

## **MVC DRI Number 720**

**Applicant: Martha's Vineyard Hospital and Navigator Homes of Martha's Vineyard**

**Project Impact on the supply of needed low and moderate-income housing (section 15d)**

### **Background**

Excerpts from the MVC Housing Policy:

“Chapter 831 also underscores the significance of ‘maintaining sound local economies’.”

“Businesses, town governments and other non-profit enterprises need reliable labor in order to provide these important services. Indeed, the stability of the Vineyard's economy is dependent on being able to attract and retain qualified employees. However, the ability of these businesses and other enterprises to attract and retain labor has been constrained in large part by the shortage of available stable year-round housing for a significant portion of the Island's workforce. The lack of an adequate supply of housing forces some employees to live off-island and commute daily, preventing them from effectively becoming an integrated part of the Island community. In addition, the lack of such housing forces employers to pay more to attract and retain talent, driving up the price of goods and services and adversely affecting economic competitiveness. This lack similarly impacts consumer choice and access to essential services. Increasingly, the health of the Island community and economy and the quality of our Island life is vulnerable to a growing lack of year-round housing affordable to a variety of household incomes.”

The applicant is a collaboration of non-profit, charitable organizations whose missions are to provide for the healthcare of Island residents and visitors. For its part, Martha's Vineyard Hospital is the largest private employer on the Island, providing year-round employment to hundreds of Island residents. During the last two years, MVH has led the community response to the COVID-19 pandemic testing over 22,000 people and administering almost 40,000 vaccination doses. At the same time, MVH has added new services like Podiatry, urology, neurology, and pediatric psychiatry; it has also added 16 new primary care and cardiology providers to meet the growth in the Island's population. What has been a challenge has been hiring enough support staff to help those new providers deliver care efficiently. The single barrier to hiring is housing.

The proposed project is designed to address the housing needs of the Hospital's staff and allow the Hospital to continue to operate at the high level of service it provides the Island community.

### **Background – MVH Housing Program**

MVH currently leases 85 units of housing and owns 7 units. Eighty of the leased units are long term and five are seasonal rentals. Five years ago, MVH leased 73 units and owned four. Of the 73 leased units, 32 were seasonal rentals.

Included in these numbers are units rented to house travel staff for Windemere. As part of MVH’s commitment to continue to support the existence of a nursing home on the Island, MVH will be renting 30 bedrooms of housing in 14 units to Navigator.

Currently 30 regular employees are subletting from MVH. This has been an increasing trend in recent years. Many of the single-family homes that are leased are shared by multiple staff, with no more than one staff member per bedroom. Every staff member, whether an employee or travel staff signs a housing agreement and has been “CORI’d” (passed a Criminal Offender Record Information background check).

**Background – what sort of DRI is being proposed?**

The applicant believes that this proposed project comes under the Residential DRI because it proposes dwellings for essential workers and seniors.

“2B. Residential DRIs Involving the Construction of Dwelling Units, Including the Expansion of an Existing Development (but not including Mixed-Use Developments)<sup>7</sup>

<sup>7</sup> This section applies to all developments of Dwelling Units, including, for instance, multi-family units, commercial hotels, apartment buildings, dormitories and condominium arrangements (both owned and rental).”

**Impact of the proposed nursing facility on affordable housing for seniors.**

The proposed project includes a nursing home of 66 beds that will meet more of the Island’s need for nursing home care. There are two types of care provided in the setting custodial care, or nursing home, and medical care, or skilled nursing care. The medical care is typically for shorter lengths of time than the custodial care but is important as medical patients often become long term residents of the nursing home. For nursing home care, there are two payor sources: Medicaid and private pay. For skilled nursing care, there are also two payor sources: Medicare and private insurance. If a resident’s care is being paid for by Medicaid, it means the resident has income below the poverty line and no (or very little) assets. If a resident’s skilled nursing care is being paid for by Medicare, the resident may also be on Medicaid and often this is the case.

To assess the impact on affordable housing, it must be understood that the Navigator facility will replace Windemere. It is assumed that the Windemere census will remain essentially the same as current until the new facility opens and that all Windemere residents will transfer their care to the new facility. The following chart shows current and future census:

Facility Census	Windemere	Navigator	Increase
	Current	Future	
Nursing Home Care			
Medicaid	23	33	10
Private pay	4	20	16

Skilled nursing care			
Medicare	1	13	12
Private insurance	0	0	0
Totals	28	66	38

The proposed project will increase the amount of affordable, senior housing in the nursing home setting by at least 43 percent and potentially by as much as 92% if all Medicare patients are also Medicaid-eligible. Although there is a much greater percentage increase in Private pay, it should be noted that the current private pay census at Windemere is abnormally low due to the condition of the facility when compared to off-Island options.

On the second chart below, the applicant has assumed all private pay residents as having a household income above 150% of AMI. It is possible that some private pay residents might have household incomes below that income band, but in no case would any private pay resident have a household income below 30% of AMI.

**The impact of the MVH Workforce Housing development on affordable and community housing**

As the principal provider of essential medical services to Island residents and visitors, MVH must attract and retain highly trained staff. No less necessary are the staff who have less training but still perform essential roles including food preparation, reception, billing, and housekeeping. Housing is a barrier for all levels of employees. The applicant is seeking to create new housing that will help it meet its mission in the community.

Since the staff, by definition, are employed and since most have advanced education and training, there are no full-time employees who earn below 50% of the Area Median Income (AMI). This part of the proposed project will address the community housing segment.

Proposed allocation of housing units:

Using data from the 2020 US Census and StatisticalAtlas.com the following table was developed estimating the percentage of households in Dukes County within various income bands relative to AMI:

Household Income <u>as a percent of AMI</u>	Dukes County <u># of Households</u>	<u>Percentage</u>
less than 30%	908	15%
31% - 50%	1,252	20%
51% - 80%	744	12%
81% - 100%	534	9%
100% - 120%	71	1%
121% - 150%	1,116	18%

over 150%	<u>1,509</u>	25%
Total	<u>6,134</u>	100%

As an employer, MVH does not have access to its employees' household income, only income as an employee. Consequently, the following information may be understated due to the lack of available information regarding the incomes of other household members, and/or income from secondary jobs.

Employee salary as a percent of AMI	MVH & NHMV		Proposed WFH Units		Proposed NH
	<u>FT Employees</u>	<u>Percentage</u>	<u>Units</u>	<u>Percentage</u>	<u>Bedrooms</u>
less than 30%	-	0%	-	0%	40
31% - 50%	15	3%	3	6%	
51% - 80%	139	32%	20	42%	
81% - 100%	84	19%	12	25%	
100% - 120%	46	11%	6	13%	
121% - 150%	45	10%	3	6%	
over 150%	<u>108</u>	25%	<u>4</u>	8%	<u>26</u>
Total	<u>437</u>	100%	<u>48</u>	100%	<u>66</u>

Although the mix of employees among the income bands varies from the county's population, it is important to note that the percentage of employees earning more than the top of the community housing range (61% - 120% of AMI) is 35% which is lower than the county's percentage of 43%. Only 14% of the workforce housing units are allocated to these two bands. Eighty percent of the units are being allocated to staff who are in the community housing income bands.

### **Implementation**

This project is being proposed under Edgartown Zoning Bylaws, Section 15, Senior Residential Developments. This zoning bylaw requires that collocated workforce housing be restricted to employees of the senior residential development, healthcare workers, or emergency service personnel.

[Edgartown Zoning Bylaws Section 15.4.F Residents of Staff Apartments shall be persons employed by the Senior Residential Development, or by another assisted-living, medical services, or emergency services entity on Martha's Vineyard]

On the basis of this restriction, the applicant proposes to document the housing rental arrangement through the use of a housing agreement. This agreement will include the conditions of eligibility as well as the terms of duration, the amount of rent net of subsidy, and the responsibilities of tenant and landlord.

MVH and the Dukes County Housing Authority have discussed an arrangement for the evaluation of employee applications for household income, the setting of rents, and the conducting of lotteries for the awarding of units to eligible staff.

It is important to note that the current housing crises has created a situation where MVH has needed to engage more temporary staff than in previous years. It is expected the eventually more direct hires will become possible but until this project is fully implemented and hiring trends move in the proper direction that some units may be occupied by temporary staff.

## **Mitigation**

Excerpt from MVC Housing Policy:

### **“2. RESIDENTIAL DRIs**

Mitigation is premised on the Commission’s objective of addressing the incremental Affordable and Community Housing impact generated by the DRI.”

This policy statement, because it seeks mitigation for exacerbating the lack of affordable and community housing, is predicated on the assumption that every DRI will not be in alignment with the MVC Housing Policy and will have a negative impact on affordable and community housing. The applicant requests that Commissioners consider that the proposed project is fully aligned with the MVC Policy and the needs of the Island community because it seeks to create housing for low-income seniors and community, or workforce, housing for essential healthcare workers.

From a practical standpoint, as MVH creates its own housing, it will be able to choose not to renew some of the 85 leases it currently holds. These properties will then be available for rental by individuals and families living on the Island.

## **Summary**

Excerpt from MVC Housing Policy:

“Chapter 831 requires the Commission to evaluate a proposed DRI based on a number of factors including ‘whether the proposed development will favorably or adversely affect the supply of needed low and moderate income housing for island residents’.”

“The role of the Martha’s Vineyard Commission is to help promote the provision of fair, decent, safe, affordable year-round housing for rental or purchase that meets the housing needs across income sectors but especially those income thresholds with the greatest need.”

As discussed above, the proposed development is creating affordable housing for seniors and workforce housing, the vast majority of which is to be allocated to moderate-income employees of MVH and NHMV who are essential healthcare workers. MVH will be subsidizing the rents of

its employees. Some of the properties currently leased by MVH will return to the inventory of Island housing, once the proposed project is complete.