two awards of Community Preservation Act Funds. The first award was in 2010 for $525,789 for the "creation of affordable housing in numerous ways." The second award was in 2012 for $160,000 for the construction of two dwelling units at 7 Surfside Road.

In 2010, the Trust funded the property acquisition at 7 Surfside Road, which was developed with a single-story one-bedroom dwelling unit. The Board vetted a variety of plans including increasing density of the site with multiple units and ultimately decided to issue a Request for Proposals (RFP) in 2014 for the acquisition and continued management of the site for affordable housing purposes. The Board awarded the property to Housing Nantucket, a private, non-profit organization, for $1. Originally Housing Nantucket proposed to create four units on the site, but the project has changed and it now consists of only two units. There may be an opportunity to create three additional units at 7 Surfside Road under current zoning if the Housing Trust can attract another partner.

ELIGIBLE USES OF TRUST FUNDS & LEGAL CONSIDERATIONS

Uses of Trust funds must comply with the statutory purpose of the Trust – the creation and preservation of affordable housing for the benefit of low- and moderate-income households. The following briefly summarizes eligible activities for creation and preservation – for a more detailed description and examples, please refer to the Massachusetts Housing Partnership's *Municipal Affordable Housing Trust Operations Manual* (MHP Manual).

Creation. Activities to create, or produce, affordable housing include the following:

- New construction of affordable housing
- Rehabilitation of existing buildings to convert to affordable housing (could include conversion of surplus town buildings, such as surplus schools or libraries, or privately-owned buildings, such as former churches)
- Purchase of existing market rate residential units, rehabilitation if necessary for health and safety purposes, and resell as affordable housing
- Establish homebuyer assistance program to convert market rate units to affordable units

Preservation. Preservation of affordable units refers to initiatives to perpetuate existing affordable units in light of restrictions that would otherwise expire. Preservation is sometimes also described as physically preserving the condition of existing affordable units, however it is unclear if this is the intent of the statute. Note that CPA funds cannot be used for rehabilitation until the property was previously acquired or created using CPA funds.

Low- and Moderate-Income. Since the Trust statute does define the term "low- and moderate-income," the MHP Manual advises Boards to use their judgment and consult other definitions commonly used in state and federal programs. It may be wise to consult with municipal counsel if the Board choses to a definition that is not commonly used in state and federal program. It is unclear, for example, if the income limits that apply to the Nantucket housing needs covenants, which is defined as "middle income" at less than 150 percent of Nantucket county median household income, would be eligible for Trust funds.

COMMUNITY PRESERVATION ACT AND THE TRUST

As it currently stands, the Board is viewed as a candidate to apply for CPA funds. In the past, the Board applied and received CPA funds twice (2010 and 2014). These funds were primarily used in relation to the 7 Surfside Road property acquisition and proposed development project. However, there are three primary models for CPA allocations to housing trusts in Massachusetts:

Model #1: Trust as housing arm of the CPC. CPA funds allocated for housing are included in annual budget to the Housing Trust. No annual application is necessary. CPC and Trust membership may overlap, which can increase regular communication and collaboration. This model has an expectation of standard designated percentage allocation of CPA funds to the Trust annually, which would consist of all intended CPA housing funds. Housing applicants would apply solely to the Trust.

Model #2: Hybrid. Standard Percentage Allocation and Ability for Additional Allocations. Trust budgeted to receive a standard % and applies for additional funding on as-need basis based on anticipated project or programs. CPC and Trust membership may or may not overlap in this model. Somerville is an example of this model where there CPC and Trust membership does not overlap but the Trust receives a percentage (roughly 45%) of CPA funds and Trust may request additional allocations, as needed.

Model #3. The Housing Trust submits an application to the CPC for CPA funds based on a specific project or program or an annual Trust budget that includes general Trust-initiatives anticipated. This model is most typical in smaller communities where housing activity is low. Developers can apply separately to the CPC and the Trust for local housing funds (with possibly little or no coordination between the CPC and Trust in reviewing the separate applications). The trust cannot rely on CPA funds as a consistent revenue stream, which creates uncertainty year-to-year.

TRUST CAPACITY

Staffing Support. The Trust has administrative support from the one of the Administrative Specialists in the Town's Planning and Land Use Services Department. In addition, the Director of Planning provides professional support on an as-needed basis.

> Town housing efforts should be coordinated to reduce redundancies and increase the efficiency and effectiveness of local initiatives. The CPC and the Trust are two arms of the same body – the Town of Nantucket – and all municipal efforts to address local affordable housing needs should be integrated and coordinated to achieve the best results.

The part-time Housing Coordinator also serves on the Housing Trust.

SCOPE OF WORK AND APPROACH

The consultant team worked with the Board to conduct a two-part prioritization process to gather the Board members' opinions about where the Trust is succeeding or failing, and what direction it should take in the future to achieve the Trust's mission.

BOARD SURVEY IN DECEMBER 2015

The first part, conducted in December 2015, was a survey consisting of two parts. The first question, "How well have these Trust-funded initiatives addressed local housing needs?", asked respondents to consider how the Trust's use of funds has supported local housing efforts. The second question asked, "How important is it for that the Trust continue to pursue these initiatives?".

Past initiatives the Board ranked highest for addressing local housing needs:

1. Development of housing at 7 Surfside Road
2. Acquire real property for new housing
3. Create in-law apartments with affordability restrictions
4. Matching funds under the Housing Innovations Fund (HIF)

Initiatives the Board indicated as most important to pursue:

1. Acquire real property for new housing
2. Rehab public/private property to convert to affordable units (mixed income)
3. Develop multi-family housing at Fairgrounds Road site
4. Homebuyer program
5. Preserve expiring use properties
6. Convert non-residential properties to affordable housing

BOARD DISCUSSION EXERCISE IN FEBRUARY 2016

Board members at the February 19, 2016 Trust meeting participated in a discussion exercise that tied into the consultants' presentation tips to work on things that matter, support good projects, and clarifying the trust's role in relation to other housing entities.

First the Board discussed the six priority initiatives identified through the survey in December and answered the following questions:

- What opportunities, barriers, and compromises might be presented through each of these initiatives?
- If you could only focus on three of these initiatives, which three might be most effective to address local housing needs?
- The Board also discussed the following questions:
- What criteria should the trust consider when selecting initiatives to fund?
- How could the trust be best positioned to advance effectiveness of local housing initiatives and avoid redundancies? Put another way, how the trust can either fill an unmet need or reinforce/expand the work already being done by others?

The results of the Board's discussions indicated support to prioritize funding for projects that create units to count on the state's Subsidized Housing Inventory through the following priority initiatives:

- Continue to advocate for development at 4 Fairgrounds Road and utilize Trust funds to support the development, if needed.
- Foster projects on private land that do not require property acquisition, such as buy-down of units in private development projects.
- Establish a homebuyer program to convert existing market-rate houses to affordable houses.

STRATEGIC ASSETS

The Trust has great potential to be an effective advocate for local affordable housing initiatives and make measurable gains in the production of affordable housing.

- Revived Board of Trustees with new membership with deep roots in the Nantucket community and highly relevant skills and experience
- Town staffing support including clerical staff and the planning director
- The island's housing needs are well documented
- Available funding sources include the CPA and other Town funds

STRATEGIC CHALLENGES

The Trust also faces significant challenges to effectively advocate for local affordable housing initiatives and make measurable gains in the production of affordable housing.

- The Trust has limited capacity - lacking dedicated professional planning staff and a consistent revenue stream.
- The extensive affordability gap and extent of housing needs on Nantucket presents significant challenge for all entities working to achieve housing affordability on the island.

ACTIONS TO BUILD THE NAHT'S CAPACITY

Based on the Board's analysis of its strategic challenges and assets through this process and the key findings of the housing needs assessment:

- **Review the Trust's mission and create a strategic action plan.** The Board could benefit from creating a strategic action plan that engages Town officials and the broader community in helping the Board review its mission, identify goals and priority initiatives, and refine understanding of its role. A strategic action plan can organize and guide the Board's efforts to best achieve priority initiatives and would include an implementation plan and a multi-year budget.
- **Focus Trust funds to address documented housing needs.** When formulating a strategic action plan, it will be important to base the plan on documented housing needs. As is well documented in this Housing Production Plan (which is based on the 2015 Workforce Housing Needs Assessment), Nantucket's most critical housing needs are for rental units affordable for very low-income households (at or below 50 percent AMI) and year-round rental units at all market levels. Low-income and middle-income homeowners need assistance with homeownership costs, too.
- **Clarify and strengthen the role of the Board of Trustees.** Especially with regard to its role with the CPC, the Board should work to clarify its role within the Town. Town housing efforts should be coordinated to reduce redundancies and increase the efficiency and effectiveness of local initiatives. The CPC and the Trust are two arms of the same body – the Town of Nantucket – and all municipal efforts to address local affordable housing needs should be integrated and coordinated to achieve the best results. The Board and CPC should work together to determine an appropriate approach for allocation of CPA funds to the Trust – as explained above, there are three primary models that other communities have adopted that can help to guide discussions. Developing a strategic action plan can help foster such discussion and consideration.

SOURCES OF FUNDS & FINANCIAL SUSTAINABILITY.

The Trust would benefit from a regular and reliable source of revenue. Unless the legislature approves Nantucket's home rule petition or the Town agrees to provide annual allocations of local revenue, the most likely and readily-available source for housing is Nantucket's CPA funds. The CPC and Trust should work together to reexamine the apportionment of funds committed to affordable housing initiatives under the Community Preservation Act. Nantucket Town Meeting has also voted to pursue special legislation for a "housing bank," similar to the Nantucket Land Bank, so the Town can collect a transfer fee on

property sales over $2 million. Furthermore, Town Meeting supported a capital request for $1 million for affordable housing activities, also to be administered by the NAHT.

In addition to ensuring a regular and reliable source of revenue, the Board should consider allocating its funds as an interest-free repayable loan or shared-equity agreement to strengthen long-term financial sustainability of the trust. Such repayable loans could be used for short-term financing for acquisition or development soft costs or longer term gap financing, which can help leverage state, federal, and private money. A shared-equity agreement is an arrangement that allows the Trust to share profit in a project if above a stated-threshold. For example, the Groton Affordable Housing Trust contributed $400,000 to a development of affordable housing and executed an Investor Agreement that entitles the trust to receive 33.3 percent of any project profit.

Each funding source has restrictions and requirements for uses of funds. Certain programs and projects may not be eligible under all funding programs. Also, the Board must account for its use of funds by original funding source and must be prepared to demonstrate that the funds were used in compliance with the requirements of each funding source.

BOARD TRAINING

A housing trust, as a municipal body, is subject to procurement, designer selection, and public construction laws as well as the state and federal fair housing laws, state's Open Meeting Law, Conflict of Interest Law. The Board should have a high degree of familiarity with these various laws to ensure compliance and understanding of various nuances of the laws. For example, regarding the state's procurement laws, G.L. c.30B regulate real property disposition, lease, or acquisition, however CPA-funded acquisitions (not dispositions) are exempt from c.30B s.16 provisions. The Board member could benefit from training either by bringing in expert guest speakers to Board meetings and/or sending members to the various trainings offered regularly throughout the state such as those offered by the Citizen Planner Training Collaborative, MA Department of Housing and Community Development, Massachusetts Housing Partnership, Massachusetts Association of Planning Directors, and the like.

STRATEGIC MANAGEMENT

The Board's regular meetings will naturally be mostly focused on immediate responsibilities and achieving next steps on current initiatives. Strategic planning and management requires dedicated time where achievement of longer-term goals and objectives can receive regular attention. Toward this aim, the Board should will hold biannual strategic planning meetings per year, where the majority of the agenda is devoted to evaluating progress toward meeting Trust goals and developing implementation plans to stay on track.

STRIVE FOR AN EARLY SUCCESS

The Board has recently been reconstituted with many new members. To help build momentum, it will be important for Board to strive for an early success as a way to demonstrate its effectiveness in furthering local affordable housing initiatives. If such a first success could be tied directly to the Board's efforts rather than an ongoing project, this may bolster the Board's demonstration of effectiveness.

If the Board adopts this strategic approach, it would continue to advocate for development at 4 Fairgrounds Road and possibly utilize some Trust funds to support its development, if needed, but would focus its energy on an initiative that it can spearhead directly. Two possible initiatives that Board members prioritized in its recent work with the planning consultants for this Housing Production Plan may present possibilities for an early success:

- Foster projects on private land that do not require property acquisition, such as buy-down of units in private development projects. For example, allocate trust funds to lower the price of units that are proposed to be affordable to households at 70-80 percent AMI to a price affordable to households below 50 percent AMI.
- Establish a homebuyer program to convert existing market-rate houses to affordable houses.

Note that each of these ideas may pose issues that could hamper success: 1) Buying down units in private development projects substantially relies on timing of the opportunity as well as receptiveness from the developer and 2) A homebuyer program is likely to be cost-prohibitive given the Nantucket's housing prices. However, there are active comprehensive permit applications before the Zoning Board of Appeals and it is possible that buying down proposed affordable

units in a pending proposal may pose an opportunity for the Board's immediate consideration. The Board should give serious consideration of these and possibly alternative/additional initiatives to undertake as part of a five-year strategic action plan.

ESTABLISH FUNDING THRESHOLDS AND UNDERWRITING CRITERIA

To lay a foundation for the Trust to become an essential resource for addressing the need for affordable housing on Nantucket, the Board should adopt funding thresholds and underwriting criteria to ensure that its limited resources are utilized in the most effective manner possible.

Funding Thresholds. The purpose of funding thresholds is to guide the Board's evaluation of potential initiatives to fund and help in its deliberations. Note, the following thresholds roughly follow the state's Affordable Housing Trust Fund thresholds in concept, but these have been tailored to local circumstances and housing needs.

Consistency with Nantucket's Community Development and Preservation Goals, e.g., Nantucket Master Plan, Housing Production Plan, Workforce Housing Study, and other relevant community plans and policies.

Consistency with Fair Housing. Allocation of Trust funds will be limited to initiatives that affirmatively encourage equity, promote housing choice, enhance mobility, and promote greater opportunity.

Term of Affordability. Strive to produce affordable housing with an affordability term for as long as possible under the law and given the realities of the nature of projects/initiatives. For example, a homeownership project that utilizes the state's Universal Deed Rider would be affordable in perpetuity, whereas a buy-down of rental units in a private development project is likely to have a fixed term for a specified number of years (for example, 30 years).

Targeted Affordability. Consider targeting the use of Trust funds to address Nantucket's most critical housing needs – namely, production of rental units affordable to households at or below 50% AMI.

Financial Feasibility. Each Trust funded initiative should be evaluated with respect to financial feasibility, however consider flexibility to allow for the Trust funds to be used as the first dollars in on a case-by-case basis when demonstration of local support is beneficial at early stages of a project.

Leveraging Trust Funds. Although, the Trust funds may sometimes be used as first dollars, it is critical to prioritize funding for initiatives that demonstrate substantial leveraging of trust funds with other public and/or private funds to ensure Trust funds have maximum impact to address Nantucket's housing needs.

Regeneration of Trust Funds. Give preference to funding structures that will help to regenerate Trust funds to ensure long-term viability of the trust and expand its financial capacity to have maximum impact. Such mechanisms to consider include short-term loans, longer-term gap financing loans, and shared-equity agreements.

UNDERWRITING CRITERIA

The Board should adopt underwriting criteria for trust-funded development initiatives to ensure the Board appropriately fulfills its fiduciary responsibility as trustees of the trust. Standard underwriting criteria includes: maximum award amounts, approval of permits and any other government approvals, award terms, maximum developer and contractor profits and overhead, etc.

ADVOCACY ROLE

In addition to fostering initiatives to create or preserve affordable housing, the Board should advocate for creation and preservation of affordable housing on Nantucket and inform town official, residents, business owners, and the general public about the need for affordable housing and its community benefits. This could include advocacy and support for the Town's potential project on the Fairgrounds Road property as well as other projects and initiatives that meet local affordable housing needs.

APPENDIX

APPENDIX A: GLOSSARY

Affirmative Fair Housing Marketing Plan (AFHMP). 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. The 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 Restriction. A contract, mortgage agreement, deed restriction or other legal instrument, acceptable in form and substance to the Town, that effectively restricts occupancy of an affordable housing unit to a qualified purchaser or renter, and which provides for administration, monitoring, and enforcement of the restriction during the term of affordability. An affordable housing restriction runs with the land in perpetuity or for the maximum period allowed by law. It should be entered into and made enforceable under the provisions of G.L. c. 184, §§ 31-33 or other equivalent state law.

Affordable Housing Trust. 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.

Article 82. A home rule petition approved by Nantucket Town Meeting in 2016 to collect a transfer fee on real estate transactions and dedicate the revenue to affordable housing development.

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.

Community Preservation Act. Chapter 44B. G.L. c. 44B (2000 Mass. Acts 267) 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.

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 recipiency, 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-substandard 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.

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. 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.

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-substandard 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. In general, workforce housing is housing for people who work in a community and the pricing methodology should account for wages paid by local employers.

APPENDIX B. AFFORDABLE HOUSING TIMELINE: NANTUCKET

(Original from Nantucket Antheneum, 2015; Revised and Updated for HPP, 2016).

- **October 9, 1948** – Veterans' Housing Authority (VHA) appointed
    - Elected: Charles P. Flanagan, John L. Hardy, Frank L. Hardy, Leroy A. Pease
- **February 12, 1949** – VHA officially active
    - Open call for veteran applications; 42 received
- **April 30, 1949** – VHA program under "rental-purchase" plan (MGL Ch. 372)
    - Tenants may purchase houses after five years of inhabitance

September 30, 1950 – VHA housing project complete; open for public inspection

- 9 units on Orange Street
- **December 8, 1956** – VHA announces liquidation of all 9 houses
- **February 15, 1958** – VHA final report released
    - 8 homes purchased by original tenants; 1 sold to public bidder
    - Program officially dissolved
- **March 17, 1969** – First Nantucket Housing Authority vote at annual town election
    - Elected: Charles R. Morris, Francis W. Pease, George E. Pinault, John K. Wilson
- **July 10, 1969** – Nantucket Housing Authority public meeting on elderly housing proposal
- **August 23, 1969** – Massachusetts enacts the Comprehensive Permit Act (Chapter 40B)
- **February 19, 1970** – Elderly housing project cancelled due to lack of qualified applicants
- **November 3, 1971** – Nantucket Development Corporation (NDC) formed
    - Announces plans for elderly and low-income housing
    - President: Kenneth W. Holgate
- **November 18, 1971** – NDC housing project meeting
    - 125-unit Tashama Farm development for elderly/low-income residents
    - To be funded through Massachusetts Housing Finance Agency
- **April 12, 1977** – Nantucket Housing Authority abolished at town meeting
    - Article 28 by a vote of 153-61
- **December 5, 1983** – New Housing Authority approved by vote at Town Meeting
- **February 21, 1985** – Housing Authority to receive $570,000 grant
    - Part of the Massachusetts Comprehensive Housing Act of 1983

- **July 1985** – Applications accepted for new Academy Hill elderly housing development
    - 28 total units, 12 affordable elderly housing apartments
- **August 1, 1985** – Town land transferred to Housing Authority
    - 19.9 acres to be developed for elderly and family housing,
    - Miacomet Village
    - 15 acres at the former Navy Base in Tom Nevers, to be used by six lottery applicants as a part of self-help housing program
- **March 1986** – Landmark House elderly housing center opens to residents
    - Developed by Nantucket Community Services on Old Island Home property
    - Subsidized by the Farmers Home Administration (FmHA, terminated in 2006)
- **October 25, 1986** – Nantucket Housing Needs Conference
- **July 23, 1987** – Nantucket Planning Commission approves new Housing Partnership
    - Members from the Planning Board, Housing Authority, Historic District Commission, and Nantucket Commission Services
- **December 23, 1987** – Native American burying ground found on Miacomet Village building site
- **April 15, 1989** – Miacomet Village project dedication ceremony
- **August 8, 1996** – Ground breaking for additional 19 units behind Miacomet Village location
- **April 9, 2001** – Nantucket adopts Community Preservation Act (CPA)
    - Voluntary state legislation establishing a local community preservation fund; monies raised by a 3% property tax
    - 62% approval at annual Town Meeting
- **May 25, 2004** – Groundbreaking Ceremony for Nantucket Public Schools' new teacher housing project
    - 12 affordable units on Cow Pond Lane
    - Managed by the Nantucket Education Trust Fund (Nantucket Housing Office assumes responsibility in 2007)
- **September 2, 2004** – Interfaith Council begins emergency rental assistance program
- **February 2007** – Lottery conducted for five of ten affordable homeownership units at Beach Plum Village
- **August 2007** – Abrem Quary affordable 40B housing project complete
    - 28 units; originally proposed in 2001

- **April 23, 2009** – Nantucket named most expensive county for rentals
    - National Low Income Housing Coalition study
- **April 25, 2013** – "Quiet Crises"; rental housing shortage peaks
    - Seasonal and year-round rental shortage
    - Fair-market rental rates exceed those of Manhattan according to Department of Housing and Urban Development (HUD) statistics
- **April 30, 2015** – Housing Nantucket produces Workforce Housing Needs Assessment
- **June 2015** – Sachem's Path Phase I affordable 40B housing project lottery
    - Two-phase, 36-unit development for first-time homeowners
    - Project originally proposed in December 2011
- **November 9, 2015** – Nantucket Town Meeting approves zoning amendments to provide additional density in exchange for an affordable housing requirement in the CN and R5 districts. These changes were made so that Richmond Great Point Development could pursue a mixed-income, mixed residential use development off Old South Road.
- **April 2015** – Completion of Sachem's Path Phase I development.

APPENDIX C. MASTER PLAN IMPLEMENTATION: HOUSING AND LAND USE, 2009 – PRESENT

Compiled by Leslie Snell, Nantucket Planning and Land Use Services Department

June 6, 2016

2009 ATM Amendments

- Article 26 – adoption of the Master Plan, which is a ten-year document containing, among other things, a section on housing.
- Article 27 – inserted an allowance for up to four apartments within a commercial building by-right in the CDT, CMI, and CN zoning districts.
- Articles 32, 33, 34, 35, 36 – removed residential areas from a commercial zoning district (RC-2) and placed them in a residential district (R-5) that allows detached dwelling units or duplexes.
- Article 41 – removed properties from the RC-2 district and placed them in the CN district, which allows apartments as approved in Article 27. The previous district allowed a maximum of two dwelling units per lot.

2009 STM Amendments

- Articles 10 and 15 – reduced the minimum age to live in an Assisted Living Community from 65 to 55 and excludes affordable housing, in addition to employee housing, from the total number of units allowed.

2010 ATM Amendments – nothing applicable

2011 ATM Amendments

- Article 48 – removed a soon to be vacant from a commercial district (RC-2) and placed it in a residential district allowing detached dwelling units or duplexes (R-5). Placed a portion of that same land in the CN district, which allows up to four apartments per lot by-right in addition to light commercial use. The previous district allowed a maximum of two dwelling units per lot.
- Article 57 – reduced the density of an existing residential area from essentially quarter acre zoning to eighth acre zoning. Provides potential for redevelopment of lots in that area for what would likely be year-round housing.
- Article 63 – expanded Bylaw provisions for secondary lots.

2012 ATM Amendments

- Article 37 – expanded the CDT district, which allows up to four apartments per lot by-right in addition to commercial use. The previous district allowed a maximum of two dwelling units per lot.
- Articles 41, 42, 43, 44 – removed residential areas from a commercial zoning district (RC-2) and placed them in a residential district (R-5) that allows detached dwelling units or duplexes.
- Article 46 – expanded the CN district, which allows up to four apartments per lot by-right in addition to commercial use. The previous district allowed a maximum of two dwelling units per lot.

2013 STM Amendments – nothing applicable

2013 ATM Amendments

- Article 30 – expanded the apartment allowance to include the CTEC and CI districts.

2014 ATM Amendments

- Article 38 – expanded the CDT district, which allows up to four apartments per lot by-right in addition to commercial use. The previous district allowed a maximum of two dwelling units per lot.
- Article 42 – expanded the CN district, which allows up to four apartments per lot by-right in addition to commercial use. The previous district allowed a maximum of two dwelling units per lot.
- Article 45 – expanded the CN and CTEC districts, which allow up to four apartments per lot by-right in addition to commercial use. The previous district allowed a maximum of two dwelling units per lot.
- Article 50 – reduced density from half acre to quarter acre in a re-developing residential area.
- Article 51 – combination of reducing density (R-20 to R-5) and removing commercial use potential (RC-2 to R-5) to rezone an area to a high density residential district allowing detached dwelling units or duplexes (R-5).
- Article 63 – expanded Bylaw provisions for secondary lots.
- Article 66 – revised apartment definition to be more flexible about the location of the apartments within a commercial structure.
- Article 67 – inserted a new use "apartment building" allowing up to six dwelling units with a total of no more than eight bedrooms in the CN and VN districts by special permit.

2015 ATM Amendments

- Article 45 – removed residential areas from a commercial zoning district (RC) and placed them in a residential district (ROH).
- Article 61 – removed certain accessory dwelling restrictions in an effort to encourage more accessory units.
- Article 62 – inserted an allowance for a third dwelling unit on residential properties in the following zoning districts: R-5, R-10, R-20, R-40, LUG-1, LUG-2, and LUG-3.

2015 STM Amendments

- Article 1 – reduced density from half acre to eighth acre (R-20 to R-5), two acres to less than a quarter acre (LUG-2 to CN), and two acres to eighth acre (LUG-2 to R-5) in a residential area to provide for the redevelopment of existing vacant lots.
- Article 2 – inserted workforce homeownership housing bonus lots and workforce rental community bylaw provisions that allow substantial increased density. Workforce homeownership housing bonus lots must be eligible for approval as Local Action Units must restrict at least 25% of the units to households earning at or below 80% of the AMI. Workforce rental community must also restrict at least 25% of the dwelling units to households earning at or below 80% of AMI.

2016 ATM Amendments

- Article 34 – removed properties in the mid-island area from the RC district (identified to the be phased out in the 2009 Master Plan) and placed them in the CMI district, which allows up to four apartments on a lot by-right in a district that formerly only allowed two dwelling units per lot. CMI also allows apartment buildings – up to six dwelling units – by special permit.
- Article 35 – removed properties in the mid-island area from the RC-2 district (identified to the be phased out in the 2009 Master Plan) and placed them in the CMI district, which allows up to four apartments on a lot by-right in a district that formerly only allowed two dwelling units per lot. CMI also allows apartment buildings – up to six dwelling units – by special permit.
- Article 36 – inserted allowance for apartment buildings in the CMI district at a density of one dwelling unit for each 1,250 square feet of lot area.
- Article 39 – removed properties from a commercial zoning district (RC-2) and placed them in a combination of a residential district (R-5) that allows detached dwelling units or duplexes and a commercial district (CN) that allows commercial uses, apartments, and apartment buildings. RC-2 density allowed two dwelling units per lot. CN allows up to six, depending on lot size.
- Article 48 – reduced density in a year-round residential neighborhood from two acres to one acre. Will allow subdivision potential on some lots.
- Article 51 – expanded Bylaw provisions for tertiary dwellings.
- Article 52 – inserted a new use "tiny house unit" to be allowed in the same zoning districts as a tertiary dwelling. Essentially the same as a tertiary dwelling.
- Article 54 – expanded Bylaw provisions for secondary lots.
- Article 55 – removed income and asset restrictions for family members to qualify for the covenant program.

APPENDIX D. "SAFE HARBOR" STATUS THROUGH HOUSING PLAN CERTIFICATION

In 2002, the Massachusetts Department of Housing and Community Development (DHCD) created an incentive for cities and towns to take an active role in increasing the supply of affordable housing. By developing a plan that met DHCD's requirements under the Planned Production program, communities could become eligible to deny a comprehensive permit for twelve (or possibly twenty-four) months if they implemented their housing plan by meeting a minimum annual low-income housing production target. The Planned Production program was overhauled in 2008, at which time the planning component became known as the Housing Production Plan. Nantucket obtained Housing Production Plan approval in 2009, but the plan expired in 2014.

To qualify for the flexibility that a DHCD-approved Housing Production Plan offers, Nantucket would need to create (through the issuance of permits and approvals) at least twenty-four new low- or moderate-income housing units (or an amount equal to or greater than the 0.50 percent production goal) in a given calendar year and obtain certification from DHCD that the Housing Production Plan standard had been met. Units eligible for the Subsidized Housing Inventory (SHI) will be counted for the purpose of certification in accordance with 760 CMR 56.03(2).

> (2) Subsidized Housing Inventory.
>
> (a) The Department shall maintain the SHI to measure a municipality's stock of SHI Eligible Housing. The SHI is not limited to housing units developed through issuance of a Comprehensive Permit; it may also include SHI Eligible Housing units developed under
>
> G.L. Chapters 40A, 40R, and other statutes, regulations, and programs, so long as such units are subject to a Use Restriction and an Affirmative Fair Marketing Plan, and they satisfy the requirements of guidelines issued by the Department.
>
> (b) Units shall be eligible to be counted on the SHI at the earliest of the following:
>
> > 1. For units that require a Comprehensive Permit under M.G.L. c. 40B, § 20 through 23, or a zoning approval under M.G.L. c. 40A or completion of plan review under M.G.L. c. 40R, the date when:
> >
> > > a. the permit or approval is filed with the municipal clerk, notwithstanding any appeal by a party other than the Board, but subject to the time limit for counting such units set forth at 760 CMR 56.03(2)(c); or
> > >
> > > b. on the date when the last appeal by the Board is fully resolved;
> >
> > 2. When the building permit for the unit is issued;
> >
> > 3. When the occupancy permit for the unit is issued; or
> >
> > 4. When the unit is occupied by an Income Eligible Household and all the conditions of 760 CMR 56.03(2)(b) have been met (if no Comprehensive Permit, zoning approval, building permit, or occupancy permit is required.)

Requests for certification may be submitted at any time. DHCD will determine whether Nantucket complies within 30 days of receipt of the Town's request. If DHCD finds that Nantucket complies with the Housing Production Plan, the certification will be deemed effective on the date upon which Nantucket achieved its numerical target for the calendar year, in accordance with the rules for counting units on the SHI under 760 CMR 56.03(2). The certification will remain in effect for one year from its effective date. If DHCD finds that

Nantucket has increased its number of SHI Eligible Housing units in a calendar year by at least 1 percent of its total housing units, the certification will remain in effect for two years from its effective date.

The certification process would allow Nantucket's Board of Appeals to deny a comprehensive permit for twelve months (or twenty-four months, as applicable), or continue to approve projects based on merit. However, if the Board decides to deny a comprehensive permit or impose conditions during the Housing Plan certification period, it must do so according to the following procedures. 760 CMR 56.05(3) and 56.03(8)

- Within fifteen days of opening the public hearing on a comprehensive permit application, the Board has to provide written notice to the applicant, with a copy to DHCD, that denying the permit or imposing conditions or requirements would be consistent with local needs, the grounds that it believes has been met (e.g., a Housing Plan certification is in effect), and the factual basis for that position, including supportive documentation.
- If the Applicant wishes to challenge the Board's assertion, it must do so by providing written notice to DHCD, with a copy to the Board, within fifteen days of receiving the Board's notice, and include supportive documentation.
- DHCD will review the materials provided by the Board and the applicant and issue a decision within thirty days. The Board has the burden of proving that a denial or approval with conditions would be consistent with local needs, but any failure of DHCD to issue a timely decision constitutes a determination in favor of the Town.
- While this process is underway, it tolls the requirement to complete the public hearing and final action within 180 days.

APPENDIX E. AFFIRMATIVE FAIR HOUSING MARKETING PLAN REQUIREMENTS

Affirmative Fair Housing Marketing and Resident Selection Plan (AFHMP)

Key Review Points

City/Town: _____ **Reviewer:** _____

Project Name: _____ **Date of Review:** _____

Address: _____

RENTAL **OWNERSHIP** **BOTH**

Note: The checklist below is intended to assist with AFHMP review but does not replace the requirements of the DHCD AFHMP guidelines, available at http://www.mass.gov/hed/docs/dhcd/hd/fair/afhmp.pdf (see also section III of the DHCD Comprehensive Permit Guidelines at http://www.mass.gov/hed/docs/dhcd/legal/comprehensivepermitguidelines.pdf). The AFHMP guidelines must be consulted in their entirety.

DEVELOPER/CONTRACTOR INFORMATION:

Are the developer staff and contractor qualifications consistent with the Guidelines? YES NO

Did developer/contractor representative(s) certify that the AFHMP is consistent with the Guidelines?

YES O

MARKETING:

Will the application period run for at least 60 days? YES NO

Will advertisements be placed in local and regional newspapers? YES NO

If YES, which newspapers: _____

Will advertisements be placed in newspapers that serve minority groups and other protected classes? YES NO

If YES, which newspapers: _____

Will advertisements run at least two times over a 60-day period? YES NO

Are sample ads included? YES NO

Is marketing comparable in local, regional and minority newspapers: YES NO

If NO, explain: _____

Are outreach notices to be sent to local fair housing commissions? YES NO

To other local/regional religious institutions, housing authorities, social service agencies, nonprofits, etc?

YES NO

If YES, where: _____

Is the outreach appropriate to the type of housing proposed (e.g., marketing to senior centers for elderly housing)?

YES NO Explain:_____

Are applications made available at public, wheelchair accessible locations including one that has some night hours?

YES NO

Does the advertisement and other marketing include a telephone number, including a TTY/TTD phone number, to call to request an application via mail? YES NO

Does the advertisement and other marketing indicate that applications may be submitted by mail, fax or e-mail?

YES NO

Does marketing include non-English publications? YES NO

If YES, which languages: _____

What s the basis for determining the languages? Explain: _____Will available Metro Boston Area affordable units be reported to Metrolist? YES NO

Will available affordable and available accessible units be listed with MassAccess (CHAPA's Housing Registry)?

YES NO

Will available affordable ownership units be listed with MassAccess? YES NO

Will available affordable ownership units be listed with MAHA's lottery website? YES NO

Are air Housing logo and slogan included in all marketing materials? YES NO

Do applicant materials include a statement of the housing provider's obligation to not discriminate in the selection of applicants? YES NO

Do applicant materials state that persons with disabilities may request reasonable accommodations in rules, policies, practices or services or reasonable modifications in the housing? YES NO

Do informational materials provide notice of free language assistance to applicants, translated or to be translated into the languages of LEP populations anticipated to apply? YES NO

Does marketing refrain from describing characteristics of desirable applicants/residents (e.g., "for four persons only", "active lifestyle community," "empty nesters")? YES NO

If NO, explain: _____

Does marketing convey unlawful preferences or limitations (e.g., only white models)? YES NO

If YES, explain: _____

Does marketing include reference to local residency preferences? YES NO [NOTE: not permitted]

Does marketing indicate resident selection by lottery or other random selection procedure? YES NO

Resident Selection:

Are copies of a sample application and information packets for potential applicants included and acceptable?

YES NO

Are info sessions scheduled to allow for maximum opportunity to attend (i.e., evenings, weekends, accessible location)? YES NO

Are the eligibility criteria consistent with the Guidelines? YES NO

Is resident selection based on a lottery? YES NO

If NO, is it based on a fair and equitable procedure (i.e., not "first come, first served") approved by the subsidizing agency? YES NO Explain: _____

If a lottery to be utilized, will the lottery be held at a public, wheelchair accessible location? YES NO

Are the lottery procedures consistent with the Guidelines? YES NO

Is the community choosing to implement a local selection preference? YES NO

If YES, is the need for the local preference demonstrated consistent with the Guidelines? YES NO

Explain: _____

[NOTE: 70% local preference is maximum permitted but percentage must be justified based on documented local need]

Doe the demonstrated need correspond to the housing type and eligibility criteria of the project? (e.g., wait list at another rental development used to demonstrate need is for apartments to be rented at similar rents and for residents at similar income levels) YES NO Explain: _____

Are all the proposed preference types consistent with the Guidelines? YES NO

Are the geographic boundaries of the local preference area smaller than the municipal boundaries? YES NO

[NOTE: not permitted]

Does the AFHMP include efforts to address potential discriminatory effects of a local selection preference (e.g., will minority applicants be moved into the local selection pool to ensure it reflects the racial/ethnic balance of the region and/or other efforts consistent with the Guidelines)? YES NO Explain: _____

Is the working preference the only local preference? YES NO

If YES, are persons with disabilities and/or 62 years of age or older that live in the community given the benefit of the preference? YES NO

Are there durational requirements for living or working in the community? YES NO [NOTE: Not permitted]

Are local preference units subject to different or more beneficial terms (e.g., reduced prices) than other affordable units? YES NO

If YES, explain: _____

Are household size restrictions and preferences consistent with the Guidelines? YES NO

Does the AFHMP provide persons with disabilities in need of accessible units first preference for such units?

YES NO

Does the AFHMP address adaptable units consistent with the Guidelines? YES NO

Does the AFHMP provide for criminal background checks consistent with the Guidelines (e.g., not imposed prior to the lottery and consistent with DHCD model CORI policy)? YES NO

Does the AFHMP require any deposits or fees to be paid? YES NO

If YES, are they consistent with the Guidelines? YES NO

Wait Lists

After the lottery, are households that are not awarded a unit placed on a wait list in the order that they were drawn from the *general* pool? YES NO

For rental projects, is the procedure for ordering new applicants upon re-opening of the wait list based upon a random selection procedure after a minimum application period of no less than 10 business days? YES NO

If NO, explain: _____

Is there a procedure for wait lists that do not close, and does it address persons with disabilities consistent with the Guidelines? YES NO Explain: _____

Does the ongoing affirmative and general marketing/outreach materials provide explicit notice of the availability of reasonable accommodations in the application process and a corresponding telephone number? YES NO

For ownership projects, does the AFHMP include a method for ensuring continued compliance w/ the Guidelines upon resale? YES NO

Overall Comments

APPENDIX F. DISPOSITION OF MUNICIPAL PROPERTY FOR AFFORDABLE HOUSING

As Nantucket already knows, local governments can create affordable housing by making town-owned land available for eligible projects. Properties disposed of for affordable housing can include underutilized public facilities, municipally owned land, or vacant, abandoned, and tax-delinquent private properties acquired through purchase or tax foreclosure. Land bank programs can strategically acquire and preserve multiple properties for affordable housing development. Land banking is one of the functions a municipal affordable housing trust can perform.

Following the procedures for real property disposition under G.L. c. 30B, § 16, a city or town may sell surplus property and prioritize the development of affordable housing. As a rule, municipalities are restricted from giving property to private individuals or offering it for less than fair market value. However, they can convey surplus property for less than market value if the property would be used for a public benefit purpose. Alternately, for publicly owned land in neighborhoods with increasing market demand or recent public investment, jurisdictions can sell land at market price to affordable housing developers before increases in value are realized in the price of the land.

Chapter 30B intends to serve two primary policy objectives: open, fair, competitive bidding and obtaining the best value for communities and other public agencies that are subject to the law. For these reasons, just about every procurement conducted by cities and towns involves some type of bid or proposal process that allows any interested party the opportunity to compete. Most towns today have enough experience with purchasing services and supplies that the requirements for those types of procurements are fairly well understood. However, the Chapter 30B requirements for acquiring or selling real property are different. Since the value of the Fairgrounds Road property obviously exceeds $35,000 (current threshold under Chapter 30B), the Town will have to issue a Request for Proposals (RFP) to convey the land through a fair and open procurement process. Nantucket may want to request RFP assistance from the Massachusetts Housing Partnership (MHP), which has considerable experience with town property dispositions for affordable housing.

Below is a summary of the Chapter 30B procedures Nantucket will need to account for in disposing of the Fairgrounds Road property or other land that may be available for affordable housing development. The Town may have other steps it needs to take before it embarks on the disposition process, e.g., how much housing and what types of housing, how much of the housing can be limited for use as employer-assisted housing, how many units should be restricted for use as low- or moderate-income housing, whether the Town intends to provide any financing for the project (e.g., through the affordable housing trust), and so forth. It may also be in the Town's interest to work with other large employers on Nantucket by setting aside some of the market-rate units for those organizations to lease for year-round or temporary employee use, thereby essentially guaranteeing some of the rental income. These decisions, or at least a framework for making them, should be settled before the procurement process begins.

In addition, the Town may want to determine how much interest exists among developers and what their expectations might be. This could be done through an informal "Request for Expressions of Interest" (RFI) prior to initiating the Chapter 30B procurement process. It is important to note that the RFI process cannot be used to pre-qualify or pre-screen developers for purposes of creating a shortlist for the eventual RFP. For real property dispositions, Chapter 30B requires communities to make the RFP available to any interested party who requests it. Nevertheless, an advantage of the RFI is that it could help the Town understand what is feasible, what developers might be concerned about, and how to design a lease procurement if the Town wants to offer the land for long-term lease instead of offering it for sale.

Real Property Disposition for Public Purposes

First Steps

- Declare the property "surplus" and available for acquisition and development of mixed-income housing and employee housing. (A public determination made by the Board of Selectmen and documented in the record is fine.)

- Determine the market value of the property. This can be in the form of an opinion by the Town assessor (a formal appraisal is not required, though many towns commission one). The opinion or appraisal needs to be kept in the records of the real property disposition, as the Town's auditors will most likely ask to review it.

- For public benefit dispositions that will result in a purchase price below market value, the Town must explain why in a notice published in the Central Register. There is a form for this purpose on the Central Register website.

Rule for Award

Selecting a buyer for surplus municipal property can be as simple as taking the highest-price offer, but when the end result is a project to promote public purposes, the selection process is more complicated. For affordable housing dispositions, the Town will need to decide how it plans to choose the best proposal, which means the developer selection process will be based primarily on **qualitative criteria**.

The RFP that will eventually be issued can state a fixed sale price and thereby remove price considerations from the selection process. Still, some communities set a below-market minimum sale price and give themselves the flexibility to consider price along with other qualitative factors. One problem with that approach is that if meeting all of the Town's expectations for the project involves a very high cost, a low minimum sale price can be enough to make the project infeasible and discourage good developers. A second problem that sometimes occurs with public benefit dispositions is that if a very desirable development proposal provides for a much lower purchase price than other proposals received, the developer selection process can become unduly complicated, with reviewers disputing the how far the Town should go to aim for quality over price. So, the rule for award is a critical decision that needs to be made before much time is spent on drafting the RFP.

Proposal Evaluation Criteria

The key to any public land disposition for affordable housing lies with the evaluation criteria. There are three groups of criteria that need to be created for the RFP: criteria for determining whether a proposer is responsive and responsible, for comparing proposals based on their merits, and for evaluating price – if price will even be considered.

- **Responsive and responsible** criteria involve considerations such as: is the proposal complete? Is the proposer willing to accept the Town's terms and conditions for sale of the property?

- **Comparative criteria** involve the non-price considerations that will allow the Town to identify the best proposals overall. Some examples of common non-price considerations include:

  - Developer's capacity, evidenced by the number of similar projects completed by the proposer within some specified period of time (e.g., five years); experience and qualifications of the development principals; prior working relationships involving members of the development team; and highly favorable references.

  - Financial capacity, evidenced by prior experience financing mixed-income housing developments of similar scale and complexity; ability to provide equity contribution, and ability to secure financing for the proposed project as demonstrated by letter(s) from prospective lender(s).

  - Experience and qualifications of the design team for the type of project submitted by the proposer, including past collaborations by the proposed design team.

  - Experience and qualifications of the general contractor (the firm as a whole, the principals, and senior management), evidenced by a track record of completing projects on time and within budget at a quality commensurate with the client's expectations.

  - Desirability of proposed building and site design, including attention to the Historic District Commission's design preferences and design principles identified in the RFP (if any).

  - Sustainability, including proposed green building techniques and materials to be used in site design, building construction, and building operations.

  - Project schedule, with preference for a shorter and achievable development schedule over

a longer development schedule *or* a short but impractical development schedule, with justification via a basic market analysis for whatever the proposed schedule may be. (Note: some communities commission a market study and provide it to prospective developers – who may elect to obtain their own study or pay for a peer review or "second opinion" of the town's study.)

- Feasibility of the proposed project, based on an analysis of the development budget, the developer's demonstrated ability to resolve permitting issues as they may arise, the likely acceptability of the proposed designs by regulators and lenders, the likelihood of obtaining proposed financing for predevelopment costs, construction and soft costs as estimated, and the reasonableness of the budget overall. (Note: communities usually hire an independent consultant to review the financials submitted by proposers.)
- Purchase price (if price will be one of the rating factors).

These criteria can be rated according to a simple scheme, e.g., "best," "acceptable," or "unacceptable," or some other system as long as the RFP is clear about what the rating method will be. If some criteria will carry more weight than others, the RFP should say so.

Writing the RFP

There is a basic structure to all real property disposition RFPs and some unique components that should be included in the RFP for a public benefit disposition. Although it may be tempting to start writing the RFP right away, it rarely makes sense until the "basics" described above have been settled:

- What kind of development is the Town looking for?
- How many units, or what is the acceptable minimum-maximum range?
- What are the most important outcomes?
- Does purchase (or lease) price matter?
- How will the Town evaluate the proposer's development team? What information will the Town need in order to evaluate the team?
- What design information will the Town need in order to reach some conclusions about the quality of the developer's proposal? A preliminary plan? Elevation drawings? Material specifications?
- How will the Town determine that proposers are competent and able to do the project?
- What information does the Town need in order to determine if a proposed project is feasible?

Once these questions are answered, the RFP is not difficult to prepare. Disposition RFPs typically include the following information and in the order shown below.

- Introduction
  - Statement of Authority (the legal basis upon which the Town can offer the property for sale or lease)
  - Definitions of words and phrases used in the RFP
  - Proposal deadline and summary-level submission instructions
  - Date/time of property tour and pre-bid briefing (if the Town chooses to offer one)
  - Purchase price (which be stated as a minimum or in the case of a public purposes disposition, a below-market fixed price)
  - Miscellaneous provisions, e.g., how long bid proposals must remain valid, how proposal discrepancies will be resolved, and the rules governing withdrawal or modification of a submitted proposal.
  - General conditions that will apply during the procurement process
  - Instructions for communicating with the Town during the bid period
- Property Description
  - Ownership
  - Location

- Zoning
- Existing conditions description
- Utilities
- Required easements (if any)
- Current use
- Surrounding land uses
- Site constraints
- Environmental concerns (if any)

■ Development Objectives

Here is where the Town should describe what is wants to accomplish with development of the Fairgrounds Road property. It will be important to reflect these objectives in the proposal evaluation criteria and the proposal submission requirements.

■ Project Schedule Requirements

The Town needs to specify any particular scheduling conditions that the selected developer has to meet. Common examples of project schedule requirements include the period within which the selected developer will have to enter into a disposition agreement with the Town and provide a deposit; how long the developer will have to enter into a Development Agreement with the Town; the anticipated completion date for the project, barring unforeseen market conditions; and how breaches of the agreement will be resolved.

■ Minimum Terms and Conditions

Here is where the Town needs to describe the terms and conditions the selected developer will be required to meet as a condition of the disposition agreement and the eventual Development Agreement. Common conditions include matters such as:

- Clarifying the developer's responsibility for all costs associated with obtaining permits and approvals and costs associated with constructing and operating the project;
- Clarifying the developer's due diligence obligations;
- Indemnification and "hold harmless" requirements protecting the Town from claims associated with the condition of the property or operation of the project;
- Limitations on assigning or subleasing the property to any other entity;
- Identification of any use restrictions that will be imposed on the property in order to protect the affordable housing units or achieve other objectives of the project;
- How and when the acquisition price must be paid.

Any terms and conditions the Town will eventually want Town Counsel to incorporate in a purchase and sale agreement should be disclosed in the RFP.

■ Proposal Instructions

In this section, the Town needs to identify the required proposal components and number of proposal copies required, describe what a responsive and responsible proposal must have, and indicate whether the proposal must follow a particular order. Some communities require proposals to adhere to a certain format; others simply require that proposals contain all of the specified information and leave it to proposers to package their proposals as they see fit. In any case, here are common submission requirements for disposition RFPs.

- Proposal Form
- Price Summary Form
- Comparable Experience
- Proposer's Qualifications Statement: a summary of the Developer's organization and experience; identification and resumes of all principals; roles of principals; identification of parties/entities who will have an equity interest in the project; a list of references for at least three recently completed projects; a financial statement; and a disclosure of any pending litigation, liens, foreclosures, bankruptcies, or other actions that would interfere with construction or permanent financing or delay the timely progress of the project.

- Architect's & Engineer's Profile, including references
- General Contractor's Profile, including references and a list of subcontractors
- Technical Proposal: a narrative description of the project that fully summarizes the project, including: the use(s), approximate allocation of space for each type of use, tenure type, a conceptual site plan, typical layout for each unit type, unit amenities and finishes including preliminary specifications, overall project (including common area) amenities, Energy Star and/or LEED-eligible components, and other planned improvements to the Property. The proposal should identify expected sources of financing and any actions/support needed from the Town for such.
- Proposed Project Schedule
- Financial Qualifications
- Preliminary Pro Forma
- Certificate of Non-Collusion
- Disclosure of Beneficial Interest as required by M.G.L. c.7, Section 40J*
- Certification as to Payment of Taxes*
- Corporate Resolution, if a Corporation

**These certifications need to be updated prior to closing.*

■ Proposal Review Criteria and Evaluation Process

In this section of the RFP, the Town needs to describe how the proposal review process will be conducted and explain how the review criteria will be rated. (See "Proposal Evaluation Criteria" above.) A comparison criteria rating scheme such as best/acceptable/unacceptable is fairly simple to use. Another option is the rating and ranking system that Chapter 30B requires for RFPs to purchase contracts for services of $35,000 or more (highly advantageous/advantageous/not advantageous/unacceptable).

■ Exhibits

- Locus map
- Assessor's map
- Property deed
- Survey plan (if available)
- Easements required (if any)
- Sample affordable housing restriction
- Zoning summary or permitting chart

Distributing the RFP

The RFP for real property disposition must be advertised for two successive weeks in a newspaper with local circulation and, since the site exceeds 2,500 sq. ft, the RFP must be advertised in the Commonwealth's Central Register, too. To maximize the effectiveness of the proposal solicitation process, the Town may also advertise in newspapers with regional circulation, send the RFP to industry groups (such as Urban Land Institute or the Massachusetts Homebuilders Association) or affordable housing organizations such as Citizens Housing and Planning Association (CHAPA), or directly prospective developers. Throughout the proposal period, the Town must maintain a record of developers and others who received the RFP, and anyone who requests the RFP must be provided a complete copy. If the Town needs to issue an addendum before the proposal deadline, the record of original recipients will ensure that everyone with an interest in the site is properly notified.

Receiving & Reviewing Proposals

Every proposal received by the deadline must be opened and publicly announced on the date and time and in the location specified in the RFP for submission of proposals. Unlike RFPs for purchasing goods and services, where the proposal is divided into two parts (technical and price), the proposal for real property disposition must be submitted as a single package and its entirety becomes public information as soon as it is read into the record. (This differs from the procurement system the Town is most likely familiar with, where the technical proposal is confidential until reviewers have finished evaluating it and the price proposal is opened and considered later in the review process.)

Not surprisingly, the review process must be governed by the evaluation criteria stated in the RFP. Proposers who fall short of the "responsive" and "responsible" requirements can be eliminated before

reviewers initiate the more time-consuming process of applying the comparative criteria (the criteria used to evaluate a proposal based on its merits). All of the reviews should be done in writing so there will be a clear record of the decision process. The proposal with the highest rating as a result of the review process should be selected as the designated developer. However, if for any reason the Town is unhappy with the proposals it receives, the procurement can be canceled as long as the cancellation occurs before the Town has entered into an agreement with any of the developers.

After choosing the developer for the project, the Town will need to file a notice with the Central Register, identifying the selected developer and explaining why the sale price for the land is less than market value. In addition, the developer is required by law to file a notice of beneficial interest with the Division of Capital Asset Management and Maintenance (DCAMM).

APPENDIX G. TOWN OF AMHERST: TAX INCENTIVE LEGISLATION FOR AFFORDABLE HOUSING

CHAPTER 148 OF THE ACTS OF 2015: AN ACT PROVIDING AFFORDABLE HOUSING PROPERTY TAX INCENTIVES IN THE TOWN OF AMHERST

SECTION 1. For the purposes of this act, "Low or moderate income housing", shall mean housing for individuals or families with incomes at or below 95 per cent of area median income. Area median income shall be calculated by the United States Department of Housing and Urban Development, or any successor agency, and shall be adjusted for family size.

SECTION 2. Notwithstanding any general or special law to the contrary, the select board of the town of Amherst may enter into agreements for special tax assessments for properties that include low or moderate income affordable housing consistent with the terms of this act.

SECTION 3. For a residential or mixed use development with 10 or more dwelling units in which at least 10 per cent of the units are low or moderate income housing and subject to an affordable housing restriction as defined in section 31 of chapter 184 of the General Laws, the increase in assessed value resulting from such development shall be phased in increments over a period of up to 10 years to the full assessed value of the property; provided, however, that the maximum property tax incentive shall be based on the difference in net operating income for such development with affordable units and the net operating income without such affordable units. Determination of eligibility shall be made as of July 1 of each year for the fiscal year beginning on July 1.

APPENDIX H. TOWN OF PROVINCETOWN: TAX EXEMPTIONS FOR AFFORDABLE HOUSING

CHAPTER 408 OF THE ACTS OF 2002: AN ACT RELATIVE TO PROPERTY TAX EXEMPTIONS FOR RENTAL PROPERTIES IN THE TOWN OF PROVINCETOWN USED AS AFFORDABLE HOUSING

SECTION 1. Notwithstanding any general or special law to the contrary, residential real estate in the town of Provincetown which is rented to and occupied by a person of low income, at a rental amount not exceeding the standards of the United States Department of Housing and Urban Development for low income persons, shall be exempt from taxation under chapter 59 of the General Laws.

SECTION 2. The exemption shall be equal to the tax otherwise due on the parcel based on the full and fair assessed value, multiplied by the square footage of the housing units rented to and occupied by a person or family of low income, divided by the total square footage of a structure located on the parcel. For rental housing, assessment of such property, if by an income approach to value, shall assume fair market rent for all units. To be eligible for exemption, the housing unit shall be leased to a low income person at rents for the entire fiscal year for which the exemption is sought.

SECTION 3. The date of determination as to the qualifying factors required by this act shall be July 1 of each year for the fiscal year beginning on such July 1.

SECTION 4. This act shall be submitted to the voters of the town at the next annual or special town election, in the form of the following question which shall be placed upon the official ballot to be used at that election: "Shall an act passed by the general court in the year 2002 entitled, 'An Act relative to property tax exemptions for rental properties in the town of Provincetown used as affordable housing', be accepted?" If a majority of the votes cast in answer to that question is in the affirmative, then sections 1, 2 and 3 of this act shall thereupon take effect, but not otherwise.

SECTION 5. Section 4 of this act shall take effect upon its passage.

Approved December 19, 2002.