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## **Martha's Vineyard Commission**

### **DRI 584 – Cozy Hearth: Commissioner and Staff Questions for Public Hearing (8/4/05)**

**With Answers Supplied by Applicant**

**1. Who is the monitoring Agent for the 3 restricted Affordable Homes?**

**Answer:** I expect the Edgartown Resident Homesite Committee will want to have control over the homes. I would hope that the Dukes County Regional Housing Authority would be the back up.

**2. Who will monitor / enforce the resale restrictions on the 5 of the 11 lots and homes that have resale restrictions on members of Cozy Hearth?**

**Answer:** As in the answer to question #1, I expect that the Edgartown Resident Homesite Committee would have control over these homes.

**3. Will there be an option to renew the sales restriction for an extended twenty years? Answer:** An option such as this is not part of our proposal.

**4. Is the applicant willing to restrict the 5 Cozy Hearth member homes in perpetuity (even though currently the restriction is limited to 30 years with an option for an extended twenty years) if in the future Edgartown adopts a by-law to authorize the DCRHA to monitor deed restrictions up to 150% AMI in perpetuity?**

**Answer:** This is not part of our proposal.

**5. Please clarify the profit that Cozy Hearth members could make from the resale of their homes. If the income levels of the Cozy Hearth members are at a certain threshold why aren't the resale restrictions set at the same income threshold, i.e. family of 'x' size earning at a 120% AMI could be restricted to resale the home and land to another family of the same size, earning 120% AMI?**

**Answer:** The answer to this question comes from the math involved in the resale restriction: the cost of land plus the cost of building a house is limited by the maximum selling price under the deed restriction for affordability. Let's work backwards from the maximum selling price for a house at the 150% AMI level. If we assume that Mass Housing numbers are correct, then the maximum resale price for the 80% AMI house (actually calculated at 70% AMI by Mass Housing) is \$150,000. When we apply this same metric to 150% AMI, we get a maximum sale price of land and house at \$321,500. The current estimate for the cost of the land only is \$180,000. That leaves a total of \$141,500 for the cost of a house, well, greywater septic system, drive way and landscaping. This does not include sweat equity. The cost of modest construction on the Vineyard starts at \$150/ square foot, so a 1000 square foot house would cost around \$150,000. It will be hard to finish a house for this much money. The CHCC members will do it because they are committed to living here. As you can see there is no room for profit even if you only build a small house.

If we were to restrict a house at the 120% level in your question, then the amount which could be spent on the house would fall to \$76,500. No one can build a house, drill a well, landscape, install a greywater system and a driveway for that little. In fact the cost of just the composting toilet is more than 10% of the total budget. We can not afford to have lower resale restrictions. It is not economically feasible.

I would like to address another issue that was brought to my attention by one of the Commissioners: the resale of deed restricted land only and the profit potential of such a sale. We have decided to restrict the resale of deed restricted land at the initial cost plus interest at the average rate for a 1 year Certificate of Deposit for the holding period. This will ensure that the lot gets sold at a level that will allow a family to buy it and be able to build a house and remain within the guidelines of resale pricing restrictions.

Please do not forget that our members have committed to subsidizing the three houses that will go to 80%AMI families. This explains the high lot price. We are all paying a premium so that other less fortunate islanders can afford a house. We are doing this, not the state or town or federal government. We know that it is the cost of being able to live here and we accept it freely.

**6. Does the Applicant propose to have the income levels of the Cozy Hearth members certified by an independent entity such as DCRHA?**

**Answer:** Our proposal has restrictions on the income level of the potential buyers of the deed restricted lots upon *re-sale* and not on the initial Cozy Hearth member occupants. It is our hope and expectation that the MVC will trust that the Cozy Hearth members have supplied valid income levels on good faith knowing that their income levels would not have an impact on their eligibility for ownership.

**7. Will the 8 homes for the Cozy Hearth members be modular like the 3 restricted Affordable Homes?**

**Answer:** We expect that the homes that are built by the CHCC members will be a mix of modular, kit, timberframe and stick-built houses. Cost will be a major factor but aesthetics, as governed by our architectural covenants, will play a big part.

**8. Will each home have 3 bedrooms?**

**Answer:** We have decided that no house will have more than three bedrooms.

**9. If the 3 Affordable Homes are approximately 1,250 square feet in size and the homes for the Cozy Hearth members will be approximately 1,500 to 2,000 square feet that are an increased percentage from 17% to 38%. Can the Applicant provide specific information regarding the size of the individual homes for the Cozy Hearth members?**

**Answer:** We expect that the 8 other homes in the CHCC will be between 1000 and 2000 square feet. The deciding factor will be cost of construction. It is hard to pin down an exact home model when we do not know how much money will be available for construction of the homes with the resale restriction as a cap for total land/home value.

**10. 3 lots and homes (twenty-five percent of the project) are not restricted. Why not restrict the entire project?**

**Answer:** M.G.L. c.40B requires 25% of the lots to be deed restricted as affordable at 80% of AMI. We have deed restricted 73% of the lots as affordable at income levels between 80% and 150% of AMI. The Edgartown Affordable Housing Committee asked the same question and after deliberation decided that it is satisfied with our offer of 73% resale restrictions. The unrestricted lots will go to the three members who have taken the greatest early financial risk in order to keep this project alive over the three years it has taken to bring it to the MVC.