

## PROGRAMMATIC GOALS

Updated: July 20, 2019

### Introduction

This document outlines the Island Housing Trust's evolving programmatic goals whose purpose is to guide decision-making regarding the organization's various functions:

- **Who we are:** *The Island Housing Trust (IHT) is a private non-profit organization based on the national Community Land Trust model and is a state certified Community Development Corporation who serves the six towns on the island of Martha's Vineyard. The IHT's mission is to acquire land and properties for the purpose of developing permanently affordable community housing and the stewardship of properties through a ground leasing model to ensure their perpetual affordability. See IHT's website for more information at: [www.ihtmv.org](http://www.ihtmv.org)*

*We are located at the Vineyard Housing Office at 21 Mechanics Street in Vineyard Haven along with the Dukes County Regional Housing Authority (DCRHA) who provides homebuyer education and selection services, and rental property management services for the IHT*

- **Who we serve:** *The IHT serves low, moderate and middle income island residents who live year-round on the island of Martha's Vineyard, including both individuals and families.*
- **How we fund:** *The IHT raises funds to cover its project and operating costs through grants from town governments and public agencies, and donations from individuals, businesses and foundations, and commercial and private financing*
- **What we create:** *The IHT maintains high standards for design and construction to assure a quality living environment is created consistent with the objective of achieving long-term affordability.*

The following are evolving performance goals (and not hard and fast rules) that the IHT will apply to a given project and its ground leased properties as a whole.

### **Land Trust Goals**

The IHT acquires suitable properties for housing, through purchases on the open market, bargain sales, and/or contributions from town governments or private individuals. The IHT continues to own the land it acquires and ground leases it to homeowners (in the case of home sales or homesite sales) or contracts the Dukes County Regional Housing Authority (DCRHA) for rental property management services (in the case of rentals). The purpose of the ground lease is to provide long-term support to homeowners and renters while also assuring the permanent affordability over time. Typically, land acquisition costs as well as permitting and site preparation costs are included in the overall development budgets. However, the IHT is committed to raising funds from third party sources to offset such land-related costs in whole or in part in order to achieve the affordability goals.

### **Permanent Affordability Goals**

*Income Eligibility:* The IHT serves low, moderate, and middle income earning households up to 140% of the area median income (AMI). The 2013 Martha's Vineyard Housing Needs Assessment and the 2016 Island Wide Housing Production Plan prioritized the development of rental housing for low/moderate

income households earning between 30% and 80% AMI and ownership housing for middle income household earning between 80% and 100% of AMI.

**Goal:** The IHT will serve a diverse range of incomes when undertaking new opportunities and across the overall portfolio, balancing needs of households earning 30--80% of AMI mainly with rental housing, and 80-140% of AMI mainly with ownership housing.

**Sale Price:** When establishing an initial sales price for a house and rents, the amount is typically calculated so that a household spends no more than 30% of their gross income on housing costs (e.g. mortgage principal and interest, property taxes and insurance, plus the ground lease and any homeowner association fees). In order to ensure a pool of qualified candidates, the IHT will establish a price that builds in a 10% affordability margin.

For example, if the income eligibility target is 80% or less of AMI, then the initial sale price is calculated based on a household earning 70% of AMI. In this way, eligible applicants can earn less than the target income and still qualify. The actual sales price, however, will ultimately be based on the household's income and other mortgage underwriting standards.

**Goal:** The IHT will apply an affordability margin of at least 10% when budgeting income eligibility limits and initial sale prices, whenever possible. The actual sales prices may be based on adjusted household incomes of the prospective homeowners as well as mortgage underwriting standards.

### ***Housing Type Mix Goals***

The 2013 Martha's Vineyard Housing Needs Assessment and the 2016 Island Wide Housing Production Plan recommends 80% of all new housing created on Martha's Vineyard consist of rental housing serving low/moderate income residents, and that 40% of those rental units serve seniors and single-person households.

**Goal:** When undertaking new opportunities and maintaining its portfolio, the IHT will attempt to create a mix of house sizes and types with a priority for rental housing.

### **Selection Goals**

**Selection Process:** When selling houses or renting apartments the IHT contracts the Dukes County Regional Housing Authority, as its agent, to income qualify applicants and administer a public application and lottery selection process in accordance with state regulations and federal fair housing laws. The IHT partners with other non-profit (i.e. Habitat for Humanity) and for-profit developers to build affordable housing. Habitat for Humanity conducts its own advertised selection process that meets the state Department of Housing and Community Development marketing and selection requirements for 40B Comprehensive Permit projects, which is also approved by the IHT.

**Goal:** When partnering with other non-profit and for-profit developers, the IHT requires that a process for selecting income-qualified homebuyers be used and approved by the IHT, in accordance with state regulations and federal fair housing laws.<sup>1</sup>

**Local Preference:** Often a sensitive issue is the homebuyer selection process that sets priorities for choosing among the qualified, eligible applicants for the housing that is created. Many communities wish to reserve this housing for town residents according to a system of "local preferences". In some cases, such local preferences are limited by permit regulations (e.g., 40B Comprehensive Permit), state or federal funding requirements (e.g., HOME, AHTF, LIHTC, etc.), and/or program rules (Habitat for Humanity, Town Housing Committees). Some local preferences are prohibited by state and/or federal law (e.g., durational residency requirements, any discrimination against categories of people protected by civil rights laws, etc.). The Community Preservation Act generally allows more flexibility in establishing

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<sup>1</sup> Adopted by IHT October 4, 2008

preferences since the funding source is considered local. Nonetheless, a properly crafted system of local preferences may be employed to address a critical local housing need. For example, communities may adopt selection preferences that benefit particular groups or categories of people (current residents, municipal or local employees, etc.). Guidelines developed by the state housing agency limit local preference to 70% of the affordable units (80% or less of AMI) but do not limit local preference percentages for housing that serves households earning above 80% of AMI (considered market).

Note also that the IHT allows affordability restrictions to be maintained in perpetuity through a renewable 99-year ground lease. In the absence of this ground lease, restrictions are generally limited to 30 years or less unless explicitly approved by the state. The state is often resistant to approve such affordability extensions if local preferences are in play.

**Goal:** The IHT will work within federal and state laws when collaborating with town housing programs and other housing organizations when establishing resident selection criteria. Wherever possible, such criteria will be aimed at maximizing local and island-wide preferences and needs.

### **Business Goals**

The Island Housing Trust's business goals to maintain financial sustainability by building and diversifying its revenue sources from a combination of project fees, professional services, ground lease fees, public and private grants, bequests, and donations from individual donors, business sponsors, and foundations.

**Goal:** The IHT will include land acquisition as well as site permitting and preparation costs in the development budgets but will use its best efforts to raise necessary gap funds from private donors, town governments, and state agencies to reach affordability goals. However, when the IHT is not the developer it may pass along to the lessee/ developer only predevelopment costs and charge a minimum of 10% of the land costs for overhead.

**Goal:** The IHT will budget up to a 10% developer fee and overhead when undertaking new opportunities in order to cover the organization's working capital and operating expenses. The IHT will also assess a \$50 per month ground lease fee. Finally, the IHT will identify public funding sources to assist with its operational expenses.

**Goal:** The IHT will maintain a reserve equal to its annual administrative budget less 85% of total revenues from annual pledges and ground lease fees.<sup>2</sup>

The IHT will actively engage qualified local general contractors. The IHT will encourage these general contractors to charge below normal rates for affordable housing undertakings.

**Goal:** The IHT will allow general contractors to charge 5% contingency and up to 10% overhead and profit.

### **Design and Construction Goals**

The design and construction quality of the houses the IHT develops is critical to the long-term affordability and integration of these homes into their neighborhoods and the island community. Whether designed for stick built, panelized, modular or renovations, high quality design and construction standards will be a priority whether the housing is developed by the IHT or partnership with other developers. Such standards include compatible scale and character of design, minimal environmental impacts, low maintenance needs, low energy use, universal design (handicap

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<sup>2</sup> Adopted by IHT November 16, 2013

accessibility), healthy interiors, reuse and improvement of building designs, and functional efficiency as adopted and amended from time to time by the IHT in its Green Building Practices.

**Goal:** The IHT will ensure that high quality housing design and construction quality standards are met when working with developers, architects/designers, builders, and/or modular companies.

**Goal:** The IHT will develop a portfolio of replicable building designs with contractual rights to reuse and improve upon these designs where appropriate to achieve higher quality and cost efficiencies.

**Goal:** The IHT will make efficient use of its limited professional resources by carefully managing all phases of project planning, design, and development by contracting qualified professionals (architects/designers, engineers, builders, etc) whenever practical.

### **Architect/Designer Selection Goals<sup>3</sup>**

The IHT will contract qualified architects to design new housing and repurpose existing housing in accordance with its Green Building Practices, preferably with affordable housing experience.

**Goal:** In order to achieve greater efficiency and effectiveness, the IHT will identify teams of qualified and experienced architects and designers, selected and pre-qualified through a Request for Qualifications (RFQ) process. These qualified teams will become a pool from which the IHT may draw to provide project specific proposals, until such time as IHT shall initiate a new RFQ process. IHT will enter into an agreement with a prequalified architect/designer without further competitive process if the proposal meets quality and costs standards established by the IHT. In all cases, IHT reserves the right to publicly advertise for proposals beyond its pre-selected list of architects/designers.

### **General Contractor Selection Goals<sup>4</sup>**

The IHT will partner with developers and/or hire general contractors to build new housing and repurpose existing housing in accordance with its Green Building Practices.

**Goal:** The IHT will select qualified general contractors through a publicly advertised Request for Proposal (RFP) process. Selection criteria may include, but not be limited to: price, qualifications, experience, and ability to meet the Programmatic Goals of the IHT. RFPs will state the selection criteria used in evaluating proposals. However, for renovations or smaller projects the IHT may select a qualified general contractor after seeking three qualified bids. The IHT will actively engage qualified local general contractors and encourage these contractors to utilize as many local subcontractors whenever possible.

### **Design & Build Selection Goals<sup>5</sup>**

In order to achieve a higher level of integration between the design and construction, the IHT will endeavor to work with established design/build teams and/or will encourage the formation of such teams. The IHT will contract teams of architects and builders to design new housing and when appropriate repurpose existing housing in accordance with its Green Building Practices.

**Goal:** In order to achieve greater efficiency and effectiveness, the IHT will endeavor to identify and work with qualified and experienced teams of architects and builders, selected and pre-qualified through a Request for Qualifications (RFQ) process. These qualified teams will become a pool from which the IHT may draw to provide job-specific design/build budget proposals, until such time as IHT shall initiate a new RFQ process. IHT will enter into an agreement with a pre-qualified design/build

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<sup>3</sup> Amended by IHT July 20, 2019

<sup>4</sup> Amended by IHT July 20, 2019

<sup>5</sup> Amended by IHT July 20, 2019

team without further competitive process if the proposal meets quality and costs standards established by the IHT. In all cases, IHT reserves the right to publicly advertise for proposals beyond its pre-selected list of design/build teams.

**Stewardship Goals<sup>6</sup>**

IHT's nationally recognized ground lease model helps ensure homeowners' success and their home's permanent affordability through ongoing support and stewardship services for as long as they own it. This hands-on approach has helped safeguard against the threat of foreclosure and ensures that these homes on leased land remain affordable now and for future generations of island families.

**Goal:** The IHT will provide homeowners with a homeowner's manual (i.e. warranties, maintenance manuals, specs, etc.) at time of sale. The IHT may exercise its Purchase Option (Ground Lease Article 10.5) at time of resale. The IHT includes contingencies in the Purchase and Sale Agreement that require the seller to make any necessary capital repairs per a licensed home inspector's report or reduce the Purchase Option Price. The IHT may utilize its option to purchase to ensure that the sale of improvements to another qualified household meet certain quality standards.<sup>7</sup>

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<sup>6</sup> Amended by IHT July 20, 2019

<sup>7</sup> Adopted by IHT January 8, 2005