

MARTHA'S VINEYARD
HOUSING NEEDS UPDATE
2005



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CYCLES**
for the
**ISLAND
AFFORDABLE
HOUSING FUND**

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Introduction

The Island Affordable Housing Fund (IAHF) engaged consultant John Ryan of Amherst, Mass. to update an island-wide housing needs assessment initially performed by the consultant in 2001. That study, *Preserving Community: An Island-Wide Housing Needs Assessment*, looked at the housing needs of the island's year-round residents. The assessment focused on two distinct housing needs: 1) the ability of working residents to find safe, decent, year-round rental housing and 2) the ability of long-term residents to move from rental housing into homeownership. The original analysis evaluated need for those residents earning less than 80% of median (low and moderate income), and those earning between 80% and 120% of median (middle income).

The 2001 Needs Assessment concluded that *“the challenges to establishing a secure residence on Martha’s Vineyard are quickly becoming insurmountable for a growing segment of the population, including a majority of those who grew up here, many skilled and well paid workers, and older households of moderate income...The forces driving this are likely to increase in the decade ahead as the baby boomer population reaches its maximum earning potential and approaches retirement age.”*

The study recommended that the island towns work together to create a pool of moderately priced housing that cannot be “scooped up” by wealthy buyers who choose to relocate to the Vineyard in the years ahead. In all, the study found a need for 230 year-round rental-housing units for island residents earning less than 80% of median income. It also recommended the creation of 237 homeownership opportunities for long-term island residents.

The purpose of this new study is to update trends in demographics, income, housing production, and housing costs, and to assess the size and nature of the current housing need. The update asks the following basic questions: Has the crisis lessened? Has the affordability gap continued to grow? The update also evaluates the progress made toward reaching the goals set out in 2001.

METHODOLOGY

In preparing this new assessment, the consultant returned to many of the same sources that informed the initial study. The US Census continues to provide new demographic information on an annual basis. The Mass. Division of Career Services and Unemployment Assistance (DCS/DUA)

tracks changes in local jobs and wages. The US Department of Housing & Urban Development (HUD) estimates household income by family size as well as Fair Market Rent (FMR) by bedroom size for Dukes County each year. LINK Services of Vineyard Haven provided housing and land cost information for island communities. The Federal Home Mortgage Company provided information on changes in mortgage interest rates. The consultant also used data from the Mass. Division of Energy Resources (DOER) and the Mass. Division of Telecommunications and Energy (DTE) and supervised an island survey of energy and food prices in order to get a preliminary sense of how other costs of living impact housing affordability on Martha's Vineyard.

LIMITATIONS

This study has a number of limitations to consider when reviewing the findings and recommendations provided:

- The study assumes relatively stable conditions will persist over the next several years. Specifically, it assumes that neither Massachusetts nor the United States will suffer a major decline or depression.
- The study based all dollar amounts on the 2005 value of the dollar unless otherwise noted. In order not to overstate the available levels of need, the projections are not adjusted to reflect the effects of future inflation.
- The information, estimates, and opinions contained in this report were derived from sources considered to be reliable. The consultant assumes the possibility of inaccuracy of individual items and for that reason relied on no single piece of information to the exclusion of other data, and analyzed all information with a framework of common knowledge and experienced judgment.
- The market basket data on energy and food costs represents a “snapshot” of only a few basic living costs. A more long-term and comprehensive look at these other costs is needed to determine how great an additional impact these other costs have on the affordability of life for low-, moderate-, and middle-income residents on Martha's Vineyard.



Trend Information

The consultant updated the 2001 Housing Needs Assessment by providing trend information on demographic, income and housing characteristics. This trend data provides a basis for evaluating changes in the availability of secure and affordable housing for island residents. A summary of key findings follows.

POPULATION

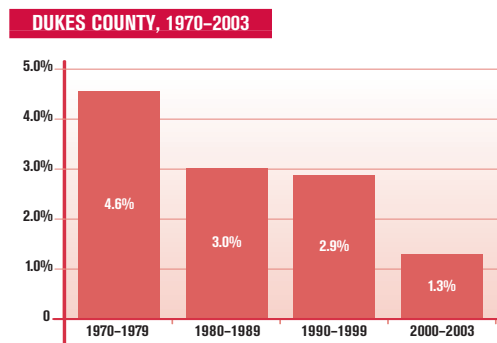
According to the US Census Bureau's Annual Estimates of Population for Minor Civil Divisions in Massachusetts (June 2004), the island's population is growing at a rate of roughly 200 persons annually. The census estimated the population at

15,601 on July 1, 2003. With a current population (April 2005) closing in on 16,000, the island's rate of growth has averaged 1.33% annually since 2000. This represents a much slower rate of population growth than in previous decades. The census data indicates that Chilmark (2.8% annual growth) and West Tisbury (2.2%) are the fastest growing communities.

YEAR-ROUND HOUSEHOLDS

The Census Bureau also estimates total housing units annually for each county based on building permit reports. For Dukes County, the census shows an increase of 509 new housing units in three years, or roughly 170 units per year. Of these, an unknown number represents seasonal homes while others represent year-round residences. In 2000, 55% of all housing on the Vineyard was occupied seasonally. Assuming a continued 55%/45% split of seasonal and year-round households, the Vineyard has added roughly 75 new year-round households each year since 2000. This represents slightly less than 1.0% growth annually in new year-round households. Again, this represents a marked slowdown in new household

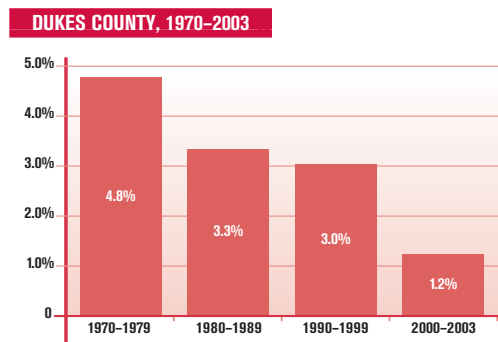
Fig. I.1 Annual Population Growth



Source: US Census

formation. This slowing of year-round household formation, especially in the light of escalating prices and more local teens reaching household-forming age, is consistent with the lack of affordable land and housing.

Fig. I.2 Annual Year-round Household Growth



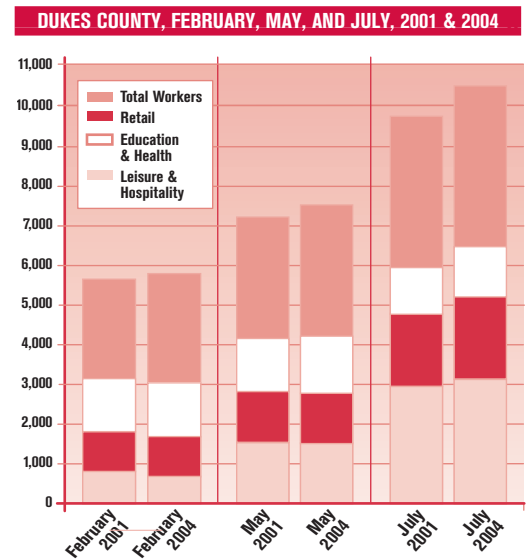
Source: US Census

LOCAL JOBS

The Massachusetts DCS/DUA provides average monthly employment totals for jobs located in Dukes County. On the Vineyard, February represents the month with the lowest employment, July has the highest, and May is the most representative of the year as a whole. From 2001 to 2004, the average island employment increased by roughly 1.4% annually, with winter employment growing more slowly (0.8% annually) and summer employment growing much faster (3.0% annually). According to the DCS/DUA data, the island was home to roughly 300 more year-round jobs in 2004 than in 2001, with seasonal jobs increasing by nearly 1,000 jobs in that three-year period.

Among the most common job classifications on the Vineyard, Retail workers showed no year-round job growth but accounted for nearly a quarter of summer employment growth from 2001 to 2004. Year-round leisure and hospitality jobs actually declined, but grew by just under 200 jobs in the summer. Education and Health workers grew by only 2.0% from February 2001 to 2004, but grew by 8.0% on a year-round and summer basis. Education and health workers accounted about 30.0% of the net gain in year-round island jobs.

Fig. I.3 Local Jobs



Source: US Census

The DCS/DUA data suggests some slowing down of the year-round economy, consistent with slowdowns in population and household growth. Seasonal and tourism business appears to be growing much more rapidly. If this continues, the consultant expects that the pressure to address housing for seasonal workers is likely to increase. Another consequence of high seasonal demand is the likely increase in housing displacement by year-round renting residents. In the consultant's view, the relatively high increases in health jobs may also indicate a growth in demand for service workers to support an increased retirement-age population.

AVERAGE WAGES

The average wage paid for work on Martha's Vineyard from April-September 2004 was \$621 per week. That's up \$71 per week or 4.3% annually from the same period in 2001. Summer wages grew the most rapidly at 5.2% per year. Wages still remain comparatively low. The average wage paid from April to September 2004 was only 68.8% of the average for all workers in Massachusetts during that period. The average job on Martha's Vineyard pays \$281 per week less than the average job for the state as a whole. Vineyard jobs appear to pay less than statewide averages

across a wide array of job industries. The imbalance actually appears greatest among some of the higher paying industries such as information services, business and professional services, and finance jobs. Essential service jobs including education, health, and public safety jobs also pay less on the Vineyard than for the state as a whole.

Fig. I.4 Comparative Average Weekly Wages
BY INDUSTRY

DUKES COUNTY & MASSACHUSETTS, 2ND QUARTER 2004			
	Massachusetts	Dukes County	Dukes/Massachusetts %
All Workers	\$898	\$621	69
Construction	\$888	\$938	106
Trade, Transportation & Utilities	\$739	\$551	75
Information Services	\$1,280	\$823	64
Business & Professional Services	\$1,131	\$746	66
Financial Activities	\$1,519	\$770	51
Education & Health	\$826	\$749	91
Leisure & Hospitality	\$362	\$418	115
Other Services	\$485	\$555	114
Public Administration	\$927	\$539	58
<i>Specific Industry Categories</i>			
School Workers	\$931	\$907	97
Doctor's Office Workers	\$1,247	\$1,118	90
Nursing & Residential Care Workers	\$531	\$476	90
Public Safety Workers	\$999	\$755	76

Source: DCS/DUA

Fig. I.5 HUD Income Limits

	DUKES COUNTY, 2001 (FY '02) & 2004 (FY '05)					
	Persons in Household					
	1	2	3	4	5	6
2001						
50%	\$19,950	\$22,800	\$25,650	\$28,500	\$30,800	\$33,050
80%	\$31,900	\$36,500	\$41,050	\$45,600	\$49,250	\$52,900
120%	\$47,850	\$54,750	\$61,600	\$68,400	\$73,900	\$79,350
Median Household Income	\$51,300					
Median Family Income	\$57,000					
2005						
50%	\$23,500	\$26,850	\$30,200	\$33,550	\$36,250	\$38,900
80%	\$37,600	\$42,950	\$48,300	\$53,700	\$57,950	\$62,250
120%	\$56,400	\$64,450	\$72,450	\$80,550	\$86,950	\$93,400
Median Household Income	\$60,400					
Median Family Income	\$67,100					
CHANGE 2001-2005	17.7%					

Source: HUD

HOUSEHOLD INCOME

HUD provides annual estimates of income for Dukes County residents based on household size. For 2005, HUD estimates median household income (based on a three-person household) at \$60,400. Figure I.5 shows HUD's calculation of income by household size for island residents earning 50% of median income (very low), 80% of median (low to moderate) and 120% of median (middle income). From 2001 to 2005, HUD estimates incomes have risen at all income levels and household sizes by 17.7%, or 4.4% annually. This rise is consistent with increases in average wages. From 1980 to 2000, renter household income has risen 16.0% more slowly than owner household income on Martha's Vineyard. While the HUD data assumes all income groups are rising equally, the consultant estimates that renter household income has actually risen at a lower 3.7% annual increase, reflecting this historic trend.

FAIR MARKET RENTS

HUD also provides an annual estimate of fair market rents by bedroom size for Dukes County based on a modeling of rents reported in the 2000 US Census, updated with sporadic phone surveys. These rents represent the gross rent including utilities paid by 40% of renters for each bedroom size. These take into account all market-rate renters, many of who have rented at the same location for many years. These rents are typically as much as 20% to 25% below the price for newly listed apartments as they tend to cluster above the median cost.

HUD's FMRs have increased by an average of 21.5% for the county since 2001. This corresponds to an annual increase of 5.4% annually, faster than either wages or incomes.

Figure I.6b looks at the ability of an average-wage worker to afford the cost of renting housing at the current FMR using 30.0% of his or her income. Of the 18 HUD reporting areas in the state, only on Nantucket and in the Providence-Fall River-Warwick area is it harder for an average-wage worker to find an affordable fair market rent.

Fig. I.6a HUD Fair Market Rents

DUKES COUNTY, FY 2005				
Studio	One Bedroom	Two Bedroom	Three Bedroom	Four Bedroom
\$712	\$903	\$1,075	\$1,285	\$1,324

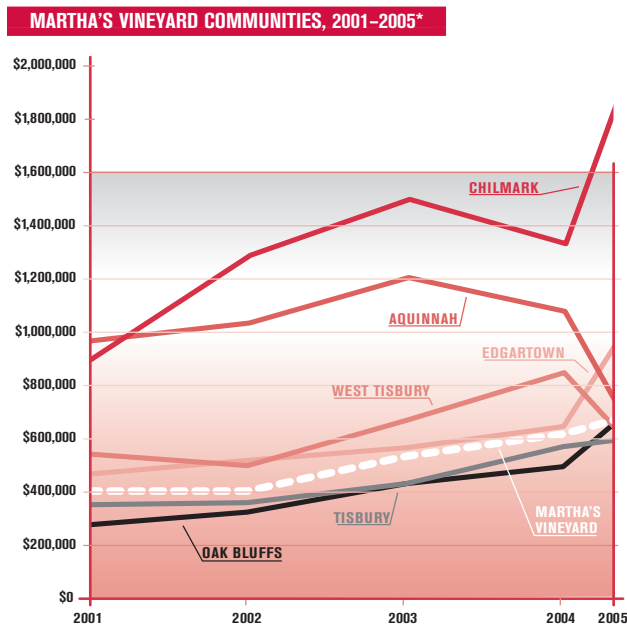
Source: HUD

Fig I.6b Ability of Average Wage Worker to Afford Rent

HUD REPORTING AREAS IN MASSACHUSETTS, FY 2004	Average Wages	Affordable Rent	Percent of Fair Market Rent	
			One Bedroom	Two Bedroom
Worcester County	\$40,768	\$1,019	192.3%	144.4%
Pittsfield MSA	\$37,544	\$939	181.5%	143.5%
Berkshire County	\$35,464	\$887	174.2%	147.8%
Springfield MSA	\$36,504	\$913	149.9%	118.2%
Hampden County	\$36,608	\$915	147.1%	110.4%
Lowell, MA-NH PMSA	\$50,856	\$1,271	144.3%	119.4%
Worcester, MA-CT MPMSA	\$40,300	\$1,008	143.7%	119.9%
Franklin County	\$31,876	\$797	142.3%	111.3%
Lawrence, MA-NH PMSA	\$43,628	\$1,091	141.5%	112.3%
Fitchburg-Leominster MSA	\$34,788	\$870	139.2%	110.9%
Hampshire County	\$35,672	\$892	138.0%	103.5%
New Bedford, MA PMSA	\$34,476	\$862	119.2%	104.7%
Barnstable County*	\$32,700	\$818	117.1%	89.0%
Boston, MA-NH PMSA	\$52,624	\$1,316	115.9%	92.7%
Brockton, MA PMSA	\$38,740	\$969	113.5%	92.6%
Dukes County	\$32,292	\$807	111.7%	84.0%
Prov.-Fall River-Warwick PMSA	\$31,460	\$787	107.4%	93.1%
Nantucket County	\$36,400	\$910	84.1%	63.1%

Note: Barnstable County EMR averages Barnstable-Yarmouth MSA and non-metro county
Source: DCS/DUA

Fig. I.7 Median Home Sales



Note: 2005 data through April 30, 2005; Aquinnah 2005 data based on just two sales.
Source: LINK

MEDIAN HOUSING PRICES

The LINK Real Estate Services of Vineyard Haven tracks housing sales for the Vineyard. Their data for 2004 shows homes* on Martha's Vineyard selling for a median price of \$625,000. That is up \$222,500 or 18.4% annually from 2001. The traditionally most affordable towns, Oak Bluffs and Tisbury, experienced the greatest price rises at 25% and 20% per year respectively. The Mass. Association of Realtors reports the median sales price for all single family homes in Massachusetts in 2004 was \$340,000. Last year, the Vineyard median price was at least 84.0% higher than the median for the state.

LOWEST QUARTILE HOUSING PRICES

In most cases, first-time homebuyers look for less expensive "starter homes" priced well below the median cost of housing in a community. The lowest quartile of value represents that price at which 25% cost less and 75% cost more. The consultant provides the following estimate of lowest quartile sales price since 2001 based on LINK sales information.

In 2004, a home in the 25th percentile of value sold for \$468,500. That represents an increase of 22.0% annually since 2001. Lower cost properties are actually rising faster than more expensive properties on the island. The 25% value in 2004 was actually \$66,000 higher than the median priced home sold in 2001.

PRICE DISTRIBUTION

Purchasing a \$250,000 home requires an income of roughly \$70,000, assuming you have a 10% down payment. In 2001, 54 homes sold on the open market for under \$250,000 island-wide. That accounted for 15% of all arm's-length home sales in that year. By 2004, the number of sales under \$250,000 dwindled to just five, or 1.0% of the island's arm's-length sales. Through the first four months of 2005, no homes have sold on the open market at that price.

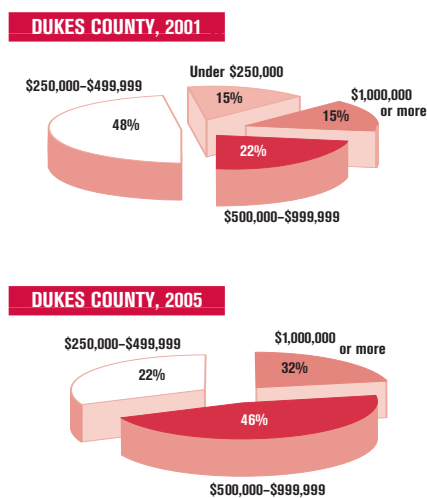
*LINK excluded condominium sales from their calculations because of the overwhelming percentage of time-share units listed as condominiums.

Fig I.8 Lowest Quartile Value Home Sales

MARTHA'S VINEYARD COMMUNITIES, 2001 TO 2005*					
	2001	2002	2003	2004	2005*
Aquinnah	\$800,000	\$767,500	\$1,150,000	\$801,500	\$647,165
Chilmark	\$561,250	\$1,198,500	\$850,000	\$922,415	\$1,493,750
Edgartown	\$367,000	\$387,950	\$444,000	\$505,625	\$600,000
Oak Bluffs	\$243,000	\$266,750	\$344,500	\$387,000	\$515,500
Tisbury	\$280,000	\$284,400	\$360,500	\$429,330	\$451,250
West Tisbury	\$417,500	\$399,750	\$550,000	\$655,000	\$560,000
MARTHA'S VINEYARD	\$282,750	\$315,000	\$399,000	\$468,600	\$538,000

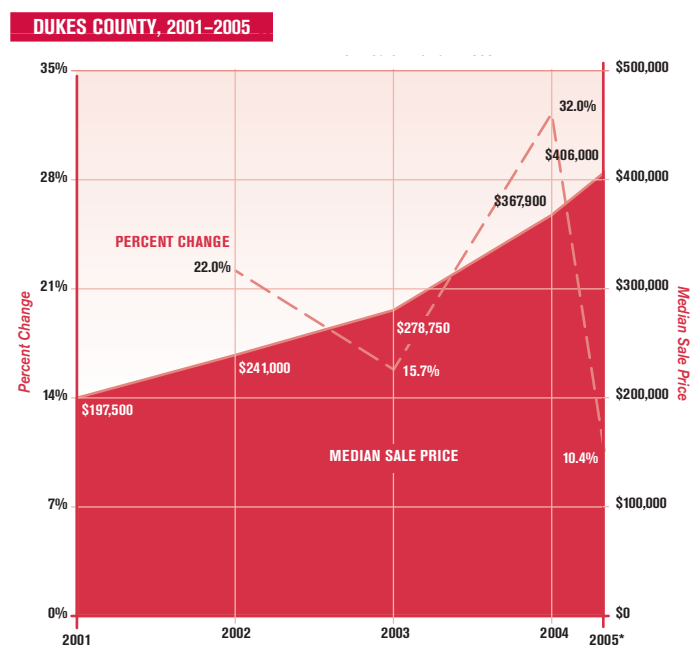
Note: 2005 data through April 30, 2005; Aquinnah 2005 data based on just two sales.
Source: LINK

1.9 Sales Price Distribution



Source: LINK, May 2005

Fig. I.10 Median Land Prices



Note: 2005 Sales through April 30, 2005.
Source: LINK

In 2005, finding a home at even the \$500,000 level is now as difficult as finding one at \$250,000 four years ago. According to LINK only 11 of the 287 current home listings island-wide have asking prices under \$500,000. Since the beginning of 2004, almost as many homes have sold for over \$1 million as sold for less than \$500,000.

LAND PRICES

According to LINK, land prices have increased even faster than home sales since 2001. The medi-

an price of land sold on Martha's Vineyard in 2004 was \$367,900. That is up 86.3% in three years. It continued to rise in 2005 and was \$406,000 for the first four months of this year. Consider this: median land prices so far in 2005 are higher than median home prices in 2002. It now requires an income over \$90,000 to purchase the median price building lot — without the home!



MORTGAGE INTEREST RATES AND BUYING POWER

Perhaps the only positive trend for potential homebuyers was the increased buying power that resulted from declines in mortgage interest rates from 2000 to 2004. The Federal Home Mortgage Company tracks average fixed-rate mortgage interest. The average monthly cost of borrowing \$100,000 in 2004 was 12.6% lower than it was in 2001. A buyer with the median-household income of \$51,000 for Dukes County in 2001 could afford a mortgage of about \$141,000. With the median household income of \$60,400 they could afford a \$172,500 mortgage. Unfortunately, the advantage of greater buying power appears to have disproportionately benefited those seeking to purchase island homes as vacation property or “buying up” to higher valued residences.

I.11 30-Year Fixed Conventional Mortgage Interest Rates and Buying Power

ANNUAL AVERAGE 2000–2004			
	Interest Rate	Monthly Cost to Borrow \$1,000	Change in Buying Power
2000	7.87%	\$7.25	
2001	6.97%	\$6.63	9.4%
2002	3.65%	\$6.35	4.4%
2003	5.82%	\$5.88	8.0%
2004	5.84%	\$5.89	-0.2%
2000–2004			23.1%

Source: Federal Home Mortgage Corporation

SUMMARY OF TRENDS

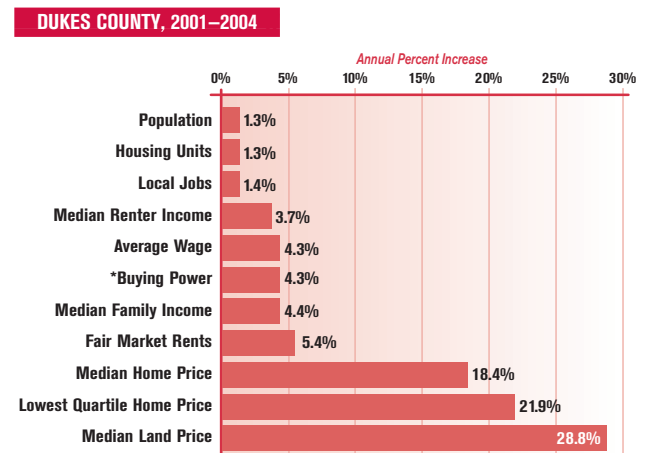
Between 2001 and 2004, the island has continued to grow in a number of ways. Population and household growth rate is down considerably, perhaps reflecting the high cost and limited availability of year-round housing. Average wages are up by over 4.0% annually, but wages remain 31.2% lower than the average for the state as a whole. HUD reports median income rising consistently with wages. HUD also reports an increase in fair market rents of nearly 5.5% annually. The ability of lower income residents to pay for rent is not keeping up with the rising cost of rent. In three years, the fair mar-

ket rent has become 5.0% less affordable to very low-, low- and moderate-income residents. In only two of HUD’s 18 reporting areas in the state, is it harder for the average-wage worker to afford the cost of a fair market rent than in Dukes County.

In terms of housing prices, the median home sold on Martha’s Vineyard in 2004 was \$625,000. The lowest quartile of value for all homes sold was \$468,600. This represents an increase of 18.4% annually in the median home value and 21.9% annually in lowest quartile value from 2001 to 2004. Both median and lowest quartile sales prices increased at a rate four and a half times faster than wages and incomes from 2001 to 2004. In 2004, the median income island household would need a down payment of over \$450,000 to be able to afford the cost of a media-priced home. The median-income renter (at 80% of overall median income) would need a down payment of \$304,000 to be able to afford a home at the lowest quartile of value. In both case, these numbers are up dramatically from 2001.

The 2001 study found that the imbalance between the exclusive development of high cost homes and the creation of low-paying jobs defines the problem of housing affordability on Martha’s Vineyard. At that time, the median home cost was 85% above and wages were 27.0% below the state level. In 2004, median prices were at least 84.0% higher than the state and wages 32.0% below. The basic economic imbalance has clearly not moved in a positive direction.

I.12 Demographic & Housing Trends



*Based on declining interest rate.

Source: US Census, Mass. Division of Career Services, HUD, Federal Home Loan Mortgage Co., and LINK



Housing Affordability Analysis

The consultant compared the current level of rental and ownership housing affordability to 2001 levels for island residents at different income levels. This analysis also compares housing affordability on Martha's Vineyard with that of the state as a whole over this period.

RENTAL HOUSING

The 2001 study estimated that there are roughly 2,000 year-round renter households living on Martha's Vineyard. That number has probably changed little in three years, despite the growing number of young adults raised on the island. At the time, the consultant estimated that roughly 600 lower income households, or a third of all renters, are struggling to pay for rent, food, and other essential items of life. Using HUD numbers, the following gives a sense of the ability of very low- and low-moderate income renters to afford the fair market rent on Martha's Vineyard in 2001 and 2005. This figure calculates what a family of three could afford to pay for rent at the very low-income level set

by HUD and at the higher low-moderate income level. In 2001, a family at the very low level (<50% of area median income) could afford no more than 72.4% of the cost of a two-bedroom fair market rent. By 2005, the number had diminished to no more than 70%. For those earning between 50% and 80% of median income in 2001, the ability to afford the cost of a two-bedroom rent rose with income from 72.4% to 116.0% of FMR. In 2005, the capacity was somewhat less at 70.0% to 112.0% of FMR.

II.1 Rental Affordability

VERY LOW- AND MODERATE-INCOME RENTERS

DUKES COUNTY 2001 & 2005				
	Family of Three	Affordable Rent	Fair Market Rent (2 Bdrm)	Affordable as % of FMR
2001				
Very Low Income (<50%)	Less than \$25,650	Up to \$641	\$885	Less than 72.4%
Low-Moderate Income (50-80%)	\$25,650-\$41,050	\$641-\$1,026	\$885	72.4%-116%
2005				
Very Low Income (<50%)	Less than \$30,200	Up to \$755	\$1,075	Less than 70%
Low-Moderate Income (50-80%)	\$30,200-\$48,300	\$755-\$1,207	\$1,075	70%-112%

Source: HUD

Given the slowdown in year-round job formation, the rapid increase in the seasonal economy, and the reality of rents rising faster than incomes or wages, the struggles of many lower income renters have likely increased. The need to provide secure, affordable, year-round rental housing continues to grow. The role of IAHF and others to provide rental housing for 83 of these renters (with 80 more in the works) is making a significant difference.

HOMEOWNERSHIP

As regards the affordability of homeownership on Martha's Vineyard, the key questions include:

- 1) What income does it take to buy a "starter home" on Martha's Vineyard and how many long-term renters have that kind of income?
- 2) At 80%, 100% and 120% of median household income (based on a three-person household), how much down payment would a first-time buyer need to buy that "starter home"?
- 3) How have these number changed since 2001?

In 2004, the lowest-priced quarter of homes on the island sold from a low of \$250,000 up to \$468,600. According to local realtors, this year's listing of homes on the market start at \$500,000 "for a livable year-round home." According to LINK only 11 of 287 current home listings (5/1/05) have an asking price under \$500,000. Using 2004's lowest quartile value of \$468,600, a first-time homebuyer with a 10% down payment of \$46,860 would need an annual income of over \$100,000 to purchase this home. That's up from roughly \$70,000 in 2001. Indexing the island's renter income from 2000 to current, the consultant estimates that fewer than 3.0% of all renter households have this level of income. In 2001, roughly 15.0% of renter households had the necessary income to purchase a home at the lowest quartile of value.

Using that same "starter home" price of \$468,600, households at different levels of income would need the following down payments to be able to buy into the

Martha's Vineyard housing market in 2001 and 2004:

II.2 Down Payment Needed to Purchase a "Starter Home"

DUKES COUNTY, 2001 & 2004			
	2001	2004	Percent Change
Lower Quartile Home Cost	\$282,750	\$468,600	66%
Household Income			
80% of Median	\$41,050	\$48,900	19%
100% of Median	\$51,300	\$60,400	18%
120% of Median	\$61,600	\$72,450	18%
Down Payment Needed			
80% of Median	\$180,752	\$345,934	91%
100% of Median	\$142,101	\$297,123	109%
120% of Median	\$103,263	\$245,977	138%

Source: LINK, HUD, Federal Home Mortgage Company

MARKET BASKET FORCES THAT AFFECT AFFORDABILITY

As part of the *Housing Needs Update 2005*, the consultant provided a snapshot comparing other essential costs of living on the island to statewide norms. It is not just housing costs that tax ordinary residents with higher living costs. Here are a few findings based on surveys done in the last week of February 2005:

Groceries	9.1% higher
Heating Oil	8.2% higher
Propane	35.4% higher
Gasoline	27.4% higher

Anecdotally, many residents believe grocery costs, at least, to be even higher during the summer months. These relatively few factors constitute only about 30% of the basic market basket of good and services needed. A more comprehensive and continued assessment of basic living costs is needed to determine just how much of a premium living on Martha's Vineyard requires of ordinary residents (see recommendations in Summary).



Assessment of Housing Goals

The island's residents have made truly remarkable progress towards meeting the goal of 205 new affordable housing opportunities by the end of 2005. Altogether, the efforts of many helping hands have created 60 new homes and rehabbed 68 others. Another 48 homes are under construction; 117 have been permitted for building; and local assistance provides 50 more tenants with year-round rentals in what was seasonally rented property. That's 343 residents who are now or will soon be in safe, decent, year-round affordable housing!

III.1 Affordable Housing Created

DUKES COUNTY 2001-2005				
	Affordable Ownership	Year-round Rentals	Units Permitted or in Construction	Total
Aquinnah	3	0	2	5
Chilmark	5	4	0	9
Edgartown	25	9	72	106
Oaks Bluff	19	13	47	79
Tisbury	21	28	41	90
West Tisbury	22	29	3	54
ISLAND-WIDE	95	83	165	343

Source: Dukes County Regional Housing Authority, 3/05

In total, the rental housing built, permitted or in construction, includes 65 family units and 43 elderly units. This is in addition to 50 year-round rental contracts with private landlords.

Given the market conditions, limited development opportunities, and the relatively tight environment for state subsidy assistance, the creation of nearly 75 affordable homes per year for the four-year period is indeed remarkable. Every island community has become actively involved. Every community has now passed the Community Preservation Act. The new housing opportunities have taken the form of renovating existing homes and subsidizing rents of existing properties, not just adding new units. Initiatives have addressed both rental and homeownership housing in nearly equal measures. The new and rehabbed rental housing includes 65 family housing units for younger working residents and 43 units of elderly housing for seniors.



Summary

With respect to rental housing, the progress to date is effectively chipping away at problems endemic to the core of low-income renters who struggle to get by on the island. The units created have had an impact. The demographic bubble of new 20-somethings who grew up on the island will continue to place pressure on the available supply of affordable, year-round housing. More discouraging, as the employment numbers suggest that the seasonal and tourism sectors of the economy have heated up, that trend inevitably triggers scarcity in year-round rental housing. The “summer shuffle” is almost certainly on the rise despite the efforts to date. IAHF initiatives to help underwrite the cost of year-round rentals will continue to be an essential component of a strategy to provide secure, year-round rental housing.

Recommendation: Maintaining an annual increase of 30 to 40 units of rental rehabilitation and new production will be necessary to continue to positively address the needs of the island’s population earning below 80% of median income. Making these units perpetually affordable must remain the long-term goal. The efforts to increase the stock of private homes and apartments that rent year-round rather than seasonally remains a critical stop-gap measure, despite the fact that these units are not perpetually affordable.

The situation for homeownership is even more starkly defined. If the island wants to preserve any opportunity for even middle-income renters to purchase housing on the island, if it wants to be able to attract and retain essential service workers, it cannot look to the marketplace to serve that need. Beyond private family assistance that will surely help some longtime residents, local initiatives to create affordable ownership options (with covenants limiting profit-taking at resale) is the only viable alternative. The work that has been accomplished needs to continue.

Recommendation: Providing something in the order of 40 to 50 homeownership opportunities each year is the level of continued effort that will give essential service workers and long-term island renters some reasonable chance at remaining on the island.

With respect to the other “market basket” costs, the consultant has forwarded information to the client regarding a national organization that organizes and analyzes regular consumer price information surveys.

Recommendation: The consultant recommends that IAHF team with the local Chamber of Commerce to underwrite the cost of participating in an ongoing consumer price survey program.

