



ISLAND HOUSING TRUST

A community land trust for Martha's Vineyard

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PROGRAMMATIC GOALS

Latest Revision: October 17, 2009

Introduction

This document outlines the Island Housing Trust's evolving programmatic goals whose purpose is to guide decision-making regarding the organization's various functions:

- **Who we are:** *The Island Housing Trust (IHT) is a private non-profit organization based on the national Community Land Trust model whose board of directors includes representatives from all six island towns, four island housing organizations, and the homeowner/ lessees members. The IHT's mission is the purchase of land for the purpose of developing affordable community housing and the long-term stewardship of the land through ground leasing to ensure perpetual affordability. See IHT's website for more information at: www.ihmv.org*
- **Who we serve:** *The IHT serves individuals and families; renters and homebuyers; low, moderate and middle income persons; town residents, essential employees, and/or other special category of employees*
- **How we fund:** *The IHT raises necessary capital to cover its operating costs through monthly ground lease fees, project developer fees, and grants from public agencies and non-profit organizations.*
- **What we create:** *The IHT establishes strict standards for design and construction to assure a quality living environment is created consistent with the objective of achieving long-term affordable*
- **Who is the VHO:** *The Vineyard Housing Office is located at 346 State Road in Vineyard Haven and houses partnering island housing organizations including the Island Affordable Housing Fund (IAHF) who fundraises for the IHT and other housing efforts, the Dukes County Regional Housing Authority (DCRHA) who provides homebuyer education and selection services for the IHT, and Habitat for Humanity of Martha's Vineyard who often builds on IHT land.*

The following are evolving performance goals (and not hard and fast rules) that the IHT will apply to a given project and its ground leased properties as a whole.

Land Trust Goals

The IHT acquires suitable sites for housing, through purchases on the open market, bargain sales, and/or contributions from public agencies or private individuals. The IHT will continue to own the land it acquires and then ground lease it to homeowners (in the case of home sales or homesite sales) or the Regional Housing Authority (in the case of rentals). The purpose of the ground lease is to provide long-term support to homeowners and renters while also assuring continued affordability over time. Typically, land acquisition costs as well as permitting and site preparation costs are included in the overall development budgets. However, the IHT is committed to raise funds from third party sources to offset such land-related costs in whole or in part in order to achieve the affordability goals.

Goal: The Island Affordable Housing Fund (IAHF), which is a separate non-profit organization, conducts private fundraising for the IHT's development and programmatic needs. In order to show the maximum amount of financial activity to its donors, any grant funding (CPA, private donations, etc.), donations (land, house moves, etc.), or real estate transactions (purchase of houses and/or land) for the IHT will be done through the IAHF if at all possible.¹

Affordability Goals

Income Eligibility: The IHT serves households earning up to 140% of the area median income (AMI). According to the 2001 and updated 2005 housing needs assessment, there were an equal number of renters at different income ranges among the approximately 1,844 renters island-wide. According to the 2000 Census, however, households earning less than 60% of AMI (low-income) or less than 80% of AMI (low income) pay a disproportionate amount of their income towards housing costs (over 50% of their gross income).

Goal: The IHT will serve a diverse range of incomes when undertaking new opportunities and across the overall portfolio, balancing needs of households earning 50-80% of AMI, 80-100% of AMI, 100-120% of AMI, and 120-140% of AMI.

Sale Price: When establishing an initial sale price for a house, the amount is typically calculated so that a household spends no more than 30% of their gross income on housing costs (e.g. mortgage principal and interest, property taxes and insurance, plus the ground lease and any homeowner association fees). In order to ensure a pool of qualified candidates, the IHT will establish a price that builds in a 10% affordability margin.

For example, if the income eligibility target is 80% or less of AMI, then the initial sale price is calculated based on a household earning 70% of AMI. In this way, eligible applicants can earn less than the target income and still qualify. The actual sales price, however, will ultimately be based on the household's income and other mortgage underwriting standards.

Goal: The IHT will apply an affordability margin of at least 10% when budgeting income eligibility limits and initial sale prices, whenever possible. The actual sales prices may be based on adjusted household incomes of the prospective homeowners as well as mortgage underwriting standards.

Housing Type Mix Goals

According to the Dukes County Regional Housing Authority's (DCRHA) Affordable Homebuyer Clearinghouse, the need for differently sized houses is evenly distributed among the approximately 243 enrolled individuals and families (27% are individuals, 29% are two person families, 24% are three person families, and 15% are four person families). When undertaking new opportunities and maintaining its portfolio, the IHT will attempt to serve a range of household sizes by creating a balance of one, two, three, and even four bedroom homes.

Because of the tremendous need for both family rental and ownership housing, the 2001 and the updated 2005 housing needs assessment concluded that an equal number of rental and ownership opportunities needed to be created. According to the DCRHA's Housing Inventory there are approximately 128 ownership units and 258 rental units (of which 171 are elder and handicapped units).

Goal: When undertaking new opportunities and maintaining its portfolio, the IHT will attempt to create a mix of house sizes and consider the need for both rental and homeownership.

¹ Adopted by IHT May 10, 2008

Homebuyer Selection Goals

Open Selection Process: When selling houses the IHT has built or purchased, the IHT authorizes the Duke County Regional Housing Authority, as its agent, to income qualify applicants and administer a public application and lottery selection process in consultation with the local town's housing committee. The IHT often partners with other non-profit (i.e. Habitat for Humanity) and for-profit developers to build affordable housing. Habitat for Humanity conducts its own advertised selection process that meets the state Department of Housing and Community Development marketing and selection requirements for 40B Comprehensive Permit projects, which is also approved by the IHT.

Goal: When partnering with other non-profit and for-profit developers, the IHT requires that a process for selecting income-qualified homebuyers be used and approved by the IHT.²

Local Preference: Often a sensitive issue is the homebuyer selection process that sets priorities for choosing among the qualified, eligible applicants for the housing that is created. Many communities wish to reserve this housing for town residents according to a system of "local preferences". In some cases, such local preferences are limited by permit regulations (e.g., 40B Comprehensive Permit), state or federal funding requirements (e.g., IAHF, HOME, AHTF, LIHTC, etc.), and/or program rules (Habitat for Humanity, Town Housing Committees). Some local preferences are prohibited by state and/or federal law (e.g., durational residency requirements, any discrimination against categories of people protected by civil rights laws, etc.). The Community Preservation Act generally allows more flexibility in establishing preferences since the funding source is considered local. Nonetheless, a properly crafted system of local preferences may be employed to address a critical local housing need. For example, communities may adopt selection preferences that benefit particular groups or categories of people (current residents, essential employees such as municipal school, hospital workers, or employees of local businesses, etc.). Guidelines developed by the state housing agency limit local preference to 70% of the affordable units (80% or less of AMI) but do not limit local preference percentages for housing that serves households earning above 80% of AMI (considered market).

Note also that the IHT allows affordability restrictions to be maintained for the term of the ground lease. In the absence of this lease, restrictions are generally limited to 30 years or less unless explicitly approved by the state. The state is often resistant to approve such affordability extensions if local preferences are in play.

Goal: The IHT will work within federal and state laws when collaborating with town housing programs and other housing organizations when establishing resident selection criteria. Wherever possible, such criteria will be aimed at maximizing local and island-wide preferences and needs.

Business Goals

The Island Housing Trust receives annual grants from the Island Affordable Housing Fund to cover its operating expenses. The understanding is that the IHT will become self-sustaining as early as possible by raising its own working capital to undertake new opportunities and pay its operating expenses. The sources of this working capital and operating expenses will be a combination of development fees, ground lease fees, and grants from public agencies.

Goal: The IHT will include land acquisition as well as site permitting and preparation costs in the development budgets but will use its best efforts to raise necessary gap funds to reach affordability goals. However, when the IHT is not the developer it may pass along to the lessee/ developer only predevelopment costs and charge up to 10% of the land costs for overhead.

² Adopted by IHT October 4, 2008

Goal: The IHT will budget a 10% developers fee when undertaking new opportunities in order to cover the organization's working capital and operating expenses. The IHT will also assess a \$50 per month ground lease fee. Finally, the IHT will identify public funding sources to assist with its operational expenses.

The IHT will not only directly develop a range of housing, but also hopes to attract qualified Vineyard building professionals to work on our sites. The IHT will encourage these professionals and companies to charge below normal rates for affordable housing undertakings, but the IHT understands that everyone must make a living.

Goal: The IHT will contract with independent building professionals and their companies and will pay their costs with a 5% contingency and up to 10% overhead and profits.

Design and Construction Goals

The design and construction quality of the houses the IHT develops is critical to the long-term affordability and integration of these homes into their neighborhoods and the island community. Whether the construction methods are stick built, panelized, moved or modular, high design and construction standards will be the focus, whether the housing is developed by the IHT or independent professionals. Such standards include compatible scale and character of design, minimal environmental impacts, low maintenance needs, low energy use, universal design (handicap accessibility), healthy interiors, and functional efficiency.

Goal: The IHT will carefully monitor the housing design and construction quality standards when working with developers, builders, and/or modular companies. All plans will be rigorously reviewed by IHT and not be accepted unless high standards are met.

Goal: The IHT will provide homeowners with a homeowner's manual (i.e. warranties, maintenance manuals, specs, etc.) at time of sale. The IHT will exercise its Purchase Option (Ground Lease Article 10.5) at time of resale. The IHT will include contingencies in the Purchase and Sale Agreement that requires the seller to make any necessary capital repairs per a licensed home inspector's report or reduce the Purchase Option Price. The IHT will sell the improvements to another qualified household after meeting certain quality standards.³

Contractor Selection Goals

The IHT partners with and/or hires non-profit and for-profit designers, builder and developers to build housing using green building practices to decrease maintenance and energy costs and to ensure on-going affordability. In order to achieve a higher level of integration between the design and construction, the IHT will endeavor to work with existing design/ build teams and/or will encourage the formation of such teams.

Goal: IHT shall advertise for qualified designers and builders on a quarterly basis through Request For Qualifications (RFQs) posted for two weeks in the local newspaper, soliciting interested designers and builders for future IHT projects, and shall maintain a list of qualified designers and builders. For projects with an expected cost of \$50,000.00 or less, IHT may select a designer and/or builder from its list of qualified parties, or may elect to publicly advertise for proposals. For projects with an expected cost of more than \$50,000.00, IHT shall publicly advertise project specific Request For Qualifications and then solicit proposals from at least three qualified designers and/or builders⁴. The IHT may set selection criteria and required qualifications separately, on a project- specific basis. Selection criteria for any given project may include, but not be limited to: price, qualifications, experience, and ability to meet the programmatic goals of the IHT. Any public solicitation for proposals shall state the selection criteria that will be used in evaluating the responses to said solicitation.⁵

³ Adopted by IHT January 8, 2005

⁴ Adopted by IHT October 17, 2009

⁵ Adopted by IHT February 7, 2009