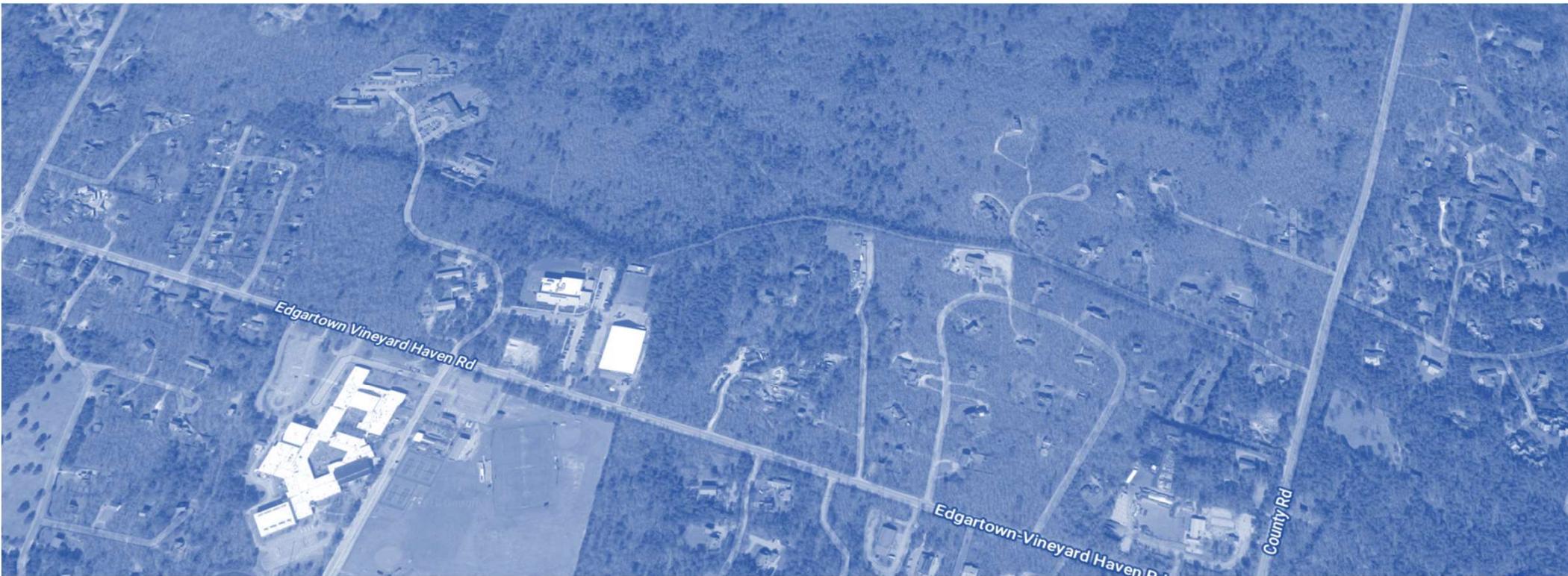


# Housing Feasibility Study

Oak Bluffs, Massachusetts

September 2019



# Preliminary Findings and Future Direction

The materials, data, and information presented in this document are preliminary findings from the planning, engineering, and financial modeling completed to date. These findings were based on knowledge and direction from prior plans and conversations with the Town of Oak Bluffs and other stakeholders working on the Island as of 9/11/19. The joint board meeting held on 9/12/19 provided new information and direction to the Consultant Team and will result in updated analyses and scenarios moving forward. These new scenarios will consider, but not be limited to, the following:

- A more intensive development scenario with a focus on housing.
- Testing the development capacity and cost of expanded Title 5 systems and on-site package plant systems.
- Updated bedroom mix with a focus on 2- and 3-bedroom units.
- Updated rent mix integrating “workforce” housing units.

Please note assumptions and findings in this presentation may change as we progress through the remainder of the project.

# Tonight's Agenda:

- Who We Are
- Project Understanding
- Existing Housing Conditions in Oak Bluffs
- Project Site Constraints
- Development Potential and Financial Feasibility
- Conceptual Layouts
- Discussion

Who we are:



**Economic, Planning, and Real Estate  
Consultancy**

**Founded in 1981, 37 years of experience serving  
public and private clients**

**Areas of Expertise Include:**

<b>Real Estate Strategies</b>	<b>Economic Development Plans</b>
<b>Market Analysis</b>	<b>Fiscal Impact Analysis</b>
<b>Financial Feasibility</b>	<b>Master Planning</b>
<b>Housing Strategies</b>	<b>Military Base Planning</b>

## Project Understanding:

Housing Production Plan identified critical housing need for low- and moderate-income households.

Town owns a roughly 8-acre site along Edgartown Road that was identified as a potential site to build housing. Additionally, the town is in the process of acquiring a contiguous 24-acre parcel via a land swap.

Town requested funds through MassHousing for consultant to undertake financial and physical suitability analysis for the 8-acre site.

RKG Associates and Weston & Sampson are working with Town to identify housing options for the site, and test the financial viability, site layout, and physical constraints while also taking into consideration impacts on the 24-acre parcel.

## Findings from the Oak Bluffs Housing Production Plan:

- Oak Bluffs has unmet local housing needs that are not served with the existing affordable and community housing units.
- Close to 40 percent of all year-round households in Oak Bluffs have income at or below 80 percent of the area median income (AMI) and about 285—more than half—of these year-round households are severely housing cost burdened.
- Oak Bluff's year-round population is expected to grow in the future, with the senior population expanding. Seniors tend to be on fixed incomes and have housing needs such as smaller and more accessible units.
- The income needed to afford the 2016 median single-family house sales price in Oak Bluffs (\$644,500) is about \$170,000, while the median household income for year-round residents in Oak Bluffs is an estimated \$80,225.

# Island-Wide Existing Public Housing Waitlist:

Income Groups	One Person	Two Person	Three Person	Four Person	Five Person	Six Person/+	Total
0% to 30% AMI	36	4	9	3	0	0	52
31% to 50% AMI	32	11	15	6	3	0	67
51% to 80% AMI	29	27	20	9	2	2	89
81% to 100% AMI	0	0	0	1	0	0	1
<b>Total</b>	<b>97</b>	<b>42</b>	<b>44</b>	<b>19</b>	<b>5</b>	<b>2</b>	<b>209</b>

- Dukes County Housing Authority manages 95 year-round rental apartments across the island which serve over 190 island residents who make less than 80% of the area median income.
- Across the Island, most of the waitlist demand comes from one and two person households at or below 50% of AMI.



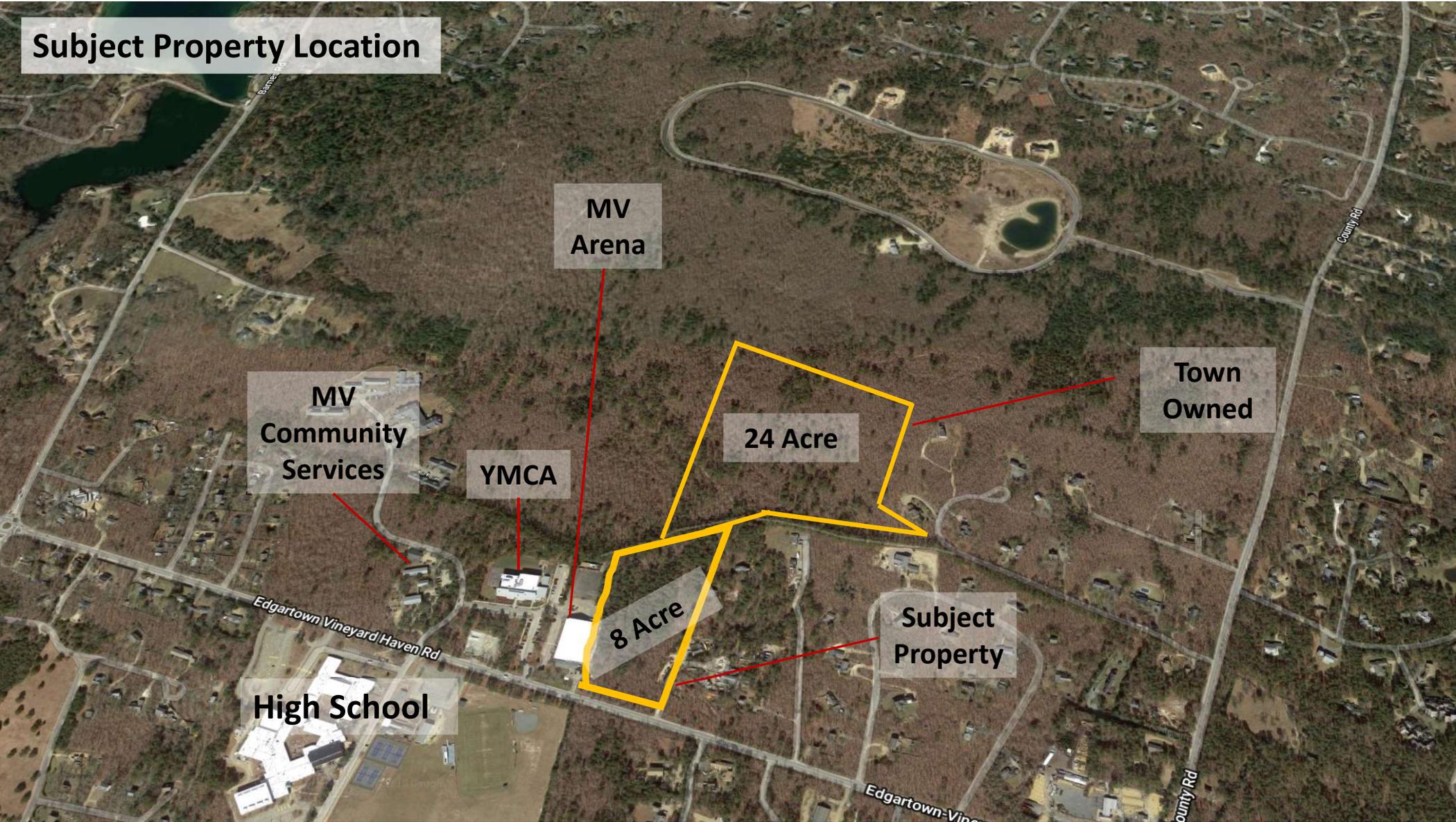
Source: DCRHA, 2019

# Oak Bluffs Existing Public Housing Waitlist:

Income Groups	One Person	Two Person	Three Person	Four Person	Five Person	Six Person/+	Total
0% to 30% AMI	9	0	0	0	0	0	9
31% to 50% AMI	6	0	2	2	3	0	13
51% to 80% AMI	6	6	6	2	1	0	21
81% to 100% AMI	0	0	0	0	0	0	0
<b>Total</b>	<b>21</b>	<b>6</b>	<b>8</b>	<b>4</b>	<b>4</b>	<b>0</b>	<b>43</b>

- In Oak Bluffs, most of the demand comes from one and two person households between 30% and 80% of AMI.

# Subject Property Location



MV  
Arena

MV  
Community  
Services

YMCA

High School

24 Acre

8 Acre

Subject  
Property

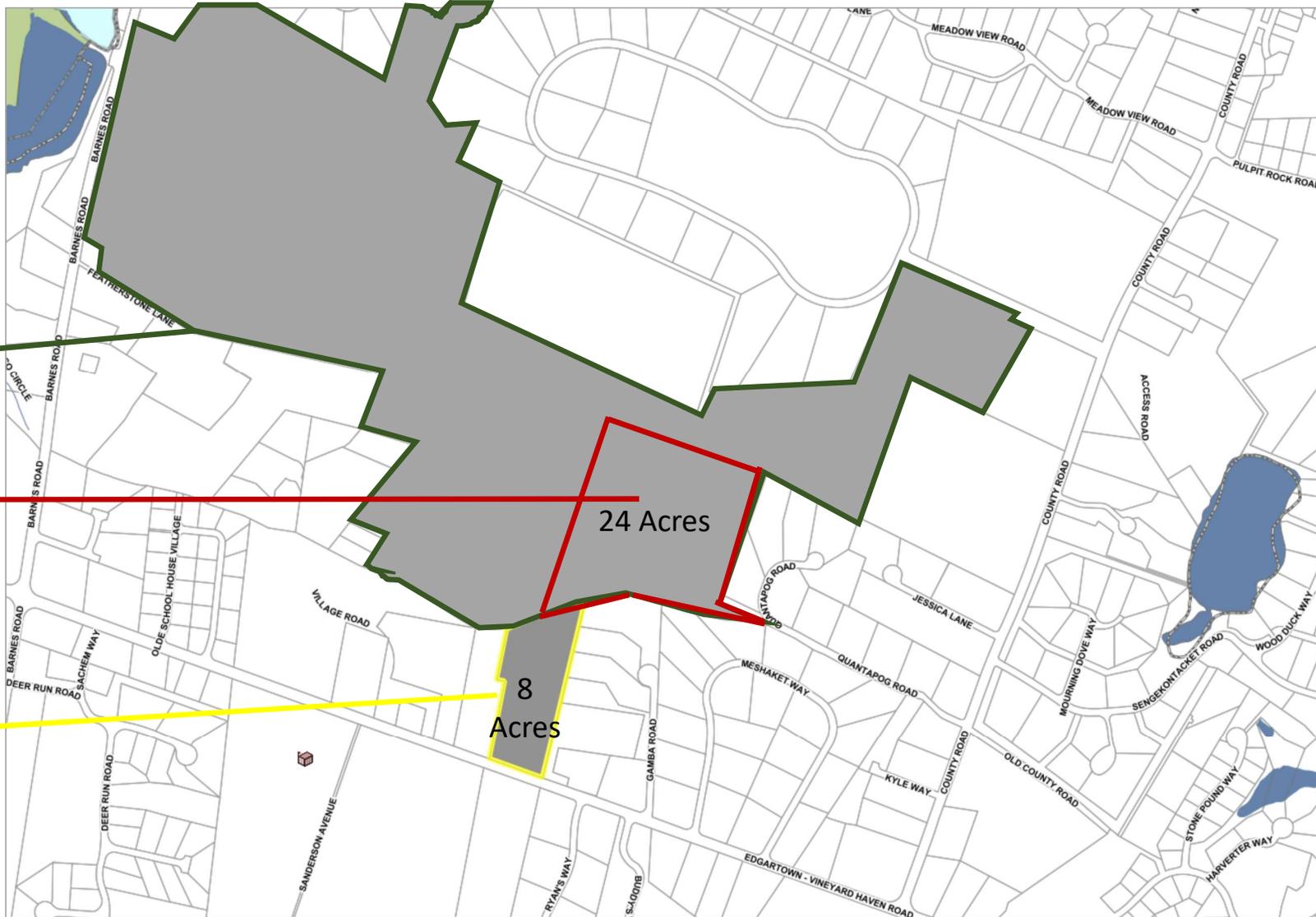
Town  
Owned

Edgartown Vineyard Haven Rd

Edgartown-Vine

County Rd

County Rd



Land Trust Property

Town Owned Land

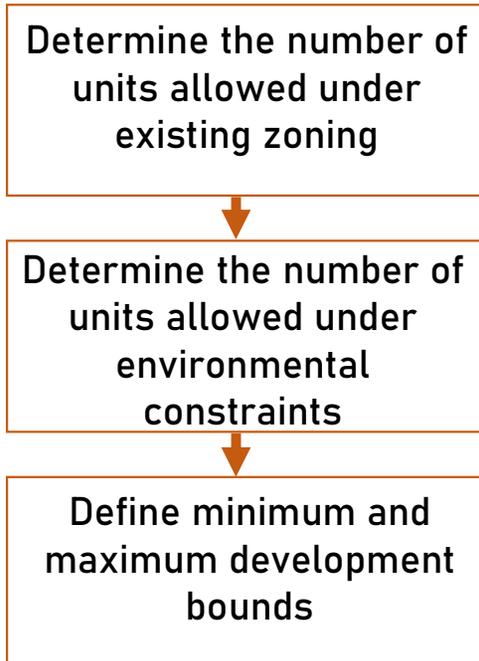
Subject Property

24 Acres

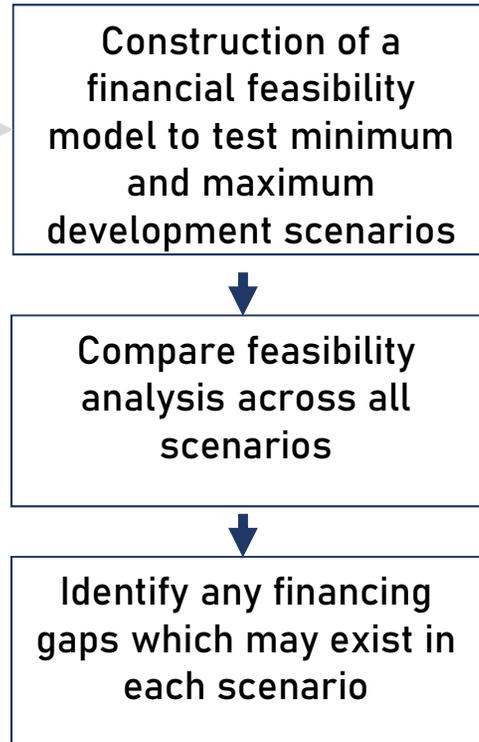
8 Acres

# Analytical Process

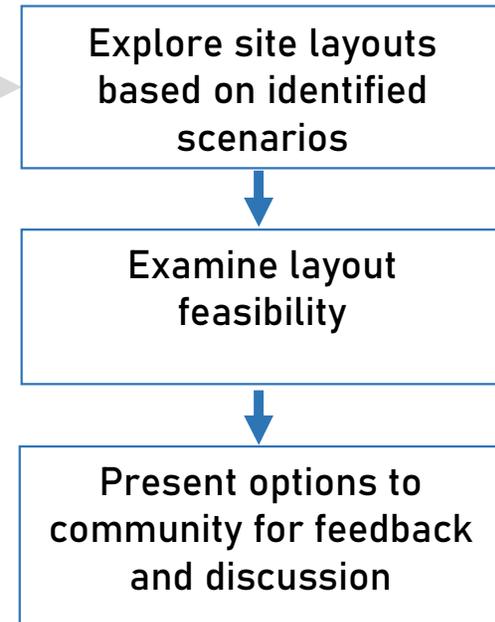
## Site Understanding



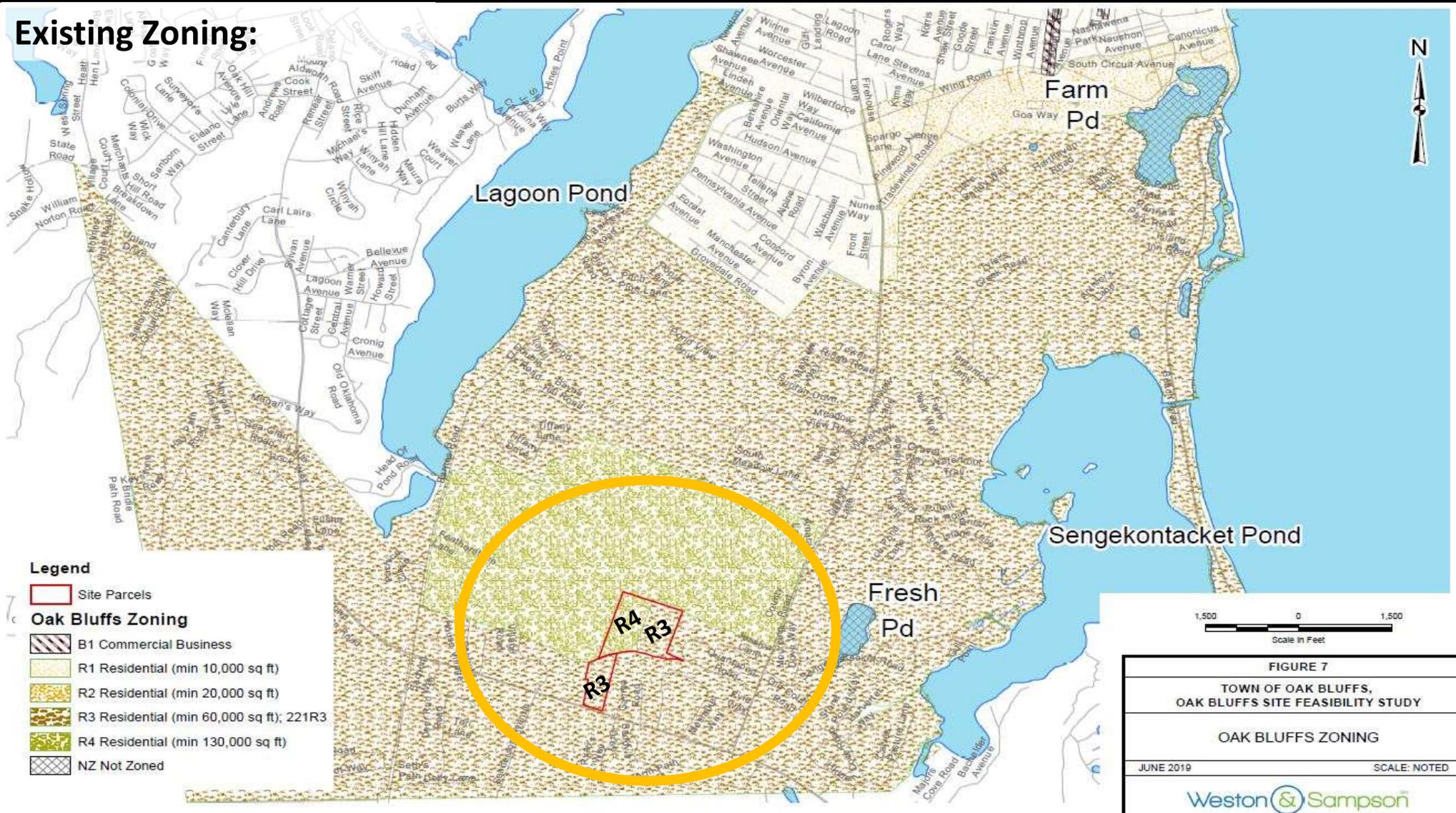
## Scenario Testing



## Potential Programs



# Existing Zoning:



- Legend**
- Site Parcels
  - Oak Bluffs Zoning**
  - B1 Commercial Business
  - R1 Residential (min 10,000 sq ft)
  - R2 Residential (min 20,000 sq ft)
  - R3 Residential (min 60,000 sq ft); 221R3
  - R4 Residential (min 130,000 sq ft)
  - NZ Not Zoned

1,500 0 1,500  
Scale in Feet

**FIGURE 7**  
**TOWN OF OAK BLUFFS,**  
**OAK BLUFFS SITE FEASIBILITY STUDY**

**OAK BLUFFS ZONING**

JUNE 2019 SCALE: NOTED

# Existing Zoning and Dimensional Requirements:

District	Size (sq. ft.)	Frontage	Front	Side	Rear	Maximum Building Height (ft.)
R-3	60,000 (plus 60,000 per family unit in excess of 1 on the lot)	150 (or 125 if, 30 ft. back from the street line, the lot is at least 150 ft. wide)	50	50	50	32
R-4	130,000 (plus 130,000 per family unit in excess of 1 on the lot)	200 (or 170 if, 40 ft. back from the street line, the lot is at least 200 ft. wide)	50 (except for a permitted driveway no wider than 12 ft.)	50 (except for a permitted driveway no wider than 12 ft.)	50 (except for a permitted driveway no wider than 12 ft.)	32

- Under the existing zoning about 5 units could be built on the 8-acre parcel site.
- Existing zoning is restrictive.

## Physical and Environmental Constraints:

- The 8-acre site is narrow but deep.
- Porous soils allow rapid infiltration of contaminants.
- Area ponds exceed nitrogen levels creating expectation that new development will help mitigate on-site issues.
- Awareness of possible endangered species.
- Existing sewer system is at capacity.
- Zoning regulations and dimensional requirements impact layout and intensity.
- Future development on larger parcel is likely to drive infrastructure needs and costs.



# Proposed New Well Location:

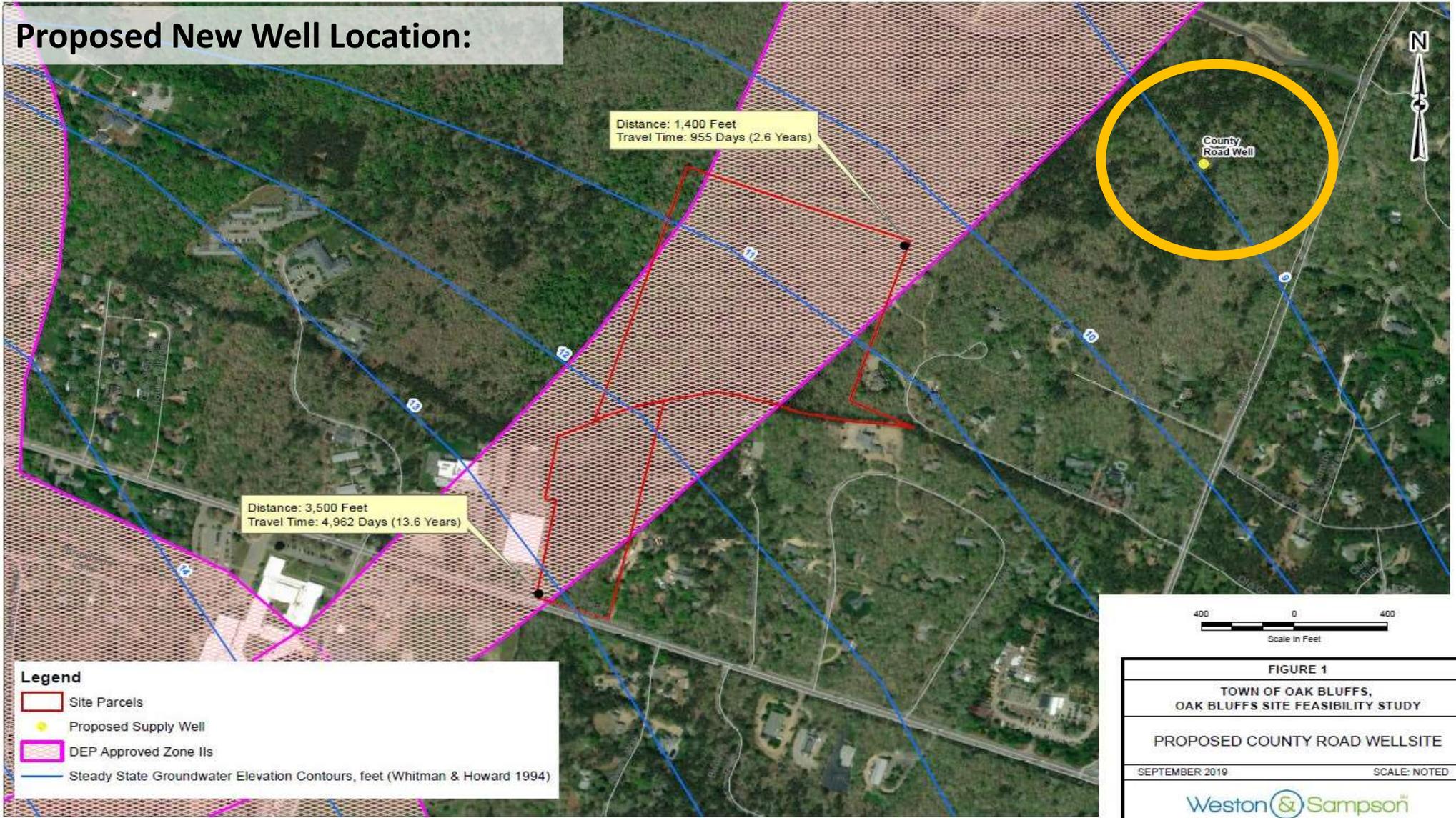


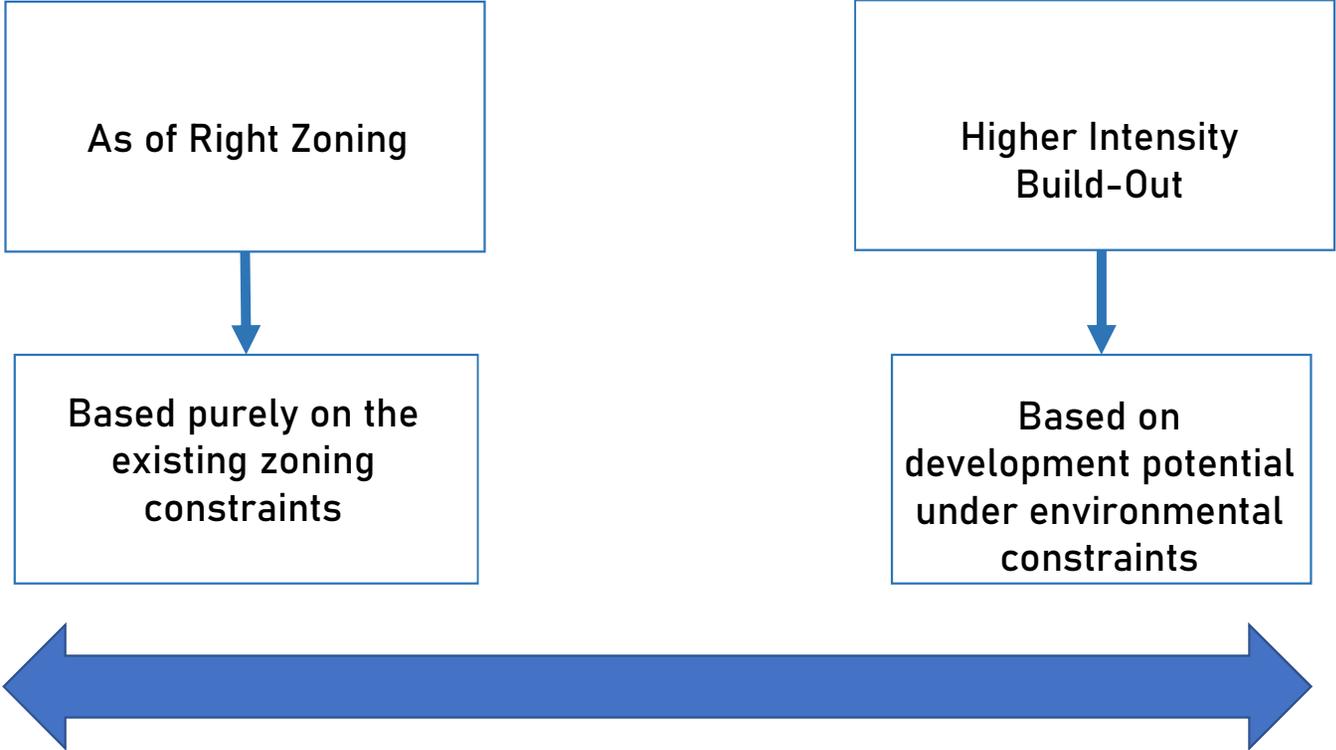
FIGURE 1  
TOWN OF OAK BLUFFS,  
OAK BLUFFS SITE FEASIBILITY STUDY  
PROPOSED COUNTY ROAD WELLSITE  
SEPTEMBER 2019 SCALE: NOTED  
Weston & Sampson

# Supportable Number of Housing Units Under Existing Environmental Constraints:

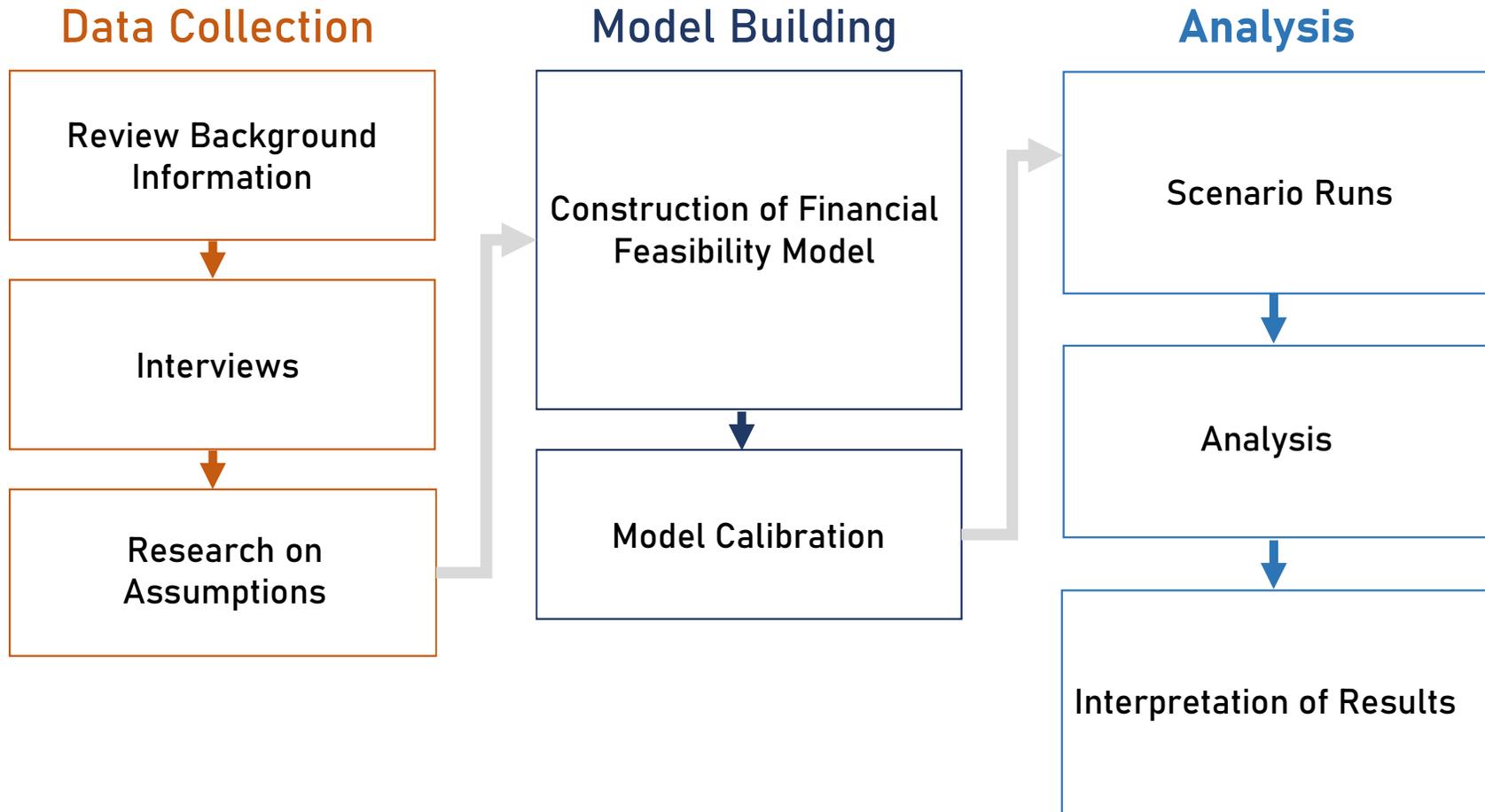
Parcel	Total Number of Supportable Bedrooms	Potential Number of Housing Units
8-Acre	30	15
Total Land (Combined 8 and 24 Acres)	90	48

- Assumptions for translating number of rooms into housing units:
  - One Bedroom - 15%
  - Two Bedroom - 70%
  - Three Bedroom - 15%
  
- Two-bedroom units tend to be the most flexible type of unit and can accommodate a 4-person household.

# Potential Development Scenarios



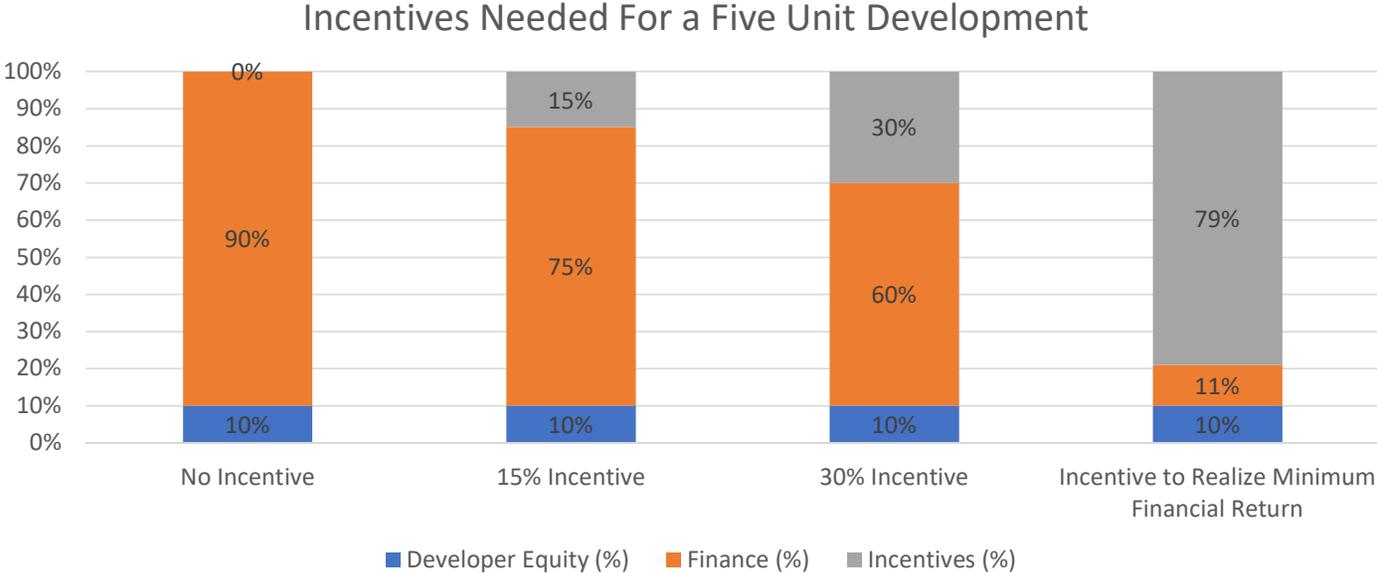
# Financial Modeling Approach



# Financial Summary of Development Scenarios on 8-Acre Site:

<b>Oak Bluffs Development Proforma Scenarios Under Existing Zoning</b>				
	<b>Scenario 1</b>	<b>Scenario 2</b>	<b>Scenario 3</b>	<b>Scenario 4</b>
	<b>No Incentive</b>	<b>15% Incentive</b>	<b>30% Incentive</b>	<b>Incentive to Realize Minimum Financial Return</b>
<b>Maximum Build</b>				
<b>Residential Units</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>
Development Costs (Excluding Land and Infrastructure)	\$1,777,950	\$1,777,950	\$1,777,950	\$1,777,950
Infrastructure Cost (Road)	\$850,000	\$850,000	\$850,000	\$850,000
Infrastructure Cost (Wastewater)	\$1,200,000	\$1,200,000	\$1,200,000	\$1,200,000
Land	\$0	\$0	\$0	\$0
<b>Total Development Cost</b>	<b>\$3,952,407</b>	<b>\$3,952,407</b>	<b>\$3,952,407</b>	<b>\$3,952,407</b>
Developer Equity (%)	10%	10%	10%	10%
Finance (%)	90%	75%	60%	11%
Incentives (%)	0%	15%	30%	79%
<b>Actual IRR</b>	<b>Negative</b>	<b>Negative</b>	<b>Negative</b>	<b>10%</b>
<small>Note: Incentives offered can be a mix of tax credits, grants, abatements, fee waivers, donated land, etc. which can offset the developer equity. Holding period assumed to be 20-years for proforma. HUD 65% AMI rents were assumed in model calculations.</small>				

# Financial Summary of Development Scenarios on 8-Acre Site:

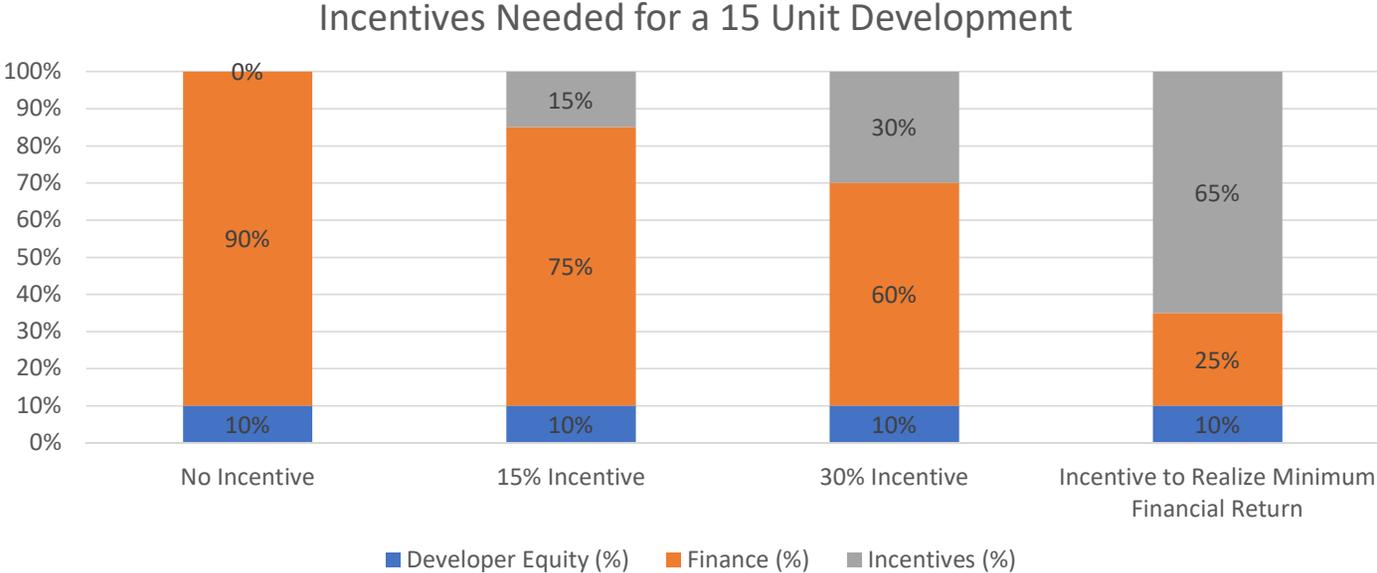


<b>Oak Bluffs Development Proforma Scenarios Under Existing Zoning</b>	
	<b>Development Program</b>
<b>Residential Units</b>	<b>5</b>
Development Costs (Excluding Land and Infrastructure)	\$1,777,950
Infrastructure Cost (Road)	\$850,000
Infrastructure Cost (Wastewater)	\$1,200,000
Land	\$0
<b>Total Development Cost</b>	<b>\$3,952,407</b>
Note: Incentives offered can be a mix of tax credits, grants, abatements, fee waivers, donated land, etc. which can offset the developer equity. Holding period assumed to be 20-years for proforma. HUD 65% AMI rents were assumed in model calculations.	

# Financial Summary of Development Scenarios on 8-Acre Site:

<b>Oak Bluffs Development Proforma Scenarios Under Existing Environmental Constraints</b>				
	<b>Scenario 1</b>	<b>Scenario 2</b>	<b>Scenario 3</b>	<b>Scenario 4</b>
	<b>No Incentive</b>	<b>15% Incentive</b>	<b>30% Incentive</b>	<b>Incentive to Realize Minimum Financial Return</b>
<b>Maximum Build</b>				
<b>Residential Units</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>
<b>Development Costs (Excluding Land and Infrastructure)</b>	<b>\$5,374,350</b>	<b>\$5,374,350</b>	<b>\$5,374,350</b>	<b>\$5,374,350</b>
<b>Infrastructure Cost (Road)</b>	<b>\$850,000</b>	<b>\$850,000</b>	<b>\$850,000</b>	<b>\$850,000</b>
<b>Infrastructure Cost (Wastewater)</b>	<b>\$1,200,000</b>	<b>\$1,200,000</b>	<b>\$1,200,000</b>	<b>\$1,200,000</b>
<b>Land</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Total Development Cost</b>	<b>\$7,800,555</b>	<b>\$7,800,555</b>	<b>\$7,800,555</b>	<b>\$7,800,555</b>
<b>Developer Equity (%)</b>	<b>10%</b>	<b>10%</b>	<b>10%</b>	<b>10%</b>
<b>Finance (%)</b>	<b>90%</b>	<b>75%</b>	<b>60%</b>	<b>25%</b>
<b>Incentives (%)</b>	<b>0%</b>	<b>15%</b>	<b>30%</b>	<b>65%</b>
<b>Actual IRR</b>	<b>Negative</b>	<b>Negative</b>	<b>-10%</b>	<b>10%</b>
<small>Note: Incentives offered can be a mix of tax credits, grants, abatements, fee waivers, donated land, etc. which can offset the developer equity. Holding period assumed to be 20-years for proforma. HUD 65% AMI rents were assumed in model calculations.</small>				

# Financial Summary of Development Scenarios on 8-Acre Site:



<b>Oak Bluffs Development Proforma Scenarios Under Existing Environmental Constraints</b>	
	<b>Development Program</b>
<b>Residential Units</b>	<b>15</b>
Development Costs (Excluding Land and Infrastructure)	<b>\$5,374,350</b>
Infrastructure Cost (Road)	<b>\$850,000</b>
Infrastructure Cost (Wastewater)	<b>\$1,200,000</b>
Land	<b>\$0</b>
<b>Total Development Cost</b>	<b>\$7,800,555</b>
Note: Incentives offered can be a mix of tax credits, grants, abatements, fee waivers, donated land, etc. which can offset the developer equity. Holding period assumed to be 20-years for proforma. HUD 65% AMI rents were assumed in model calculations.	

## Potential Incentives and Gap Funding:

- Low interest debt
- Community Preservation Act (CPA) funding
- Community Development Block Grants
- Martha's Vineyard Commission (MVC) Transportation Improvement Program (TIP) Funding
- MassHousing grants and Chapter 40B financing
- Low-Income Housing Tax Credits
- MassWorks
- Philanthropic sources

# Example Typologies:



Scotts Grove, West Tisbury



Morgan Woods, Edgartown



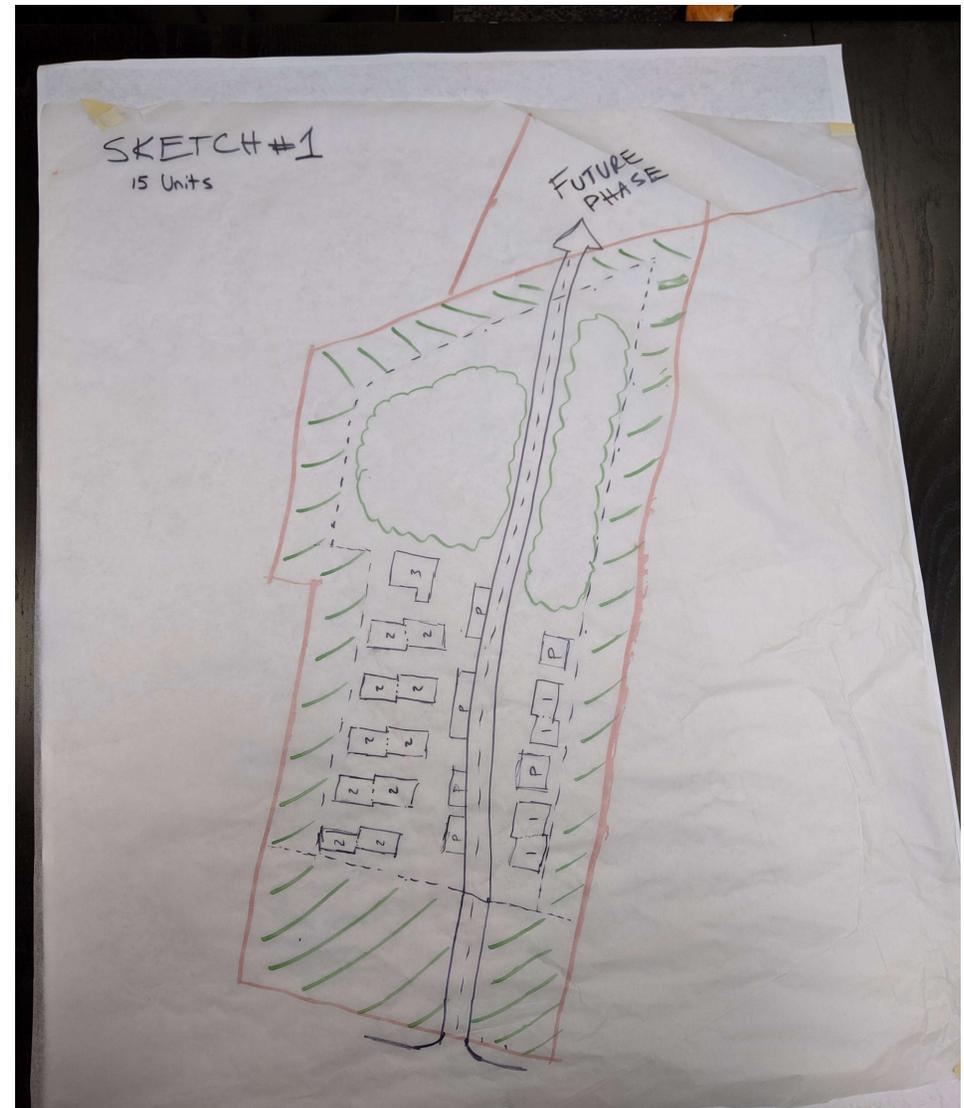
The Waldo Duplex, Kansas



Melrose, MA

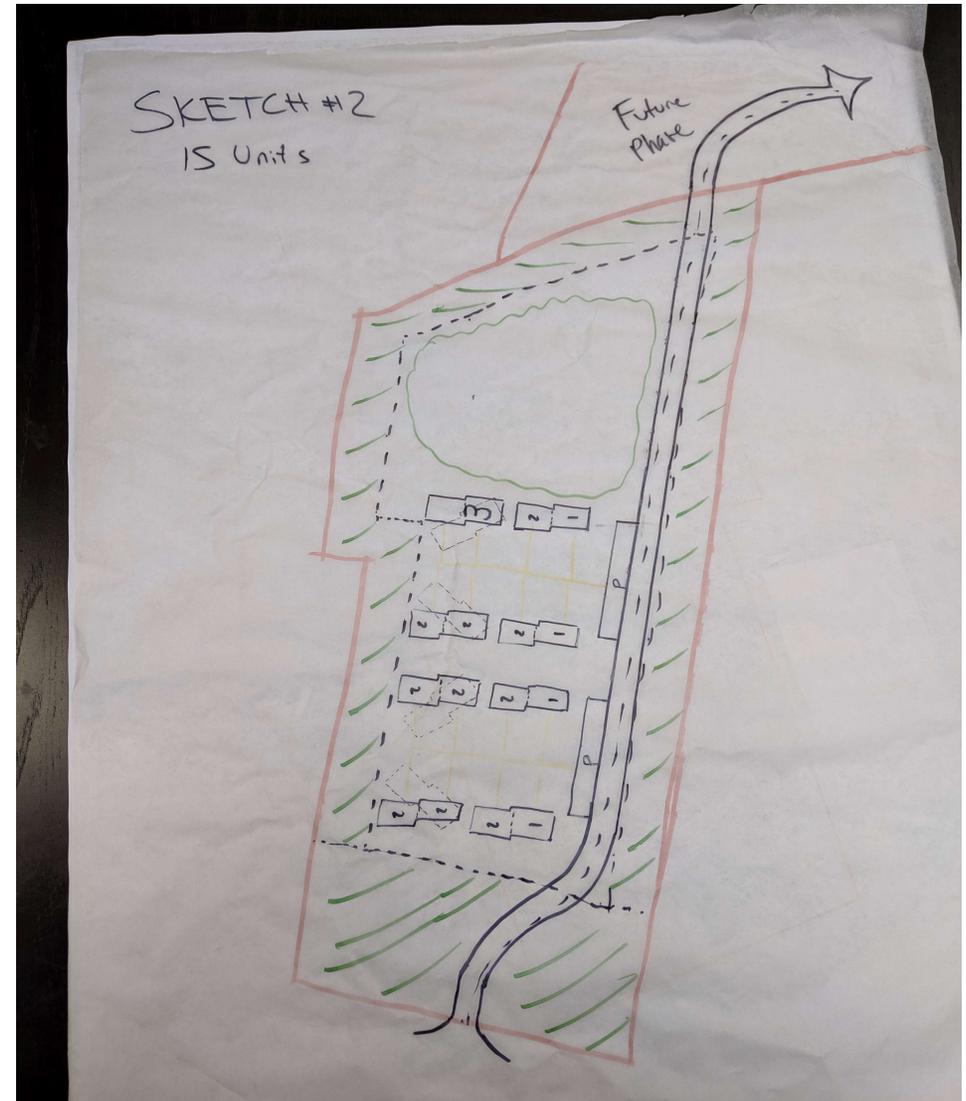
## Example Layout #1:

- Road assumed to be a paved two way 24-foot wide road and runs through the center of the property.
- Housing distributed on both sides of the road and clustered to the front:
  - 1BR – 4 units
  - 2BR – 10 units
  - 3BR – 1 unit
- The backside of the parcel to be used for wastewater treatment/storage and open space.
- Parking spaces will be off the road in front of each cluster of homes.



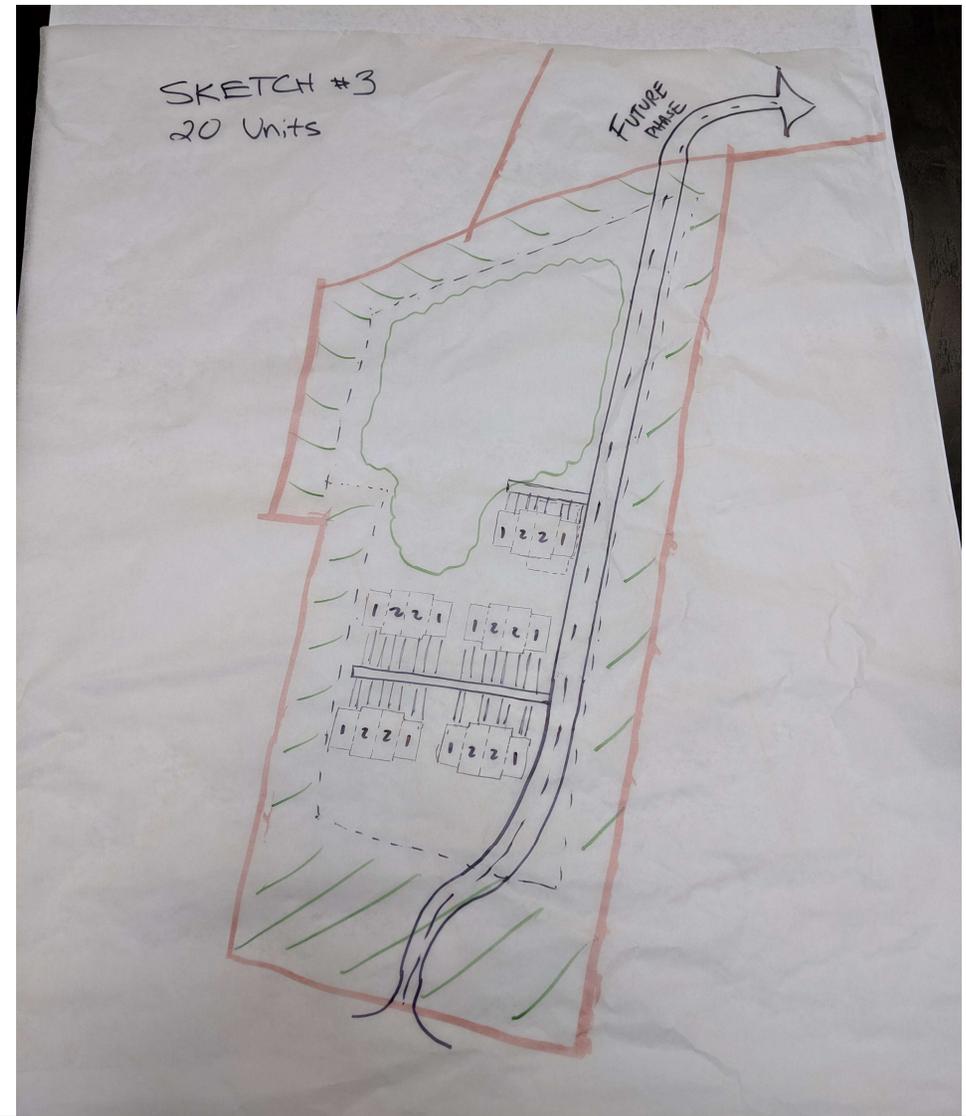
## Example Layout #2:

- Road assumed to be a paved two way 24-foot wide road which hugs the property line to the right.
- Road entrance is curved to obstruct view of homes from Edgartown Road.
- Two clusters of housing are on the left side of the road; each cluster has open space between:
  - 1BR – 4 units
  - 2BR – 10 units
  - 3BR – 1 unit
- The backside of the parcel to be used for wastewater treatment/storage and open space.
- Parking spaces would be off the road in front of each cluster of homes.



## Example Layout #3:

- Road assumed to be a paved two way 24-foot wide road and hugs the property line to the right.
- Road entrance is curved to obstruct view of homes from Edgartown Road.
- Two clusters of townhome style units:
  - 1BR – 10 units
  - 2BR – 10 units
- Each unit has its own driveway.
- The backside of the parcel to be used for wastewater treatment/storage, open space, or additional phase.



## Next Steps:

- Narrow down potential development scale and program.
- Develop options for treating wastewater flows, sizing and siting of Title 5 systems, stormwater, and traffic.
- Look at potential funding/financing strategies to bridge identified financial gaps.
- Presentation on recommendations.
- Final report delivery detailing process and recommended development program.

# Discussion