

# **Understanding Affordable Housing on Nantucket**

**Reference document published by Housing Nantucket to  
encourage informed discussion among community stakeholders**

**March 2021**



**Housing the Nantucket Community Since 1994    [housingnantucket.org](https://housingnantucket.org)**

# Acknowledgements

Housing Nantucket is extremely grateful to the following individuals for their interest and participation in this effort:

Molly Anderson, Executive Director, Nantucket Atheneum  
Ken Beaugrand, Chairman, Community Preservation Committee  
Janis Carreiro, Director for Outreach, Nantucket Food, Fuel and Rental Assistance  
Renee Ceely, Executive Director, Nantucket Housing Authority  
Rachel Day, Director Human Services, Town of Nantucket  
Michael Cozort, Superintendent, Nantucket Public Schools  
Ella B. Finn, Executive Director, Landmark House  
Joe Grause, President, Habitat for Humanity  
Jason Graziadei, Public Information Officer, Nantucket Cottage Hospital  
Tucker Holland, Housing Specialist, Town of Nantucket  
Bob Liddle, Vice-President Nantucket Education Trust  
Beth Ann Meehan, Board Member Nantucket Housing Authority  
Brooke Mohr, Board Member Affordable Housing Trust Fund  
Jeanne Miller, Program Director, Community Foundation for Nantucket  
Georgia Ann Snell, Board Member, Nantucket Interfaith Council  
Charles Stott, Co-President Nantucket Civic League

# Abstract

The lack of decent affordable housing has repeatedly been identified by the Nantucket community as a significant hardship for residents. The purpose of this **living document** is to:

- compile information on existing affordable housing inventory, initiatives in the planning phase, and projects under construction
- aid in the creation mixed-income rental and homeownership opportunities through community education of available resources
- help community stakeholders review options, confront tradeoffs, and apply solutions
- assess and measure progress

# Table of Contents

I. The Challenge.....	<a href="#"><u>Slide 5</u></a>
II. The Current Landscape.....	<a href="#"><u>Slide 8</u></a>
III. The Need.....	<a href="#"><u>Slide 12</u></a>
IV. Available Zoning Resources.....	<a href="#"><u>Slide 14</u></a>
V. Affordability Exemptions.....	<a href="#"><u>Slide 28</u></a>
VI. Financial Resources.....	<a href="#"><u>Slide 30</u></a>
VII. Current Initiatives.....	<a href="#"><u>Slide 33</u></a>
VIII. Meeting the Challenge.....	<a href="#"><u>Slide 36</u></a>

# **Part I.**

## **The Challenge**

# The Challenge

## Market conditions

- Strong real estate market absorbs moderately priced dwellings for sale
- Year-round housing converted to seasonal vacation use
- Lack of reasonably priced rentals for year-round and seasonal workforce
- Few housing-retention options for elderly/ fixed income

## Magnitude

- 50% of year round households are housing cost burdened<sup>1,2</sup>
- 291 units deficient in State-mandated Subsidized Housing Inventory requirements

## Consequences

- Nantucket residents in unstable housing situations:
  - Spending disproportionate amount of income on housing costs
  - Living in overcrowded and/or substandard conditions
  - At risk of losing current housing
- Low and middle-income year round households displaced
- Essential island services understaffed (eg. nurses, firefighters, teachers)
- Inadequate workforce to meet economic demands

1. Households paying more than 30 percent of their income for housing are considered "housing cost burdened" by the U.S. Department of Housing and Urban Development and may have difficulty affording necessities such as food, clothing, transportation and medical care.

2. According to the 2015 Housing Needs Assessment, based on American Community Survey data published by the Census Bureau

## Income Limits\*

	Median Family Income FY20			\$116,900	
Family Size	50%	60%	80%	100%	150%
1	\$40,900	\$49,080	\$65,440	\$ 81,800	\$122,700
2	\$46,750	\$56,100	\$74,800	\$ 93,500	\$140,2500
3	\$52,600	\$63,120	\$84,160	\$ 105,200	\$157,800
4	\$58,400	\$70,080	\$93,440	\$ 116,800	\$175,200
5	\$63,100	\$75,720	\$100,960	\$ 126,200	\$189,300
6	\$67,750	\$81,300	\$108,400	\$ 135,500	\$203,250

\*Housing Nantucket calculates these figures based on [U.S. Dept. of Housing & Urban Development](#)'s published 50% AMI

### Measures of affordability:

1. Subsidized Housing Inventory (SHI) list
  - Very Low Income: 50% Area Median Income (AMI)
  - Low income: 80% AMI
2. Local Affordability Programs
  - Low Income: 80% AMI
  - Moderate Income: 150% AMI
  - Workforce: 175% AMI

## **Part II.**

# **The Current Landscape**



### The Town of Nantucket -municipality

- Provides land for development
- Board of Selectmen and Planning Board oversee municipal affordable housing planning

### Nantucket Housing Authority

- Very low-income housing provider
- Public housing agency with elected board of officials, State and federally funded

### Affordable Housing Trust Fund

- 7 member board appointed by the Selectmen
- Public funding source

### Community Preservation Committee

- Public funding source

### Our Island Home

- Skilled nursing facility
- Owned and managed by Town



### Housing Nantucket -Private, local non-profit

- Affordable rental housing developer & manager
  - Covenant Program (homeownership)
    - Homebuyer education classes
    - Affordability monitoring agent



### Habitat for Humanity Nantucket- Local office of national, private non-profit

Develops and finances affordable homeownership

### NET- Private, local non-profit

- Owns rental apartments at Cow Pond Lane , managed by Housing Nantucket
- Priority for school and municipal employees



## Housing Stakeholders' Workgroup



### Landmark House/Grossman Wing

- Very low income, independent living apartments for seniors and disabled
- Federally subsidized, managed by non-profit, land leased from the Town

### Nantucket Civic League

Non-profit encouraging informed participation in community affairs



### Community Foundation For Nantucket

- Private funding source
- Facilitates community collaboration



### Nantucket Rental Assistance



- Program of non-profit Interfaith Council
- Rental assistance
- Fuel assistance

### Other Resources

- Cape Cod 5 Cents Savings Bank
- Nantucket Atheneum



### Nantucket Cottage Hospital

- Funding source through Community Health Initiative Plan

### Chamber of Commerce

- Local merchants non-profit



# Meeting the State's Mandate

## Subsidized Housing Inventory (SHI)

- Goal is 10% of **year round** inventory
- 80% Area Median Income and below
- Units awarded by lottery
- All rental units in an apartment complex count on the SHI list, but only 25% need to have affordable rent
- 2019 SHI requirement is 490 units

Currently (2021)  
199 units

- **Housing Authority** rentals – 46 units
- **Academy Hill** rentals – 27 apts (12 restrict.)
- **Landmark House** rentals – 26 units (25 restricted)
- **Housing Nantucket** rentals – 13 units (plus 25 HN rentals not SHI-eligible)
- **Abrem Quarry** – 7 homeownership
- **Dept. Mental Health** group home – 5 units
- **Beach Plum Village** - 3 homeownership
- **Sachem's Path** – 10 homeownership
- **Richmond Company** – Meadows I - 40 rental apartments (10 restricted)
- **Surfside Crossing** – 15 homeownership
- **Beach Plum Village** – 7 homes

Rentals  
in the works  
271 units

- **Housing Nantucket** – 22 apartments at Wiggles Way (31 Fairgrounds Road)
- **Richmond Company** - 185 apartments at Meadows II (47 apartments @ <80% AMI and 138 apartments @ market rent)
- **6 Fairgrounds Road** (Town of Nantucket/HallKeen Management) 64 apartments:
  - 3 apartments @ 30% AMI
  - 19 apartments @ 60% AMI
  - 29 apartments @ 120% AMI
  - 13 apartments @ market rent

Homeownership  
in the works  
17 units

- **Richmond Company** – 12 homes at Sandpiper I & II
- **Habitat for Humanity** – 5 homes on Benj. Dr

Still needed  
4 units

- Local Action Units – subsidized by Town
- Private 40B development

FY27 projected<sup>1</sup>  
additional need  
34 units

- Local Action Units – subsidized by Town
- Private 40B development

# Local Efforts

## Local Affordability Programs (higher income ranges)

- Do not count on the SHI list
- Locally regulated
- Moderate income (up to 150% AMI)
- Workforce affordable (up to 175% AMI)
- Total of 170 units + 68 beds

Covenant Program 96 units	<ul style="list-style-type: none"> <li>•Serves 150% AMI buyers</li> <li>•Allows lot subdivision in exchange for affordable homeownership unit</li> <li>•Scattered sites</li> </ul>
Sachem’s Path 27 units	<ul style="list-style-type: none"> <li>•12 homes for &lt;100% AMI buyers</li> <li>•15 homes for &lt;150% AMI buyers</li> </ul>
Habitat Homes 11 units + 2 in-the-works	<ul style="list-style-type: none"> <li>•Serves &lt;80% AMI Buyers</li> <li>•7 homes on scattered sites</li> <li>•3 homes in Sachem’s Path</li> </ul>
Nantucket Education Trust 12 units	<ul style="list-style-type: none"> <li>•12 units at Cowpond Lane</li> <li>•Market rate, with preference for school employees</li> </ul>
Housing Nantucket rentals (excludes SHI-eligible units) 25 units	<ul style="list-style-type: none"> <li>•Portion of rentals not State regulated</li> <li>•Serves 60%-100% AMI renters</li> <li>•Scattered sites</li> </ul>
Town of Nantucket 6 year-round units + 68 seasonal beds	<ul style="list-style-type: none"> <li>•Town: Entry housing for dept head – 1 unit</li> <li>•Dept of Public Works: 5 units at Wastewater Treatment</li> <li>•Airport: 1 unit</li> <li>•Police Dept: 68 beds for seasonal employees</li> </ul>
Richmond Company 6 units in-the-works	<ul style="list-style-type: none"> <li>•Homeownership serving 175% AMI buyers</li> </ul>
Still needed ???	<ul style="list-style-type: none"> <li>•Existing units to be tracked (dorms, employee housing)</li> <li>•Existing inventory utilized for housing need</li> <li>•New units</li> </ul>

# The Town's SHI management plan, as discussed at the 3/8/21 Affordable Housing Trust meeting

## Subsidized Housing Inventory & Safe Harbor

---

### Current Safe Harbor Requirements

- State 10% requirement for Nantucket = 490 SHI-eligible units; will be reset following 2020 Census result
- Nantucket SHI list presently reflects 199 units (4%)
- Approved Housing Production Plan – Nantucket has a DHCD approved plan which runs to October 2021
  - Affordable Housing Trust is the midst of updating the HPP with Judi Barrett and Jenn Goldson
- For one-year certification, production progress of **24 units**; for two-year certification, production progress of **49 units**

### Current and Projected Toward Our Present 490 Unit Requirement

Estimated SHI List Count	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
<b>Starting balance</b>	<b>199</b>	<b>365</b>	<b>395</b>	<b>458</b>	<b>515</b>
Meadows II (Richmond) [R]	90	24	33	30	
Sandpiper I & II (Richmond) [O]		3	3	3	3
Ticcoma Green (6 Fairgrounds Road) [R]	64				
Scattered rentals (Housing Nantucket) [R]	2	1	1	1	1
Scattered ownership (Habitat for Humanity) [O]	3	2	2	2	2
7 Amelia Drive [R]		4			
Surfside Crossing [O]*	-15				
31 Fairgrounds Road [R]	22				
135 + 137 Orange Street [R]			24		
UMass / Old Fire Station [R]				21	
<i>Subtotal net additional units =</i>	<i>166</i>	<i>30</i>	<i>63</i>	<i>57</i>	<i>6</i>
Ending balance	365	395	458	515	521
<i>Units potentially eligible to count toward Safe Harbor =</i>	<i>115</i>	<i>7</i>	<i>27</i>	<i>24</i>	<i>3</i>
<i>Minimum Safe Harbor deficit =</i>		<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>

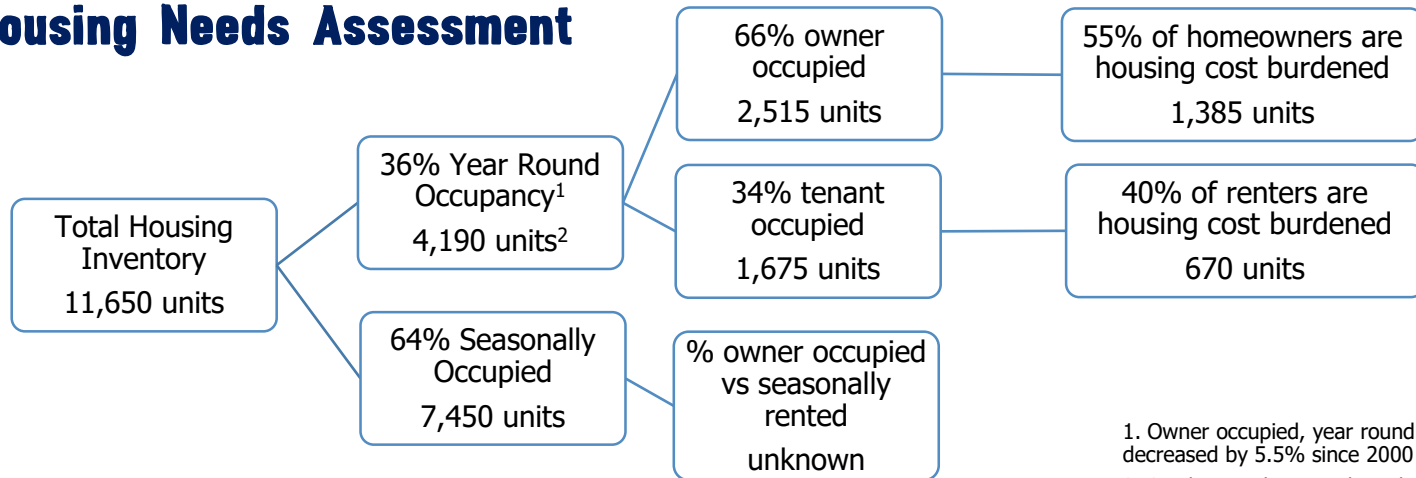
[R] denotes Rental units; [O] denotes Ownership units

Notes: If Surfside Crossing is ultimately permitted at 156 units, it will as a future point add 39 units to our SHI list, 24 of which may be eligible toward a future Safe Harbor period.

## **Part III.**

### **The Need**

## 2015 Housing Needs Assessment



1. Owner occupied, year round homes have decreased by 5.5% since 2000 (640 units)  
 2. SHI list numbers are based on 2010 census year round housing units of 4,896.

Source: American Community Survey Five Year Estimates 2009-2013

## Housing Nantucket Program Demand (3/30/2021)

1. Affordable Rental demand – “ready-to-rent” waiting lists
  - A. 1 BR – 78 households
  - B. 2 BR – 97 households
  - C. 3 BR – 50 households
  - D. Total of 252 qualified households earning 50-100% AMI
2. Covenant Homeownership demand
  - A. 95 households qualified as eligible purchasers
  - B. One home listed for sale, two parcels of land listed for sale

## **Part IV.**

# **Available Zoning Resources**

## Available Zoning Resources: Summary

### Single Lot Development

- Covenant Program
- Neighborhood Employee Housing
- Employer Dormitory
- Apartment Building

### Small-Scale Dwellings

- Tertiary Dwelling
- Apartment
- Accessory Dwelling
- Garage Apartment
- Tiny House Unit

### Large Lot Development

- Workforce Homeownership Housing
- Workforce Rental Housing



## **Covenant Program ([§ 139-8B](#))**

The Covenant Program allows a property owner with more than one residential dwelling on a parcel to sell one of those dwellings at an affordable price. Covenant subdivision may also be done on vacant land. The sale and resale of the Covenant Home is subject to a price cap, which is based on median income and current interest rates. Covenant Homes are permanently deed restricted.

Two types of Covenant:

1. Condominium Covenants allow separate ownership of primary and secondary dwellings on one lot. Condominium Covenants are allowed in all zones and on pre-existing non-conforming lots.
2. Secondary Lot Covenants split one lot, which would not be able to be subdivided under normal zoning means, resulting in separate ownership of two lots. Secondary lot subdivisions are allowed in ROH, R-5, R-10, R-20, R-40, VR, LUG-1, LUG-2, and LUG-3 zones.

Qualified Covenant Purchasers are moderate-income, year-round residents.

Contact [Housing Nantucket](#) for more information.

## **Neighborhood Employee Housing § 139-2A{79}**

Housing for the exclusive use of employers who own or lease a lot, for the purpose of housing employees and their spouses, domestic partners and dependents.

A maximum of two dwelling units shall be permitted per lot with occupancy limited to a total of 18 persons.

Allowable in the R-1, ROH, R-5, R-10, R-20, and R-40 residential districts only. Allowable in some commercial districts including CN and CMI.

There shall be no more than two lots containing neighborhood employee housing or employer dormitory units within a 1,000 foot radius of each other.

Contact the [Town's Planning and Land Use Services Department](#) for more information.

## **Employer Dormitory § 139-2A{42}**

An employer dormitory is a dwelling used by employers to provide sleeping accommodations for employees. Employer dormitories are located on a lot used by a business or non-profit (or on an adjoining lot under the same ownership).

Employer dormitories provide sleeping accommodations for more than five persons, with occupancy limited solely to employees of the business using the lot.

Employer dormitories must be located outside of the Town Overlay District.

Contact the [Town's Planning and Land Use Services Department](#) for more information.

## **Apartment Building § 139-2A{10}**

An apartment building is a structure or structures containing a maximum of up to eight bedrooms in up to six dwelling units on a single lot. No commercial or other uses shall be allowed on the lot.

Apartment buildings are allowed in the following districts:

- CN/VN: one dwelling unit is permitted per 2,500 square feet of lot area.
- CMI: one dwelling unit is permitted per 1,250 square feet of lot area.

Contact the [Town's Planning and Land Use Services Department](#) for more information.

## **Tertiary Dwellings § 139-2A{118}**

A tertiary dwelling is a third dwelling unit on a lot.

A tertiary dwelling may be:

- (a) a detached building
- (b) a garage apartment
- (c) a dwelling unit attached to or within a single-family dwelling, duplex, outbuilding, studio or shed.

Tertiary dwellings have ground cover of less than 650 square feet and less than 650 square feet of gross floor area.

A maximum of eight bedrooms shall be permitted in the following zones:

- R-5: 1 bedroom per 1,000 square feet of lot area
- R-10: 1 bedroom per 1,400 square feet of lot area
- R-20: 1 bedroom per 2,500 square feet of lot area

Ownership of a tertiary dwelling shall be either:

- the owner of an owner-occupied dwelling unit on the lot
- a not-for-profit, religious, or educational entity
- subject to a restriction limiting occupancy to a year-round household.

## **Apartment § 139-2A{9}**

Dwelling units located within a commercial structure (or in a detached structure on the same lot with a commercial use) are known as apartments.

Apartments cannot occupy more than 50% of the commercial building's first floor area. However, the Planning Board may waive this requirement.

A maximum of four apartments per lot are allowed in the following districts:

- CDT: one dwelling unit is permitted for each 1,000 square feet of lot area.
- CMI: one dwelling unit is permitted for each 2,000 square feet of lot area.
- CN: one dwelling unit is permitted for each 3,000 square feet of lot area.
- CTEC: one dwelling unit is permitted for each 4,000 square feet of lot area.
- CI: one dwelling unit is permitted for each 5,000 square feet of lot area.

Contact the [Town's Planning and Land Use Services Department](#) for more information.

## **Accessory Dwelling § 139-2A{1}**

An accessory dwelling is a dwelling unit located within an owner-occupied, single-family building. The exterior architectural design of an accessory apartment is harmonious with the rest of the dwelling.

The gross floor area of an accessory dwelling is less than 550 square feet (also must be less than the gross floor area of the primary dwelling.)

Accessory dwellings are self-contained with separate sleeping, cooking and sanitary facilities for the exclusive use of the occupant.

The structure containing the primary dwelling and accessory dwelling shall be in single ownership, and one of the units shall be owner-occupied.

Contact the [Town's Planning and Land Use Services Department](#) for more information.

## **Garage Apartment § 139-2A{51}**

A garage apartment is a dwelling unit located within a residential or commercial garage.

The garage apartment shall not exceed 150% of the gross floor area of the garage.

If located on the same lot as a primary dwelling unit, both dwelling units shall be in the same ownership (unless one of the two dwelling units is a Covenant Home.)

Contact the [Town's Planning and Land Use Services Department](#) for more information.



## Tiny House Unit [§ 139-2A{120}](#)

A tiny house is a detached structure containing a dwelling unit with less than a total of 500 sqft. Tiny houses may be constructed on a moveable trailer but must be attached to a foundation before occupancy. Tiny houses must be issued a building permit and are subject to international residential building code([§ 139-26](#)).

Only one tiny house unit shall be allowed per lot. A tiny house may be the primary dwelling unit, or it may take the place of an otherwise permitted secondary or tertiary dwelling. The Planning Board determines whether access to structures is acceptable.

The owner of a tiny house must reside in the dwelling as their primary residence.

The land beneath the tiny house must be either:

- Owned by the owner of the tiny house
- Leased by the owner of the tiny house
- Owned by or leased by a direct family member of the tiny house owner
- Owned by a non-profit, religious, or educational entity

Contact the [Town's Planning and Land Use Services Department](#) for more information.

## **Workforce Homeownership & Rental Housing Communities § 139-8D}**

In a large lot subdivision, bonus dwellings are created based on the number of building lots that could have been allowed through a conventional subdivision plan, subject to affordability restrictions.

Planning Board may allow increase in ground cover ratio to 50% and may reduce setbacks. Consistent design quality is applied to all dwelling units, and affordable units are distributed evenly throughout the development.

A minimum buffer area of at least 20 feet shall be established between the workforce housing and residentially zoned abutting properties. The Planning Board may require the buffer area to include plantings, fencing, walls, or other improvements to mitigate impacts to abutting properties.

Project must be eligible for approval as local action units (LAU) through the Local Initiative Program (LIP) or otherwise included on the Town's Subsidized Housing Inventory. Applicant required to take the steps to ensure the units are included on SHI list.

Contact the [Town's Planning and Land Use Services Department](#) for more information.

## **Workforce Homeownership Housing [§ 139-2A{129}](#)**

In a large lot subdivision, bonus lots are created based on the number of building lots that could have been allowed through a conventional subdivision plan.

The total number of lots are calculated by multiplying the number of lots allowed by-right by 1.33. Newly created lots are in the R-5 zoning district. Affordability deeds are in perpetuity.

At least 25% of the total number of lots are restricted to occupancy by income qualified households:

- 75% of the total 25% of the restricted units shall be restricted to occupancy by households earning at or below 80% of area median income.
- 25% of the total 25% of the restricted units shall be restricted to occupancy by households earning at or below 175% of area median income.

Contact the [Town's Planning and Land Use Services Department](#) for more information.

## Workforce Rental Housing § 139-2A{130}

In a large lot development, bonus rental dwelling units are allowed in one or more structures. At least 25% of rental units are restricted to occupancy by households earning at or below 80% of area median income.

Available in CN (minimum lot requirement 60,000 sqft) and CMI (minimum lot requirement 32,000 sqft) districts.

Subject to the following requirements:

- maximum number of dwelling units shall not exceed 32
- maximum number of bedrooms shall not exceed 57
- at least 10% of the total dwelling units must contain at least three bedrooms

Contact the [Town's Planning and Land Use Services Department](#) for more information.

# **Part V.**

## **Affordability**

### **Exemptions**

# Affordability Exemptions

- Land Bank Exemption:
  - M exemption – first time home buyers waived up to \$850K
  - O exemption – homes with affordability restrictions entirely exempt
- Property Tax Exemptions:
  - Year round residential exemption
- Sewer connection fee waivers
  - Adopted [July 2016 by Selectmen](#)
  - Privilege fee and connection fee may be waived for SHI units
  - Connection fees may be waived for Covenant Homes

## **Part VI.**

# **Financial Resources**

# Financial Resources – for those in need

## Renters

- Rental Assistance
- Fuel Assistance

## Homebuyers

- First Time Home Buyer Education – Housing Nantucket
- Closing Cost Assistance – up to 150% AMI buyers
  - Affordable Housing Trust Fund
- Local bank programs for residents
  - Cape Cod 5 – Nantucket Affordable Housing Program
  - Nantucket Bank- [ACK Mortgage Program](#)
  - Hingham Institute for Savings



# Financial Resources – for development

## Grant Funding

- Community Preservation Act
- Community Health Initiative
- Affordable Housing Trust Fund

# Financial Resources – local mortgage products

## Low Income

- Rental Assistance
- Fuel Assistance

## Primary Home Owners

- First Time Home Buyer Education – Housing Nantucket
- Closing Cost Assistance – <150% AMI buyers
  - Affordable Housing Trust Fund
- Local bank programs for residents
  - Cape Cod 5
  - Nantucket Bank
  - Hingham

## **Part VII.**

# **Current Initiatives**

## Current Initiatives – in place

Housing Nantucket [Community Investment Tax Credit \(CITC\)](#) Program

- State of Massachusetts tax rebate
- Donors are refunded half of donation amount back from State
- 100% of donation dollars are spent to create and maintain Housing Nantucket's affordable rental housing units

Nantucket Land Bank

- [Affordable housing policy](#) – identifies geographic non-competition, cooperative acquisitions, surplus building, and increase transfer fee policies

Neighborhood First Program

- \$20 million allocated to be spent on purchasing residential real estate to be used as affordable rentals added to SHI list

## Current Initiatives – pending legislation

Real Estate Transfer Fee ([Housing Bank Bill H.3637](#))

- Half percent surcharge on Nantucket residential real estate transfers above \$2 million, on the difference above \$2 million
- Paid by the seller
- Funding used to create new mixed-income housing opportunities, preserve existing units, and rehabilitate dilapidated properties
- Affordable Housing Trust Fund allocates funds with Selectmen oversight

## **Part VIII.**

# **Meeting the Challenge**

# Meeting the Challenge

By working together as a community, Nantucket can be a place where all residents have access to housing that meets their needs.

This challenge can be met with mixed-income rental and homeownership opportunities pursued through:

- community education and utilization of available resources
- municipal zoning ordinances that facilitate affordability in new construction and subdivision
- buy-down programs to incorporate existing housing inventory by exchanging financial assistance for deed-restrictions
- a housing bank funded by real estate transfer fees