



## Martha's Vineyard Commission

### DRI # 551-M4 Field Club Affordable Housing Change MVC Staff Report (Updated on August 23, 2008)

#### 1. DESCRIPTION

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**Applicant:** The Field Club LLC.

**Project Location:** South Village Road, Edgartown Map 36 Lots 102.1-102.31 (23.8-acres). The Field Club occupies the center 7 lots of the originally approved 32-lot subdivision of the property surrounded by 25 residential lots.

**Proposal:** To modify the previous MVC decision, in order to allow a \$1,800,000 monetary contribution instead of three lots as affordable housing mitigation.

**Zoning:** R-20, Residential (½ acre minimum), Private Clubs allowed by Special Permit.

**Local Permits:** The Edgartown Affordable Housing Committee is favorable to the approach, and has already identified two houses – new three-bedroom houses on the market for over a year at a cost of about \$400,000 – that they could buy with the first \$700,000 payment.

**Surrounding Land Uses:** Residential, private recreational club.

#### **Project History:**

- The site was Grant's gravel pit for many years before coming to the MVC in 2002 as BADD Co. (DRI 551) when it was approved as an 8-lot subdivision on 23.8 acres (7 house lots and 1 landscaping-construction business).
- The Applicants subsequently returned to the MVC in 2004 and modified the plan to become a 32-lot residential subdivision as BADD Co. (DRI 551 M). The MVC Decision included the following condition:
  - *As offered by the Applicant, there shall be three affordable housing lots given to the Edgartown Resident Homesite Committee or its assignee(s); tow lots (9&10) prior to the release of lots for sale in Phase 2 and one lot (23) prior to the release of lots for sale in Phase 3. The affordable housing lots shall be deed- restricted to remain affordable in perpetuity. Any combining of lots resulting in the reduction of the total number in the subdivision shall not affect the total number of affordable housing lots given.*
- In August 2006 the MVC approved GOOD Co. (DRI 551-M2) creating a private family recreational facility operated for members only on the 7 central lots of the approved 32-lot subdivision (lots 1 and 26-31 of B.A.D.D. Co. Subdivision). The MVC decision includes the following condition:
  - *As offered by the applicants, the applicant is providing housing for 14 employees. (8 employees on the second floor of the Fitness Center, consisting of 2 2-bedroom apartments and 4 1-bedroom units that will have shared kitchen and bath facilities; and 6 employees on the second floor of the Learning Center, consisting of 4 1-bedroom units with shared kitchen and bath facilities and 2 1-bedroom units). These units will be permanently restricted for staff housing. The original DRI approval provided that three (3) lots would be designated for affordable housing and those lots are unaffected by this application and shall remain as affordable housing lots.*

- On May 31, 2007 the Martha's Vineyard Commission voted to approve a proposed change to DRI 551 (B.A.D.D. Co.) to amend the Written Decision for DRI 551-M by replacing Conditions 1.5 and 1.6 to read *"Total sewage flow shall not exceed 12,100 gallons per day (110 Bedrooms), 10 lots with 5 bedrooms and 15 lots with 4 bedrooms"*. Previously the subdivision was limited to a maximum of 4 bedrooms per house lot. The Applicants were asking for and received the same number of bedrooms they were approved for in 2002 with a 32-lot subdivision for a revised subdivision of 25 lots and a private health club.

**Project Summary:** The proposal is to modify the affordable housing condition of the original March 2004 MVC decision. The original condition was to donate three lots in the subdivision to the Edgartown Resident Homesite Committee for affordable housing in accordance with the Commission's Affordable Housing Policy. The proposed modification is to donate \$1,800,000 to the Edgartown Affordable Housing Committee (EAHC) for use for affordable housing projects. Three payments would be phased over the coming nineteen months. The applicant has indicated that this change was initiated by the Edgartown Affordable Housing Committee.

## 2. ADMINISTRATIVE SUMMARY

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**DRI Referral:** The Applicant's attorney brought the change to the MVC for a Modification. It did not trigger a local permit other than the approval of the Edgartown Affordable Housing Committee.

**DRI Trigger:** DRI Checklist item 3.102 *"Any development, with the concurrence of the Martha's Vineyard Commission, which: a) is on property which has been, in part or in whole, the subject of a previous DRI application and . . . is an amendment or modification to a previously approved DRI Application; ("once a DRI always a DRI")"*

**Pre-Application meeting with staff:**

**LUPC:** June 30, 2008; July 28, 2008

**Site visits:**

**Public Hearing:** On August 7, 2008 the full MVC voted that the change was significant and required a public hearing as a DRI. Public Hearing is scheduled for August 28, 2008 at 7:45 pm.

## 3. PLANNING CONCERNS

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### Some Key Issues

- What are the relative benefits and detriments of the cash contribution compared to the use of building lots within the subdivision, in this particular case?
- If more affordable housing can be provided with the cash contribution, how does this compare with fulfilling the objective of having people of different income levels living within this subdivision?
- Is the proposed contribution a reasonable amount in light of the cost and market value of the three lots?
- For the affordable housing families, how would living in this location compare to the alternative locations where homes might be purchased?

### Environment, Transportation, Scenic Values, Economic Impact

- Have been dealt with in earlier applications and decisions.

## **Affordable Housing**

- The Edgartown Affordable Housing Committee has indicated that it prefers the monetary mitigation. It would allow transforming the significant increase in the value of these properties into a large financial contribution that would then translate into far more affordable housing, available because of the current softness in the housing market. Instead of three lots without houses, the EAHC has suggested that this contribution could be leveraged into the purchase of five or six houses (including the approximately \$200,000 that each purchaser would contribute from their mortgage).
- The original condition of the three on-site affordable lots was consistent with the MVC's Affordable Housing Policy. This policy calls for mitigating a project's impact on affordable housing by contributing one lot in ten for affordable housing. This objective of seeking to integrate affordable housing within a development is a common approach in many jurisdictions. Alternatively, the Policy also provides for financial mitigation of 20% of the assessed value of the entire property. (A note on *Background Information on the MVC's Affordable Housing Policy* is attached. The policy itself is available on the MVC website.)
- There have been other cases when a modification to an affordable housing condition was initiated by the Town, rather than the applicant. Nearly ten years ago, the MVC approved Edgartown's request to modify the affordable housing provision of the Tar Kiln (DRI #470) decision – allocating the affordable housing lots to the Edgartown Resident Homesite Committee rather than the Dukes County Regional Housing Authority, though this was not in strict adherence to the Commission's Affordable Housing Policy. It is not uncommon for the MVC to deviate from a strict application of the Affordable Housing Policy when it judges that the affordable housing offer meets the spirit and intent of the policy.
- Given the fact that the proposal to switch the affordable housing mitigation is taking place several years after the original approval, and after considerable improvements have been made to the property, there might be different interpretations as to how to apply the Affordable Housing Policy's calculation of the appropriate monetary mitigation.
  - In 2004, it would have been \$225,680, based on 20% of the property's total assessed value of \$1,128,400.
  - Today, 20% of the assessed value of the entire property is \$3,162,860 (based on the FY 08 assessment of \$15,814,300). The current assessments are about \$480,000 to \$500,000 per lot. This total assessment apparently does not include the value of the newly built Field Club facility.
  - Alternatively today, 20% percent of the assessed value of just the 25 residential lots is \$2,460,620 (based on the assessed value without the seven Field Club lots of \$12,303,100.)
- In addition to looking at the assessed value, it might be of interest to look at the value of these three lots in two other ways, namely cost and market value.
  - The cost would include the cost of acquisition, as well as a portion of the cost of improvements such as roads and other infrastructure.
  - Based on conversations with four local real estate agents, the estimates of market value for each 4-bedroom buildable lot within the Field Club subdivision (excluding the Field Club membership) ranged from \$600,000 to \$750,000. In addition, all lots in the subdivision include a membership in the Field Club, the value of which is estimated at \$125,000. (The applicants said that was not factored into the analysis because they considered it unlikely that the owners of the affordable lots would pay the annual membership fees, so it was

unlikely that they would exercise their right to join the Field Club with no initiation fee.) Eliminating the affordable housing lots within the subdivision means that the property owner could sell these lots for full market value (including the value associated with membership in the Field Club). The elimination of the three affordable housing lots within the subdivision might also have an impact on the market value of the remaining 22 lots.

### **Local Impact/Abutters**

## **4. CORRESPONDENCE**

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**Town Officials:** The Edgartown Affordable Housing Committee and the Edgartown Board of Selectmen have written in support of the proposal.

**Island Organizations:**

**Public:** We have received letters from Nash & Bray (2), Rosinoff, Abrams, and Cohen, which will be summarized in time for the hearing.

## **5. ATTACHMENTS**

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- MVC Affordable Housing Policy
- Background Information on the MVC Affordable Housing Policy
- DRI 551 B.A.D.D., LCC - Decision
- DRI 551M BADD - Decision
- DRI 551-M2 GOOD Co Decision
- LUPC minutes June 30, 2008 - DRI 551-M4 Field Club Affordable Offer Change
- LUPC minutes July 28, 2008 - DRI 551-M4 Field Club Affordable Offer Change

## **Background Information on the MVC Affordable Housing Policy**

In evaluating the appropriateness of a Development of Regional Impact, the Martha's Vineyard Commission is mandated to weigh the benefits and detriments of a project. The potential impact a DRI may have on affordable housing is one aspect the Commission must weigh on a case by case basis. In 1986, the MVC adopted an Affordable Housing Policy for residential development. In 1988, the policy was amended to include commercial development and amended again in 1998 to address commercial development at the Airport Business Park. The Affordable Housing Policy serves as a guide for DRI applicants to mitigate a project's potential impact on community housing. Compliance with this policy, like other MVC policies, is not mandatory.

The residential component of the MVC Affordable Housing Policy is largely based on the principle of Inclusionary Zoning. Inclusionary Zoning ordinances encourage or require private developers to set aside a percentage of units included within market rate development projects for low and moderate income households on-site. The MVC Affordable Housing Policy also allows alternative options such as the provision of affordable housing off-site, or a monetary mitigation in lieu of lots or units. The MVC has generally encouraged the inclusion of affordable housing within market rate developments. However, there have been several instances where DRI applicants have chosen to offer alternatives to on-site mitigation. Since 1986 there have been nine residential DRIs' that have provided monetary mitigation. The MVC Affordable Housing Policy recognizes that there may be special circumstances where adjustments to the percentages or deviations from the strict adherence to the policies are appropriate.

The policy of Inclusionary Zoning has been an effective tool to create affordable housing throughout Massachusetts and the United States for decades. Here are some examples.

- In 1969, the Commonwealth of Massachusetts passed the Comprehensive Permit Law also known as Chapter 40B. The state's statute is intended to encourage the development of affordable housing by setting a mandate that each city and town designate 10% of their year-round housing stock for low and moderate-income residents. The Comprehensive Permit Law allows developers to supersede local zoning regulations but a developer must adhere to specific regulations and guidelines in order to qualify for a comprehensive permit.
- Both Massachusetts Regional Planning Agencies which have with regulatory review over development – namely the Cape Cod Commission and the MVC – have adopted and implemented Affordable Housing Policies based on Inclusionary Zoning.
- In 2005, the Pioneer Institute for Public Policy Research and the Rappaport Institute for Greater Boston published "Land Use Regulation and Housing: Residential Land-Use Regulation in Eastern Massachusetts: A study of 187 Communities". The report cited that one third of the municipalities in the study have adopted some form of Inclusionary Zoning by-law as a tool to create affordable housing.