

MAKING THE VINEYARD A SUSTAINABLE ISLAND

**LIVING AND WORKING IN PARADISE:
How Can We Make Housing
Affordable?**

FORUM PROCEEDINGS



Held on Wednesday, June 22, 2005
Katharine Cornell Theater, Vineyard Haven

“Living and Working in Paradise: How Can We Make Housing Affordable?” was the subject of the first forum of the summer 2005 series. It was held on Wednesday, June 22, 2005 at the Katharine Cornell Theater in Vineyard Haven.

The 2005 series of forums is entitled “Making the Vineyard a Sustainable Island”. It marks the second year of public forums focused on areas in which the Martha’s Vineyard Commission (MVC) is actively engaged. The fourth forum in 2005 was co-sponsored by the Bunch of Grapes Bookstore, the Island Affordable Housing Fund, the Dukes County Regional Housing Authority and the Island Housing Trust. Funding for the series was provided by a generous grant from the Edey Foundation. The Organizing Committee included Judy Crawford (Moderator), Mark London (MVC Executive Director), Susan Mercier (Former MVC Administrative Assistant), Kathy Newman (MVC Commissioner) and Linda Sibley (MVC Commissioner; Producer of this forum). These proceedings were prepared by Judy Crawford and Jo-Ann Taylor. Thanks to Christine Rose and MVTV for videotaping and broadcast of this production.

This forum dealt with issues involved in creating and sustaining affordable housing on Martha’s Vineyard.

Approximately 40 interested Islanders gathered in the Katharine Cornell Theater to hear a keynote speaker followed by a discussion with local panelists. Following their remarks, the speakers and panelists engaged in a lively discussion with the audience.





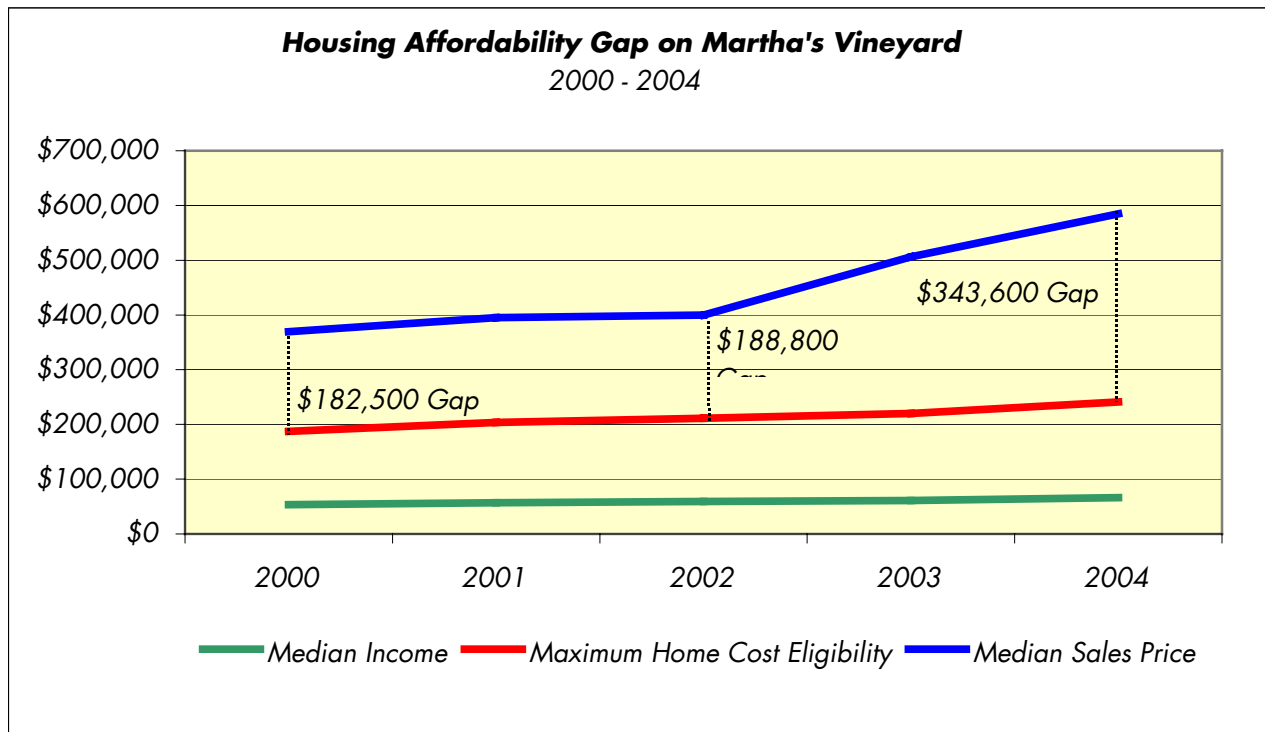
Panelists Darrill Bazy, Juleann VanBelle, James Lengyel, Bob Wheeler, Abbe Burt, and John Abrams

The forum was moderated by Judy Crawford and was made up of the following elements:

- Video produced by the Island Affordable Housing Fund
- Guest speaker, William Hettinger; author and recognized authority on affordable housing issues
- Update on Local Affordable Housing Initiatives: John Abrams
- Pertinent Background Data – Mark London
- Panel discussion: John Abrams, Darrill Bazy, Abbe Burt, William Hettinger, James Lengyel, Juleann VanBelle, Bob Wheeler
- Audience-panel discussion

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According to the Sustainability Indicators Report, the affordability gap, or the difference between what housing costs and what the median-income family can spend, nearly doubled in just four years, between 2000 and 2004, with no end in sight.

DVDs of all forums and written summaries of the proceedings are available in all Vineyard libraries or from the Martha's Vineyard Commission; proceedings are available on the Commission's website at www.mvcommission.org.

Cover Photo: Habitat for Humanity project at the "Blinker"

1. Living and Working in Paradise – William Hettinger

The first speaker was William Hettinger. He is the author of *Living and Working in Paradise: Why Housing is Expensive and What Communities Can Do About It*. This book is the outcome of a doctoral dissertation and represents a review of affordable housing efforts in four resort communities, one of which is Martha's Vineyard. The book highlights unique solutions attempted in each community, including short and long range plans, as well as successful initiatives and failed experiments. It is designed to function as a learning resource for community groups attempting to create community-based affordable housing solutions.



William Hettinger began his remarks with a verbal snapshot of resort community living. He explained that if people live on the mainland in an urban or sub-urban setting, they often live and work in the same or a nearby community. There are few external factors affecting the cost of housing. However, if people live in a resort community, there are higher concentrations of service level jobs, such as waiters, hotel workers, shop workers, etc. Since there are usually no heavy manufacturing or high tech jobs available, general wages tend to be lower in resort areas.

In the last half century, and particularly in the last decade, there has been a steady increase in second homeowners. These are people who live most of the year in another community - people who earn their wealth somewhere else other than where their second home is located.

The increase in second homes has been due to several demographic and economic factors that have been prevalent in the last decade. First, the Baby Boom Generation is retiring after accumulating significant wealth. Second, the tax code favors homeownership, including second or vacation homes. Finally, real estate markets have been stronger than stock and bond markets over much of the last ten years, at a time when interest rates have been low. As a result of these factors, a large block of people have been ready and able to spend money on second homes.

These vacation homeowners have a particular view of what "Paradise" is. It is somewhat isolated, like an island or in the mountains. It is a bit difficult to reach, and thus does not become too crowded. It is a place where there is little or no suburban sprawl. It is characterized by beautiful open spaces, along with strong regulations and zoning laws. Building heights are usually restricted. Most of all, it is a place where a significant effort is made to preserve the culture, environment as well as public views and vistas.

As these "Paradise" locations...of which Martha's Vineyard is certainly one...become highly desirable, more and more people want to own property in the area. All this leads to a situation where supply and demand can fall out of balance, rapidly escalating the cost of housing. Eventually, in economic terms, the housing market fails.

William Hettinger encouraged us, both the audience and the larger community of Martha's Vineyard, to consider several indicators that tend to forecast when supply and demand is falling out of balance:

- Local workers have significantly lower incomes than seasonal residents
- New homes are built and purchased by people of wealth from outside the community
- Local people get successively "squeezed out" of the housing market by those who are only part-time residents

When these factors are present the housing market is in the process of failing, both in economic terms and when considering the collective needs of the community. Faced with these circumstances, the community must intervene. If it does not, it will begin to lose local people, and it will witness the construction of more and more vacation homes. Eventually, the community may lose the very essence of what made it so attractive.

"Martha's Vineyard is aware of the problem and is already doing many things right." said Mr. Hettinger. A few years ago, Martha's Vineyard recognized that the real estate market was failing in the ways described above. People couldn't afford to live here. Many did the "Vineyard shuffle" in the summertime, temporarily moving out of their houses, given exorbitant seasonal rents, and moved their families somewhere elsewhere until they could return in the fall. Others moved away from the Island altogether, heading for more remote areas such as Maine and New Hampshire where land and housing was still affordable and the market was more in balance.

However, Martha's Vineyard had a vision, according to. The people of the Vineyard were not content to let the sky-rocketing real estate market destroy their community. There was a political will here to survive, and this has become one of the key ingredients in successfully navigating the affordable housing obstacle course.

"In Aspen, Colorado," said William Hettinger, "you can't get elected unless you have an opinion on housing." In that community, every politician either wins or loses at the polls according to his effectiveness in communicating his affordable housing goals to the community. In Aspen, 64% of the residents live in affordable housing, some with joint family income approaching \$200,000 per household, depending on the structure of the family.

Mr. Hettinger then called attention to the Vineyard's multifaceted approach to affordable housing. He cited the twelve-minute affordable housing video that was shown at the beginning of this forum. The video was developed by the Island Affordable Housing Fund, which is responsible for securing the funds needed to support affordable housing. In addition, the community has just put together a housing trust, designed to secure housing. Finally, another group, the Housing Authority has developed full time staffing in order to manage the Island's affordable housing needs. All these initiatives help to move us forward in the right direction, but they are only part of the solution.



Affordable rental housing at Sepiessa Point (Regional Housing Authority photo)

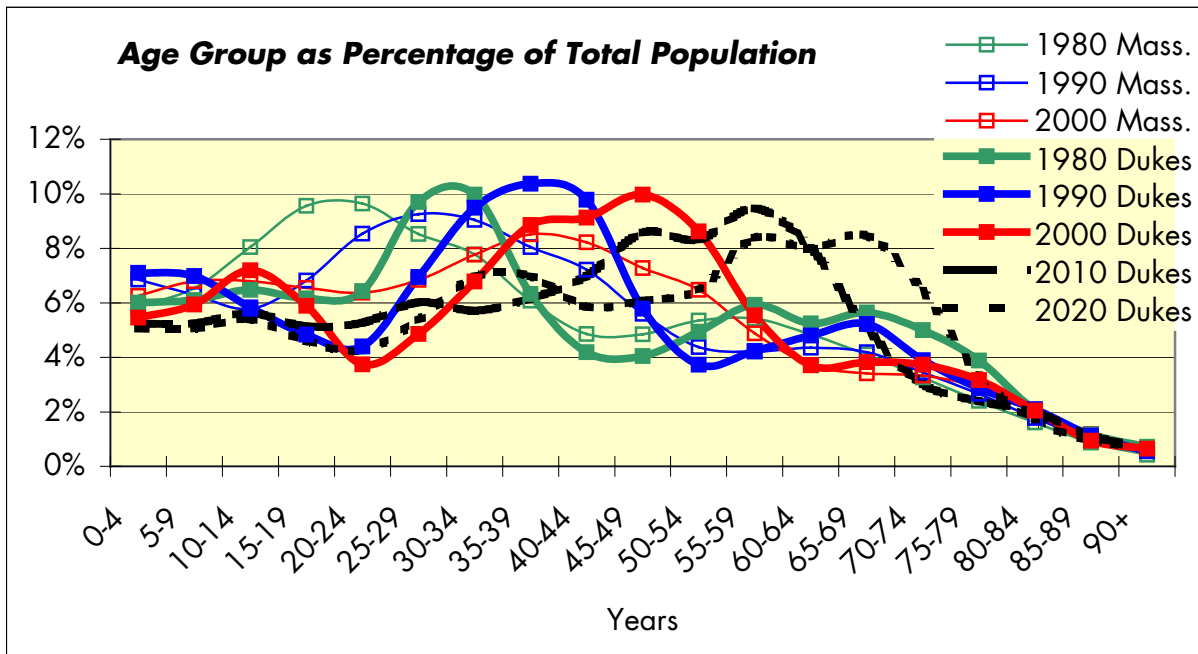
Mr. Hettinger advised the Vineyard community to set up incentives for people to spend money wisely. It is unwise to rely too much on one single source of money. He suggested mixing market rate units with affordable rate units. He also pointed to cluster development as a way of trading a little housing density for preserving open space, thus accomplishing both important goals. He advised us to leverage the resources we have in our community of generous, community spirited people to come up with creative solutions to housing. He also strongly encouraged utilizing state and federal money to provide additional rental units for service workers who cannot afford to own their own homes. These state and federal funding opportunities are constantly changing. Often the money goes untapped due to a lack of knowledge of its availability.

Another somewhat offsetting issue to consider is that second homes tend to be “job creators”. There are studies that show that about 1.6 jobs are created for each second home that is built or purchased. Second homes always create more demand for maintenance and repair workers, such as gardeners, law mowers, cooks, housecleaners, painters, shinglers, plumbers, electricians, roofers, etc.

Perhaps one of the most important factors to creating successful affordable housing is to build in perpetual affordability. Many communities require units to remain affordable for fifteen or twenty years, but then return to market value. This keeps many deserving people out of homes. It is important to build perpetual affordability directly into each project.

Mr. Hettinger emphasized the importance of developing, implementing and communicating firm policies and procedures governing affordable housing. It is imperative to spell out clearly what housing opportunities exist and the regulations governing them, and then get the word out to everyone. “Create rules and then live by them. Avoid variances and weak enforcement. Be vigilant for those who would seek to be falsely eligible for affordable units. Have the courage to enforce your own regulation.”

The demographics of a community can provide valuable data for future planning. It is essential to know when large waves of seniors will be looking to downsize into smaller, more affordable units. It is also important to know when young families will need to expand to multi-bedroom units. Effective planning allows for affordable housing owners to expand and/or downsize according to their needs. Through continuous monitoring, a community can know what its needs are and when changes are likely in the future.



There is a baby-boom surge moving through the population, approaching retirement age. This surge is bigger and older than the Commonwealth average.

2. Update on Local Affordable Housing Initiatives – John Abrams

John Abrams is the owner and CEO of South Mountain Homes, a local design and construction company. He has been a driving force behind the affordable housing movement over the last decade.



John began by asking the audience how many of them remembered the May 6, 2000 conference, entitled *Preserving Community: Housing Our Island Families*. Many in the audience remembered and many had attended.

The conference was referred to as a seminal moment, a benchmark for affordable housing on Martha's Vineyard. "Beginning with this gathering, small successes began to have big ripples," said Mr. Abrams. "It may seem that progress is slow in the area of affordable housing, but actually there have been huge steps forward. Foundations have been laid for major successes to follow."

In 2001, the Housing Fund commissioned a study, entitled *Preserving Communities: An Island-Wide Affordable Housing Assessment*. This study was recently updated. In summary, the update says that there is cause for both hope and celebration.

In the year 2000, the Vineyard had few models, no needs assessment, no functioning affordable housing committees, no town funding for affordable housing, no rental conversion programs, no house moves programs, no Island Housing Trust, few land bank collaborations, and no down payment assistance programs.

Although the median home price was listed at \$560,000 last year, having grown ten times faster than wage increases, Island residents have made remarkable progress in creating home opportunities.

- 95 new affordable home ownership opportunities have been created
- 83 year round rentals have been created
- 165 units have permits pending, have been approved or are in construction

Today, there are numerous affordable housing committees, groups and funds. Some work on funding, some on development, some on management, and some work on all three. Best of all, the many organizations on the Island collaborate effectively to bring about housing opportunities for those in need.

This year, 2005, has been the biggest year ever for housing on the Vineyard, especially in terms of funding. The Island Affordable Housing Fund decided that the best use of its donors' money would be to invest in a campaign to pass a long-term renewable public funding source, which we have never had before on the Vineyard, the Community Preservation Act (CPA). That campaign

has been immensely successful. Thanks in large part to the hard work of Abbe Burt and her committee, the CPA is now in effect in all six towns.

“The CPA will bring roughly 3 million dollars to the Island each year for affordable housing, open space and historic preservation,” Mr. Abrams related. “We hope and believe much of this money will go to housing. In addition, the Housing Bank, if approved by the voters, will bring another 2 million dollars per year. These annual funding sources will make a huge difference in the years to come.”

John concluded by saying that everyone loves quick solutions. However, the affordable housing movement is not a two year or five year effort. The community needs to continue to pace itself. If it does, we will have, in ten years or even twenty-five years, a very different island and a healthy community.

“As this effort stretches across generations, I believe it will change the culture and the landscape for the future in ways that will be gratifying to all of us.”



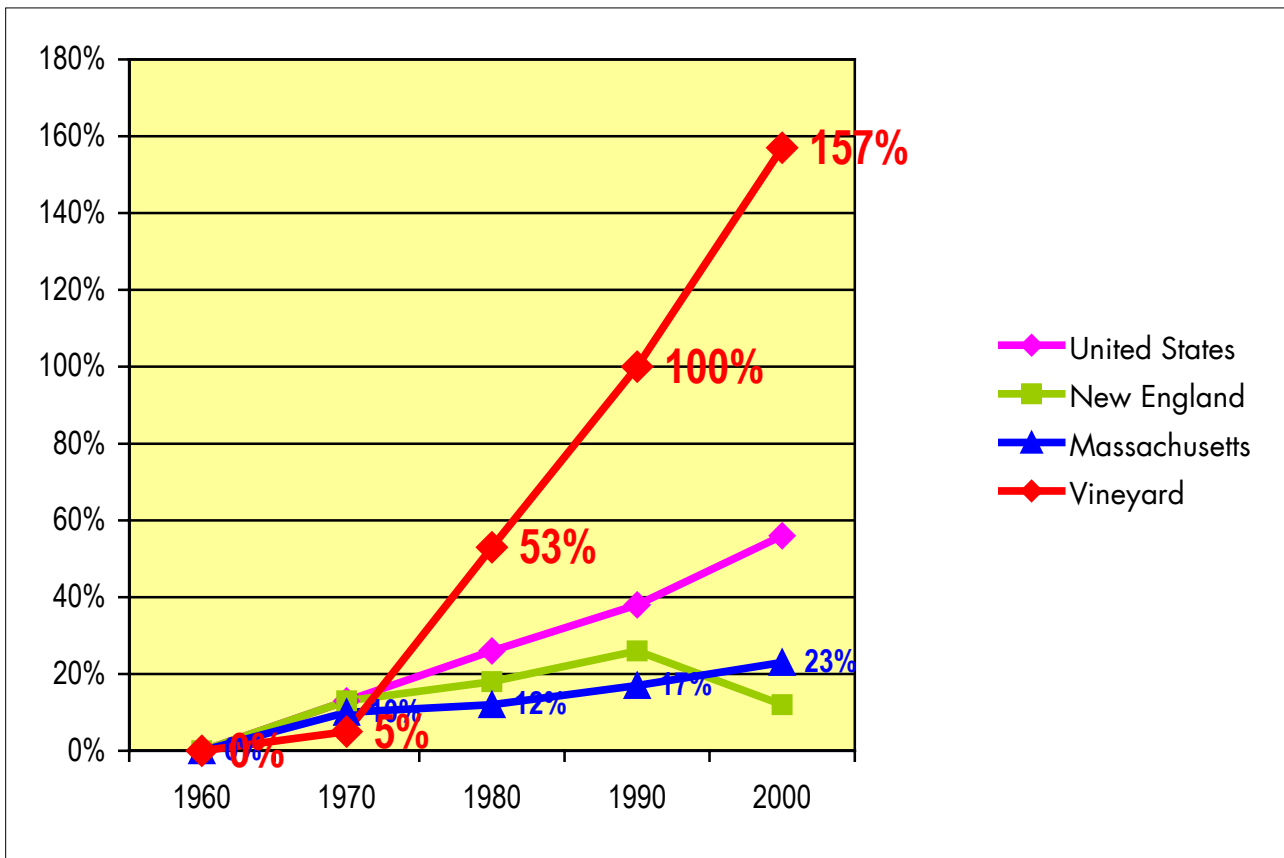
Affordable rental housing at Sepiessa Point (Regional Housing Authority photo)

3. Pertinent Background Data – Mark London

Mark London, Executive Director of the Martha’s Vineyard Commission, gave a short Power Point presentation that contained pertinent background data collected by the Commission.

The rate of population growth on the Vineyard over the past forty years has almost tripled that of the mainland. Between 1960 and 2000, the following growth rates occurred:

<u>Area</u>	<u>% Increase</u>
New England	10%
Massachusetts	23%
United States	53%
Martha’s Vineyard	157%



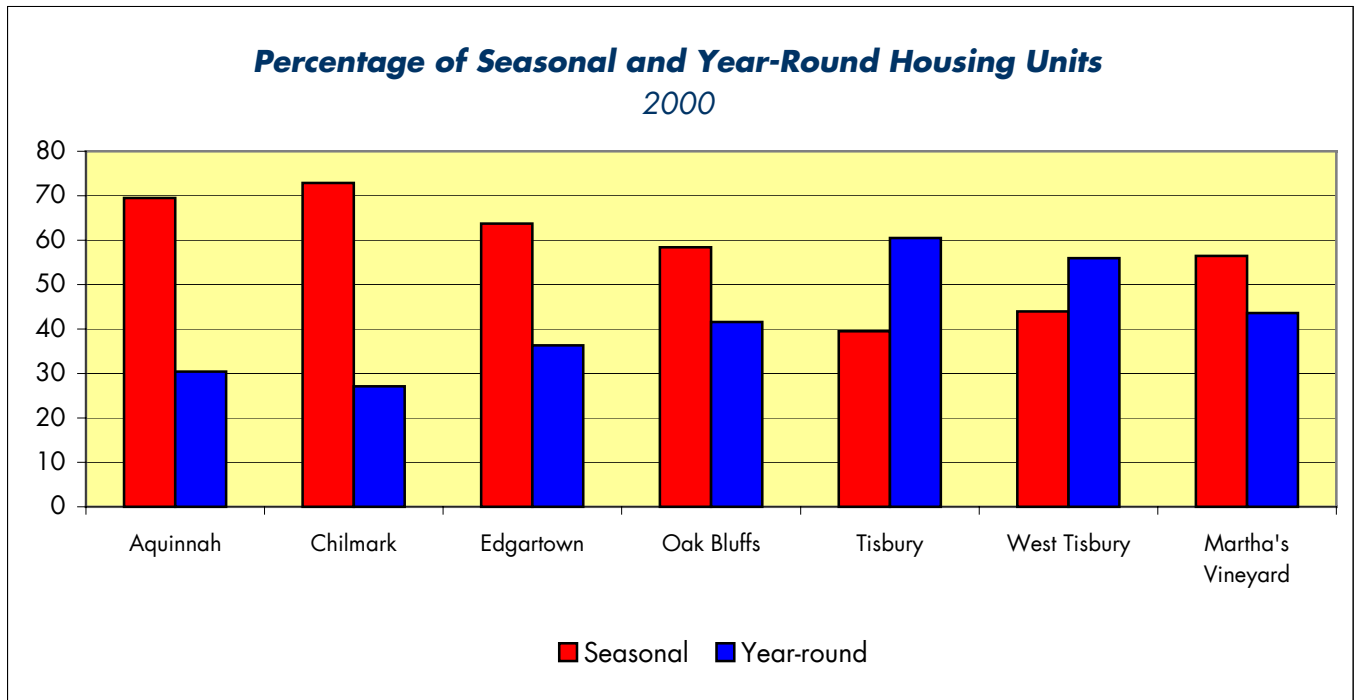
Land use has changed dramatically over that period of time, especially on the Vineyard, from farming and open space to residential development. Mr. London showed a series of maps detailing what development looked like in 1960 and what it looks like today. He then showed a map projecting how the Vineyard would look like at build out.

Mark presented a chart detailing the specifics of developable land in the year 2000. The following data is from that chart:

	<u>AQ</u>	<u>CH</u>	<u>ED</u>	<u>OB</u>	<u>TI</u>	<u>WT</u>	<u>MV</u>
Total Acres:	3,690	13,553	18,184	4,680	4,142	16,878	61,127
Protected Open Space (%):	15%	29%	39%	30%	20%	42%	34%
Developed (%):	53%	36%	35%	48%	51%	30%	37%
"Available" (%):	32%	35%	26%	22%	29%	27%	29%
"Available" Acres:	1,177	4,792	4,664	1,014	1,214	4,609	17,470

Next, Mark showed maps demonstrating the most suitable areas for affordable housing and also for open space protection. Suitability was determined by a set of complex criteria developed by the Martha's Vineyard Commission. These maps will help the Commission to determine which areas might have preference in the future for more intense development.

Mr. London reminded us of the highly seasonal nature of our Island's population. Currently, 56% of Martha's Vineyard houses are occupied only seasonally. This, of course, could change dramatically in the future. However, this seasonal housing could also be a factor when exploring affordable housing.



4. Panel Discussion

The panel was made up of people representing all aspects of affordable housing:

John Abrams, Chair, Island Affordable Housing Fund; President, South Mounting Company
Darrill Bazy, Chair, Aquinnah Housing Committee; Chair, Aquinnah Community Preservation Committee; Board Member, Island Housing Trust.

Abbe Burt, Campaign Coordinator, Martha's Vineyard Housing Bank Coalition

William Hettinger, author and lecturer

James Lengyel, Executive Director of the Martha's Vineyard Land Bank

Juleann VanBelle, Chair, Island Housing Trust; Board Member, Island Housing Fund

Bob Wheeler, Executive Vice President of the Dukes County Savings Bank; Co-Chair, Island Affordable Housing Fund; Board of Directors, Island Housing Trust; Chair, Tisbury Housing Committee; Member, Edgartown Affordable Housing Committee; Member, Martha's Vineyard Housing Bank Coalition

Prompted by periodic comments and questions from the moderator, the panelists made the following points.

Discussion Topic 1 - When it comes to locating new community housing projects, do so-called smart growth principles apply to Martha's Vineyard, or do we simply have to take advantage of whatever opportunity arises?

James Lengyel confirmed there are many opportunities for collaboration between housing activists and open space advocates on Martha's Vineyard. These opportunities must be reviewed on a site-specific basis. Action by the Land Bank is dependent on whether a property independently has conservation value as well as housing value. If the property has both, a partnership may be warranted. The Land Bank ties to buy properties at wholesale values whenever possible. Wholesale prices are prices on land that has not yet been subdivided. Once subdivision has taken place, the land is priced at retail value and is more expensive for the Land Bank to acquire.

John Abrams agreed that there is a natural collaboration between both the affordable housing advocates and the conservationists. He also said that over time, the two groups, working together, stand a good chance of making the best use of smart growth principles, resulting in the Vineyard becoming a better place for all who live here.

"I don't believe we need to wait for the perfect situation," said Mr. Abrams. "We need to keep people in our community now."

He believes we should try multiple kinds of initiatives. Some will be more successful, some less; but rather than waiting for the "perfect opportunity" for affordable housing, we should be looking for any and all opportunities and learn from the process.

Juleann VanBelle took issue with the common expression "not in my back yard," or "NIMBY". She felt it was a polarizing term and should not be used by people when discussing the issues



surrounding affordable housing. When the expression does work its way into a conversation, it often indicates that one must be either totally for or totally against affordable housing, when that is rarely the case for anyone. She encouraged people to define the elements of affordable housing that they find most important and react to each individually to help the public discussion to continue in a positive way.

Bob Wheeler referred to the "Fairwinds" affordable housing project, which he said is within one hundred yards of his house and has not presented any problem at all. "We all need to be

willing to give a little in order to solve the problem," he said. He urged people to be open to higher density in order to accomplish housing goals.

The common assumption, he said, is that when affordable housing is built, people will not keep up their houses to the standard of the neighborhood and real estate values in the area will go down. Actually, the opposite is true. A recent study done in Saugus, MA, showed property values adjacent to affordable neighborhoods increased at the same rate as areas without affordable housing.

Bill Hettinger added that he has seen this same phenomenon around the country, and in fact, around the world. Land is developable at any time. When people buy a house with open land next door, they need to be prepared that sooner or later building could take place there.

Successful affordable housing projects are those that address the concerns of the abutters to the fullest extent possible. We don't want "slums." We look for housing that is well integrated into a neighborhood and respects the vernacular of the area.

On Martha's Vineyard, sky-rocketing property values have increasingly displaced the middle class. For affordable housing to be successful, it must meet the needs of those being displaced, and it must blend into the existing neighborhoods.

Discussion Topic 2 - Given the direct or indirect public funding involved in creating community housing projects, who should get this housing?

Bill Wheeler felt that any community has people looking for both rental and home ownership opportunities. The community must be sensitive to both needs. There are ownership programs here, but most are for the first-time homeowner. Older couples, in many cases, do not qualify for these programs, yet there is a growing need for housing for our aging population.

Juleann VanBelle told the audience that the Island Housing Trust has a new program whereby the trust owns the land, and the house is owned by the person qualifying for affordable housing. This removes the burden of carrying the cost of both the land, which on Martha's Vineyard can be extremely costly, as well as the building. The house is then transferable to the heirs of the owner, but is kept affordable when it passes on to a new generation.



Darrill Bazy and Juleann VanBelle

In thinking about who should be eligible for affordable housing, Ms. VanBelle said, "I like to think of affordable housing as Noah's Arc. Two of every kind of person should get housing." She went on to explain that it is important to give long-time Vineyarders a chance to achieve the dream of their own home. But the Vineyard also needs to encourage newcomers to the Island, many of whom are needed to fill key service jobs, by providing them affordable housing opportunities as well.

John Abrams felt that the reason that, "Who gets the affordable housing?" is even a question is that there is not enough housing to go around. This is the issue that he wants to address. As more and more housing becomes available, regardless of ability to pay market value, he foresees a change in the very fabric of the Vineyard community, a welcome change.

Discussion Topic 3 - With the passage of the Community Preservation Act in all six Island towns, the opportunities are finally different than ever before. What can we imagine doing with these funds?

Abbe Burt cited the Community Preservation Act (CPA) as a major change agent in the effort to fund affordable housing on the Island. "This year the CPA will bring a total of \$3 million to the Vineyard. A minimum of 10% must be spent on open space, 10% on historical preservation, and 10% on affordable housing. The rest is up for grabs," she said.

All Vineyard towns have now passed the CPA. As CPA committees are formed in each town to determine how the annual money will be allotted, housing committees will be pushing for 75% of the money to go towards affordable housing. They will each have to go to their respective town CPA committee with a viable plan.

Darrill Bazy felt that CPA-funded projects could be as broad as one's imagination. Towns should be creative, collaborate on joint projects with established organizations, and plan joint ventures with committees representing historical preservation and open space interests, and thereby pool CPA money to benefit all these worthy causes.

Mr. Bazy went on to talk about the importance of preserving the fabric of the Vineyard as projects are developed. In Aquinnah, for instance, a study was done to see which pieces of land were owned by private citizens, the Wampanoag tribe, municipality, etc. When it was all put onto a map and color coded, certain pieces of land popped right up as perfect choices for affordable housing and conservation interests to work together to pool their money and create a plan for cluster housing and open space.

One model is the tribal housing in Aquinnah. The Wampanoag Tribe of Aquinnah wanted to create an opportunity to bring tribal members home to their land. The Island has many such models.

Discussion Topic 4 - What one or two specific planning measures or zoning changes would best promote community housing?

When it comes to broad based thinking of this kind, John Abrams suggested that zoning changes and planning measures have profound effects on affordable housing. "The single best thing we can do," said Mr. Abrams, "is for all Town Planning Boards to look at their bi-laws right now to



Island Cohousing (photo – South Mountain Company)

see what can be accomplished.... There are already superb bi-laws in existence. West Tisbury, for instance, has three acre zoning. However, very few people know that on any three acre lot in West Tisbury, one can build up to four houses." He continued to say that we don't need to invent new measures to accommodate all our affordable housing. A great first step would be to fully utilize those zoning laws that are already in place.

The next best thing we could do, according to Mr. Abrams, would be to create a guide to Island-wide zoning. Zoning is complicated and difficult to understand. A Guide, written for the layman to understand, would go a long way towards enabling creative solutions to housing needs. "We need to be bold; we need to be outrageous; but we need to learn first."

Abbe Burt suggested that we change our term "affordable housing" to "community housing" in an attempt to change the connotation that this housing is for the poor. The common state connotation

is that eligibility for affordable housing is determined by a cut off at 80% of mean income. Community Housing would make eligibility up to 150%, which would open up opportunities to the middle class on Martha's Vineyard who have been displaced due to the extreme rise in the cost of housing in this resort community.

Darrill Bazy reminded everyone that the CPA is tied to assessments and the Housing Bank is linked to the escalating real estate market. Over time, as real estate prices continue to increase, income will rise as well. If we build our affordable housing resources slowly and steadily, we can raise the money we need to fund affordable housing initiatives.



James Lengyel and Bob Wheeler

As the proceedings drew to a close, the moderator asked each panelist for one final thought or take-away message, that they would like to leave with the audience. The panelists answered as follows:

Darrill Bazy: "It's all about community." He can clearly see that we are all interested in keeping this place as it is, but to do that, we may need to go through some changes in our thinking. Affordable housing is really about buying high and selling low. This is a profound change in thinking for most people. It's counterintuitive, but it is a change that is needed to preserve our Island.

Juleann VanBelle: "We need to preserve the culture of our community by working together to meet joint goals." Competing interests need to band together for everyone to have a measure of success. In particular, conservation and housing interests need to collaborate and then engage the resources of the Martha's Vineyard Commission to support their joint ventures.

James Lengyel: "Vineyarders solve their problems, thorny though they may be." In the 1980's, there was rampant development, and the Land Bank was born. In the 1990's, there were transportation problems, and the Vineyard Transportation Authority was born. Now, in the 2000's, we have an affordable housing crisis. Bold steps are needed. We must trust the groups working on this issue to produce creative solutions.

Bob Wheeler: "You can't be afraid of higher density; just do it in the right places and do it well." If we need a good example of high density that really works, take a look at downtown Edgartown.

Abbe Burt: "Cultural history and genealogy count." Long-time Vineyarders should be given preference in affordable units. The affordable housing movement must meet the needs of those people who have a history here.

John Abrams: "Over time, affordable housing will bring stability to the Vineyard." We may be surprised by the cultural stability that results. The data is clear. Only four housing initiatives were contested in the last five years. During the same time period, 180 new opportunities were successfully launched. If you multiply this by ten or twenty years, you will see real progress. When we get 500 or 1,000 successful affordable housing units, it will lead to a community that no longer experiences dramatic swings in real estate values. Stability will result.

Bill Hettinger: "Focus on the strengths of your community." In the case of the Vineyard, this community has already begun many important programs to help alleviate the housing crisis. Over time, these will collectively get the job done.

A1. Useful Reference Links

The following websites may be perused for further information on the Martha's Vineyard Commission's housing and economic development program and data profiles, and on William Hettinger. Much useful information resides there, including many downloadable reports, and links to related sites.

William Hettinger and the Wyndham Financial Group:

www.wyndhamfinancial.com

Martha's Vineyard Commission and its affordable housing program:

www.mvcommission.org/planning/economic

Martha's Vineyard Commission's population, housing and economic profiles:

www.mvcommission.org (type "data profiles" in the search box)

Island affordable housing groups:

- Aquinnah Housing Committee
- Chilmark Housing Committee
- Edgartown Housing and Resident Homesite Committees
- Oak Bluffs Housing and Resident Homesite Committees
- Tisbury Housing Committee
- West Tisbury Housing Committee
- Aquinnah Wampanoag Tribal Housing Authority
- Bridge Housing
- Dukes County Regional Housing Authority
- Habitat for Humanity, Martha's Vineyard
- Island Affordable Housing Fund
- Island Elderly Housing
- Island Housing Trust



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