

Dear Fellow Chilmarkers,

At an upcoming Special Town Meeting, we will be presenting a preliminary plan for affordable housing on town-owned property at Middle Line Rd. This is the first affordable housing program in Chilmark and we hope you agree that it is attractive and fits well in the Town. It is a carefully designed plan, one that will preserve Chilmark as a vibrant and ongoing year-round community.

To bring you up to speed, we have posted the preliminary plan at the library and town hall. Many of you have attended two public hearings on The Plan for Middle Line Road and you will all have the opportunity to attend another public hearing before the Special Town Meeting. The plan will also be presented in the newspapers. Today, we have distributed a history and overview of the plan, as well as a question and answer sheet for you to take home and read at your convenience. Here are the main parts of the plan:

- Town retains ownership of the land forever
- 12 units in 8 buildings on 21.4 acres, to be built at the same time
- Sited in 3 clusters
- Spread over all of the buildable land
- Much open space preserved
- Space between and within clusters to maximize privacy
- Setbacks twice the distance required by the Town, plus a solid buffer zone along the road
- Road improved and enhanced
- Mix of rental and home ownership units
- Buyers of ownership units own house; the Town owns the land
- Resale of ownership units kept at an affordable price by a deed rider
- Criteria for affordable rental and ownership units set by the Chilmark Housing Committee, with approval by the Board of Selectmen, according to income and length of residence. For ownership units, working or volunteering in Town can also count.
- Recipients of units to be selected by fair and open lottery conducted by the Board of Selectmen among applicants who meet the criteria for affordable rental and ownership units
- Financing to be substantially covered by funds from the Town's Community Preservation Act; mortgage loan on rental apartments; sales of homes; and grants
- Town leases the land to a non-profit developer for development and construction
- Town contracts management of rental units to the Dukes County Regional Housing Authority

Under the able leadership of our outgoing chair, Molly Flender, we have worked on this plan for several years, in consultation with the Board of Selectmen and the Planning Board. The next stage --architectural, engineering and construction detailing-- could

change some aspects of the preliminary plan. However, the essential aspects of the plan will remain the same.

We know from previous town meetings and from questionnaires we have sent you that a large majority of you recognize that the lack of affordable housing in Chilmark is a crisis for our Town. With more affordable housing, we can:

- Preserve our year-round, diverse community
- Balance the trend of becoming a seasonal place for wealthy people
- Attract younger families with children
- Maintain vital services such as police, fire-fighters, teachers, town employees, farmers, fishermen, etc.

Having a mix of ownership and rental units at Middle Line is important because:

- It creates a diverse neighborhood and avoids segregating renters in one place.
- In a survey many of you filled out last summer, 2/3 of the Town favored a mix of ownership and rental units at Middle Line. This response recognizes that to pay attention to only one need is to ignore another need for affordable housing.
- Many families strive for home ownership while others prefer to rent. Both are equally valid.

We are very proud of The Plan for Middle Line and look forward to hearing from you, seeing you at the public hearing, and getting your support at the Special Town Meeting!

Chilmark Housing Committee

Steve Schwab, chair
Jim Feiner
Steve Gallas
Zee Gamson
Thaw Malin
Bill Randol
Josh Scott

Middle Line Road Affordable Housing Plan

April 2005

Introduction:

At the last town meeting in 2004, the town voted to appropriate up to \$25,000 for a feasibility study to develop the town-owned property at Middle Line Road for affordable housing. A Request for Proposal was issued by the Board of Selectmen and the award was given to South Mountain Company in conjunction with Keen Development Corp. Their final report was presented to the town on March 9, 2005. It provides a conceptual design, recommendations for development, and a financing package. This report from the Chilmark Housing Committee summarizes the conclusions drawn from many months of study including two, well attended public hearings.

Location, Description and Desirable Elements:

The town owns a parcel of land, roughly rectangular, 21 .4 mostly wooded acres, with access off Tabor House Road. Middle Line Road is a dirt road running about 2400 feet to the property. The town has the legal right to improve the road and travel over it, but does not own it.

The property has a number of attractive and unusual features which enhance its beauty and uniqueness. The Old Holman's Way is an ancient way which will be preserved because of its part in Chilmark history and its connection with other town trails. There are two overgrown former clay pits which are now considered wetlands as well as a beautiful grove of beech trees in one corner of the property: these too will be preserved.

Environmental Improvements and Issues:

Middle Line Road must be deemed safe for travel by the Planning Board before any housing development occurs. The road needs to be improved to accommodate the contemplated use including the installation of utilities trenched along its length. Screening of the capped landfill would be desirable. Wide greenbelts will be established at the perimeter of the property, as well as a greenbelt on either side of the Old Holman's Way.

Proposal Basis:

Current three acre zoning allows for one dwelling and one guest dwelling per lot in Chilmark. Bearing this concept in mind, twelve dwelling units were deemed an appropriate number for this parcel of land. There is a need for both family-owned homesites as well as rental units in Chilmark. This proposal serves both needs providing six homesites and six rental units of various sizes.

Applicants will qualify by living, working or volunteering in town for five years or more. Furthermore, applicants will be carefully screened to guarantee that their income is

between 70% and 150% of Area Median Income (AMI) and that their total available assets do not exceed pre-established limits. Since there will be many more qualified applicants than homesites and rentals available, a fair and open lottery system will be employed to select the recipients.

Three rental units and three homesite dwellings will be reserved for families that earn 100% or less of the AMI. The remaining three rental and three homesite units will be reserved for families that earn 150% or less of the AMI.

Subdivision, Land Ownership, Long-Term Affordability:

The Planning Board will be asked to approve a Form C subdivision of the entire parcel with 2-3 buildings clustered on three 7.1 acre subdivision parcels, as will the Martha's Vineyard Commission. Open space will be maintained where possible. The town will retain ownership of all the land, forever. The town will lease the land to a non-profit housing developer for construction and development of the entire project, both homesite houses and rental units. The Committee feels that the Island Housing Trust (IHT) might be a good choice as non-profit developer as the town has been working with this organization and holds an appointed seat on the board.

By leasing the land to a non-profit for development, we are freed from the strict and costly procurement requirements of municipalities. Local labor can be used without the need for bonding and the town has fewer liability issues. The IHT, for example, has expertise in affordable housing development with many of the legal issues already resolved. A Memorandum of Understanding between the town and the non-profit developer will ensure that the town's vision of this project and its use will be realized.

After construction of the six ownership houses, the houses will be sold to the town-selected buyers. The land under the houses will continue to be owned by the Town of Chilmark, and leased in perpetuity to the selected non-profit. Full rights for the use of that land will remain with the homeowner, but continued ownership by the town will protect the town's interests. Covenants on the land lease will guarantee perpetual affordability for the homesites. The homes could only be sold to another qualified applicant, selected by the town, at a predetermined affordable price.

General Development Guidelines:

The town will select the homesite recipients from a list of qualified applicants and select an architect. With town oversight, the group of selected applicants will work with the architect to design the homes appropriately. The rental buildings would also be designed at this time.

The town owned land, subdivided for development, would need approval by the Martha's Vineyard Commission before construction could begin. The land would be leased to a non-profit affordable housing developer under a Memorandum of Agreement to oversee

the construction of all the buildings. At this point, the project would be at construction readiness and would need full approval at a town meeting to proceed.

The non-profit housing developer will contract with a town approved general contractor for a one-time, build out of the entire parcel. This will maximize economy, minimize site and landscape disruption, and limit the time that abutters and residents will have to live with construction activity.

In general, the plan calls for three clusters, each with a shared well and septic system. Two ownership homes will contain two bedrooms and roughly 1100 square feet, and four homes will contain three bedrooms and roughly 1350 square feet. It may be possible for the homeowners to expand these dwellings somewhat in the future. The six rental units will consist of two units with one bedroom, two units with two bedrooms and two units with three bedrooms. Each house or rental building will be assigned a ¼ acre "exclusive use zone" with the remainder of the seven acre subdivision held in common. This arrangement has worked well in other developments on the island and maximizes the open, natural landscape.

Sale of Homes, Homeowners Association, Management of Rentals:

At the appropriate time, the homesite dwellings will be sold to the designated recipients. Each family will be responsible for mortgage financing. The ground lease arrangement and ownership covenants, with non-profit oversight, will ensure perpetual affordability. A common homeowners association will be responsible for maintenance of the common land, roads and utilities.

Management of the six rental units will be contracted to the Dukes County Regional Housing Authority (DCRHA). Chilmark has a seat on the board of this organization which has been working with the town for several years, and, as a local organization, is in the best position to manage the rental units. The town will retain control over the qualification and selection process of the renter families.

Costs and Financing:

The proforma budget for this project includes the development costs, long term operation of the rental units, and the sources of income to fund the costs. Many of the figures are rough estimates because the land and buildings are still in the pre-development stage. The "bottom line" shows a funding gap between the total development costs and the total current known sources of funds. There are sources to call upon to close this gap and it is reasonable to proceed with the development process with confidence that no appropriations from the town, except available Community Preservation Act funds, will be needed.

The Preliminary Proforma document attached herewith details the figures used to arrive at the funding conclusions. Total development costs are estimated at just over \$3.5

million. Known sources of funding from a mortgage loan on the rental apartments, sales from homesite dwellings, town contributions to date for clay rights purchase and feasibility study equal \$2.4 million. The funding gap is just over \$1.1 million.

This gap in necessary funding can be closed through the use of currently available and future funds in the Community Preservation Act (CPA) account and through application for a grant to the Massachusetts Affordable Housing Trust (AHT). If a shortfall occurs, the difference could be covered by additional CPA funds or private donations with the assistance of The Island Affordable Housing Fund. These sources would be explored thoroughly. The town will be asked to help fill the funding gap *only as a last resort*.

The CPA was created by the Commonwealth in 2000 and was quickly approved by the voters of Chilmark. The three purposes of the CPA are to fund community (affordable) housing, conservation of open space, and historic preservation. The housing served by the CPA funds must be for families earning less than 100% of the Area Median Income (currently \$67,100 for a family of four in Chilmark). In addition, as there is significant open space work associated with the project, some CPA funds can also be allocated for this purpose. The Community Preservation Act provides us with an excellent, flexible tool to help fund this affordable housing plan.

The Massachusetts Affordable Housing Trust is a program which grants up to \$50,000 per unit for homeownership and rental apartments which serve families earning below 110% of the AMI. This plan calls for six units which qualify.



The Plan- Middle Line Affordable Housing- FAQ

The youth lot program since its start in the early 1970's has created 28 lots for young Chilmark residents. The program obtained its lots from subdivisions and developments. Since its inception only 6 youth lots have been sold. The remaining owners can sell at market value after holding the property for 10 years. At that point, the lots fall out of the affordable housing pool.

Since the number of subdivisions has dramatically dwindled, the pool of properties feeding the youth lot program has virtually dried up. In 2003 the town awarded 2 town-owned lots at Peaked Hill with a newly fashioned deed rider passed by the town meeting for town land. The deed rider sets limits on the resale value of these properties, so that they remain in the affordable housing pool. The Chilmark Housing Committee (CHC), established in 2001, has created the Homesite Program to help more individuals and families live in Chilmark. The homesites created under the program, unlike the original youth lot program, will remain perpetually affordable. The CHC has qualified 17 applicants and more are in the pipeline. The committee, however, has not yet been offered any homesites from property owners.

This fact makes the need for affordable housing at town-owned land at Middle Line even more pressing.

Below are frequently asked questions about the Middle Line Housing project and affordable housing in Chilmark.

Q. Why does the CHC want to build 6 ownership units and 6 units of rentals?

A. Because of the views of the public and because of the need for both. Two-thirds of the responses to a survey conducted last summer by the Housing Committee supported a mix of rental and ownership units on Middle Line Road. The Housing Committee has many qualified applicants for homesites. There are 8 qualified applicants on a rental list. Building 6 units of each type of housing meets 35% of the current known need for ownership, and 75% of the need for rentals.

Q. Why can't the town use Peaked Hill rather than Middle Line? The utilities, road and land are more accessible. It should be easier and cheaper to develop.

A. The town has had Peaked Hill earmarked for other possible projects such as future municipal buildings and additional recreation. After being considered as a landfill, Middle Line now has no other proposed uses or demands other than for housing.

Q. Some abutters along Middle Line Road feel having six new homes and two triplex buildings for apartments is a hardship for them.

A. Out of consideration for the abutters, the siting of the proposed housing far exceeds Chilmark standards with double the setbacks plus a solid buffer zone along the road. The abutters will additionally benefit from an improved and safer road, lower maintenance costs and better utility access.

Q. Aren't road improvements costly and disruptive?

A. When the town begins the construction phase of the project the road will have to be improved for many reasons. There will be limited periods of disruption in the improvement process. There are many dirt roads in Chilmark that underwent similar changes. These up front costs are factored into the project's budget.

Q. Will drilling wells and the ability to find good water be an issue?

A. Like anyone else, the town has to conform to Board of Health requirements for any new building. Preliminary discussions with well contractors indicate there is a good water supply available.

Q. Has the eminent domain taking of clay rights been completed?

A. The taking of the clay rights is far along and will be completed shortly. The eminent domain was approved at the April 26, 2004 town meeting.

Q. Can the design be spread out further?

A. The Middle Line property has been carefully studied. The land has a number of unique and special features like the clay pits, Old Holman's Road and a beautiful beech tree grove. Keeping these features in mind and combining them with the 100 foot setbacks and buffer zones leaves a limited area for building. The committee feels comfortable that it is trying to achieve maximum privacy within the constraints of the property while protecting these resources.

Q. Do affordable housing lots pay taxes and does that include affordable housing on "leased land"?

A. All property is subject to taxes. The affordable housing lots would be assessed at a much lower value due to their restrictions and the use of leased land. The assessed values would have to be derived from a number of factors unique to these properties.

Q. Does the plan have to go to the MVC for review?

A. The town is discussing this question with the MVC. We expect to go before them, but do not anticipate any problems with a review by the MVC.

Q. Why would the town build all the homes at one time?

A. The most obvious advantages to building the homes at one time are savings in the costs of construction and minimizing disturbance to all the people moving in and around the property.

Q. Can recipients of the house lots personalize their homes?

A. It is the goal of the CHC to give recipients as much leeway to customize their homes as possible. Pre-selection of the recipients will give them time to make decisions on interior design materials and work with the builders to make their homes what they want.

Q. What's the difference between a deed rider and a ground lease?

A. A deed rider restricts the sale of the property by attaching rules of resale to the deed filed at the registry. A ground lease restricts the resale of the property by giving ownership of the land to a separate entity such as the town. Together the ground lease and the deed rider assure perpetual affordability for this property.

Q. How will the units be allocated?

A. The Housing Committee qualifies applicants for homesites if they have lived on the Vineyard for the past 7 years, and lived/worked or volunteered in Chilmark for at least 5 years. If the committee qualifies applicants according to these criteria, it then sends over the applications for a confidential financial review of income and assets by the Dukes County Regional Housing Authority. Applicants cannot earn more than 150% of median income for Dukes County (median income for a family of

four is \$66,100) and they may not have significant assets. Most applicants for homesites are at median or below.

Rental applicants are reviewed by the Housing Authority. If they meet the criteria for residency in Chilmark and earn at median income or lower, they are eligible for subsidized rentals in Chilmark.

For Middle Line Road, qualified applicants will be reviewed again by the Housing Committee to make sure they still qualify and are still interested. They will then be placed in a lottery conducted by the Selectmen in advance of the final design of the units.

Middle Line Road

Preliminary Proforma

April 25, 2005

Assumptions

Site	21.4 Acres
Rentals	6 Apartments
For-sale	6 Homes
Buildout	13.600 Gross Square Feet

Development		Total	Per Unit
Acquisition (Clay Rights)		\$ 240,000	\$ 20,000
Hard Costs			
Site Work			
Site Preparation		\$ 60,000	
Middle Line Road Improvements		50,000	
New Roadways		70,000	
Underground Utilities		80,000	
Wells & Septic Systems [a]		115,000	
Landscaping		180,000	
Screening		60,000	
Subtotal Site Work		<u>\$ 615,000</u>	
Buildings	\$ 130 Per GSF	1,768,000	
A&E Fees	10.0% of Cost	176,800	
Surveys, Feasibility, Permits		<u>55,000</u>	
Subtotal Hard Costs		2,614,800	\$ 217,900
Soft Costs	12 Months		
Interim Interest	6.0% Loan	\$ 141,000	
Financing Fees	1.0% Loan	23,500	
Taxes & Insurance		25,000	
Legal & Organizational		50,000	
Miscellaneous		<u>15,000</u>	
Subtotal Soft Costs		254,500	21,208
Subtotal Development Costs		\$ 3,109,300	\$ 259,108
Contingency Allowance	5.0% of Hard & Soft Costs	143,470	11,956
Developer Fees	10.0% of Hard & Soft Costs	286,930	23,911
Total Development Cost		\$ 3,539,700	\$ 294,975

Note:

[a] Includes shared wells & sewage disposal systems for all lots.

Middle Line Road
Preliminary Proforma -
April 25, 2005

Rentals	Type	Total	NSF	Affordable [a]		Moderate [b]	
				No.	Rent	No.	Rent
	1BR	2	800	1	\$ 938	1	\$ 1,442
	2BR	2	1,000	1	1,115	1	1,719
	3BR	2	1,200	1	1,285	1	1,983
	Total/Average	6	1,000	3	\$ 1,113	3	\$ 1,715

Notes:

[a] Affordable <100% of median with rents set at average of 85% median (less utilities)

[b] Moderate <150% of median with rents set at average of 125% median (less utilities)

Operations

Affordable Revenues		\$	40,068
Moderate Revenues			61,740
Gross Rental Income		\$	101,808
Vacancy Allowance	5.0%	Gross Rental Income	(5,090)
Gross Effective Income		\$	96,718
Operating Expenses [c]	\$ 5,827	Per Unit Per Annum	(34,964)
Net Operating Income		\$	61,754
Debt Service [d]	7.2%	Constant	(51,480)
Surplus Cash Flow [e]		\$	10,274
Debt Service Coverage	120.0%		

Notes:

[c] Operating expenses based on Dukes County Regional Housing Authority Estimates

[d] Debt service constant based on 6% interest and 30 year term for a \$715,000 mortgage

[e] Surplus cash flow to be deposited in a reserve fund

Middle Line Road

Preliminary Proforma

April 25, 2005

Sales Type	Total	NSF	Affordable [a]		Moderate [b]	
			No.	Sales Price	No.	Sales Price
2BR	2	1,100	1	161,500	1	260,700
3BR	4	1,350	2	194,300	2	308,950
Total/Average	6	1,267	3	\$ 183,400	3	\$ 292,900

Notes:

[a] Affordable <100% of median with sales prices set at average of 85% median

[b] Moderate <150% of median with sales prices set at average of 125% median

Sales Proceeds

Affordable Sales Proceeds		\$ 550,200
Moderate Sales Proceeds		878,700
Total Sales Proceeds		<u>\$ 1,428,900</u>
Closing Costs	2.0% Sales	<u>(28,580)</u>
Net Sales Proceeds		\$ 1,400,320

Middle Line Road

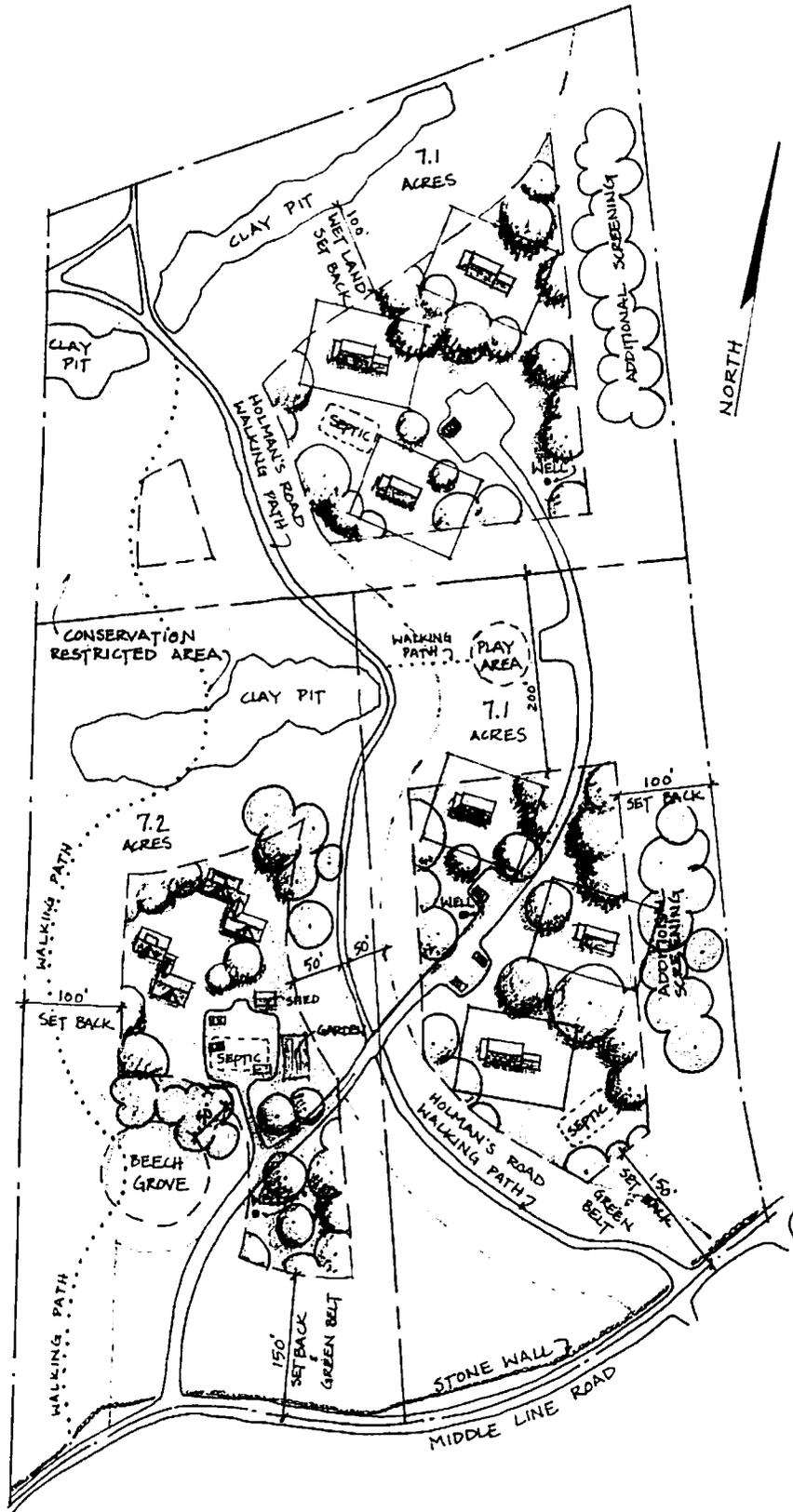
Sources of Funds

April 25, 2005

	Plan C	Notes
[A] Total Development Costs	\$3,539,700	
Known Sources of Funds		
Rental Apartments (Mortgage Loan)	\$ 715,000	[1]
Home Purchases (including lease)	1,400,320	[2]
Chilmark Contributions		
Clay Rights Purchase	240,000	
Feasibility & Survey Grant	45,000	
[B] Total Known Sources	\$2,400,320	
[C] Funding Gap ([A] less [B])	\$1,139,380	
Community Preservation Act	839,380	[3]
Affordable Housing Trust	300,000	[4]
[D] Total Potential Sources of Funds	\$1,139,380	
[E] Anticipated Shortfall ([C] less [D])	\$ -	[5]

Notes:

- [1] Rental apartments support a mortgage loan of \$715,000 based on standard underwriting assumptions as noted in proforma.
- [2] Sales of completed homes can be adjusted up or down depending on buyers' actual income levels.
- [3] CPA funds may be used to support rental or homeownership serving households earning less than 100% of median income. The allowable CPA funding is the amount of any shortfall attributable to the affordable homes. This amount is estimated at approximately \$750,000 for the rental apartments and about \$315,000 for the for-sale homes. There is currently about \$500,000 in CPA funding available for housing uses. It is anticipated that sufficient funds will accumulate over the next several years to cover the amount shown above as a CPA contribution to the funding gap.
- [4] Affordable Housing Trust (AHT) funds rentals and homeownership for households up to 110% of median. The above assumes 3 Homes and 3 Apartments at \$50,000 each. This program is competitive, therefore the funds are not guaranteed.
- [5] If AHT funds are not available, or if development costs exceed estimates, the resulting shortfalls could be made up with town funds, private donations, increased use of CPA funds, or any combination of these sources.



MIDDLE LINE ROAD HOUSING PLAN

SOUTH MOUNTAIN COMPANY INC.

SCALE 1" = 20'

ARCHITECTURE - BUILDINGS - ROADS - GRASS - INTERIORS - DEVELOPMENT
Resource Concepts - Englewood, Colorado

CONSULTATION WITH
GREEN DEVELOPMENT CORPORATION, Cambridge, MA