

Covenant Housing Program Expansion

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Abstract

The goal of this project was to help Housing Nantucket expand their Covenant Housing Program by targeting potential sellers through the analysis and development of marketing materials. To realize this goal, we first determined the potential supply of Covenant Homes and analyzed past covenant transactions. Additionally, marketing materials, such as postcards, fact sheets, and a brochure were created to raise awareness of the Covenant Housing Program on Nantucket. The project resulted in consumer profiles of past sellers and a mailing list of potential sellers that can be utilized, with the marketing material, by Housing Nantucket.

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Executive Summary

Nantucket, a small island off the coast of Massachusetts, is a flourishing summertime destination where the population increases from 11,000 to 50,000 at the height of the tourist season (Florida, 2018). As the island has grown increasingly popular, an issue associated with famous urban centers like New York City affects Nantucket: the lack of safe, affordable housing. The average home price in 2018 was a staggering \$2.2 million, leaving low- and middle-income residents challenged to find affordable places to live (Rochat, 2018).

Housing Nantucket is a local non-profit with a focus on securing affordable housing for year-round residents (Housing Nantucket, nd). Of their three programs, affordable rentals, house recycling, and Covenant Housing, our efforts supported their Covenant Housing Program. This program targets residents earning up to 150% of the average annual income of Nantucket county, which was \$149,250 in 2018 (Housing Nantucket, n.d.).

The Covenant Housing program takes advantage of a provision in the Town Code which allows the division of one lot into two for affordable housing even where not allowed under normal zoning regulations (Code of the Town of Nantucket, Massachusetts).

While 83 Covenant Homes have been created as of December 2018, demand for Covenant Homes outstrips supply. Housing Nantucket believes there is an unexplored supply of Covenant Homes on the island that can help them achieve the goal of 100 total Covenant Homes by the end of 2020. Our project focused on connecting with that supply.

The goal of this project was to help Housing Nantucket expand their Covenant Housing Program by targeting potential sellers through the analysis and development of marketing materials. This was accomplished by fulfilling five objectives:

1. Evaluate the Covenant Housing program's past effectiveness in online marketing.
2. Develop consumer profiles of past sellers.
3. Determine potential supply of Covenant Homes.
4. Develop a set of marketing materials informed by potential supply and tailored to the market segments illustrated by profiles of past sellers.
5. Create a plan to distribute the current set of marketing materials and identify marketing methods that can be implemented in the future.

Each of these objectives is described briefly below. Complete details are available in the final project report.

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Evaluate past effectiveness in online marketing.

Once we arrived on Nantucket, our first objective was to analyze their current marketing strategies to understand what they had tried and found effective. We completed a SWOT Analysis (Strengths, Weaknesses, Opportunities, and Threats) of their online marketing to determine the next steps to take while developing a new marketing strategy. We found that Housing Nantucket's greatest strengths were their strong brand, and their greatest weakness was their inactivity on social media.

Develop consumer profiles of past sellers.

After completing the SWOT analysis, we analyzed the past Covenant transactions and develop past seller profiles. The transactions provided most of the information that was relevant to the profiles, but we needed a deeper of understanding of the process. We reached out to past sellers as well as local real estate agents for interviews. The information we gathered from these stakeholders was combined into interview takeaways, which later helped us create marketing materials. Something important we discovered was the reasons sellers sold into the Covenant Program. We found that the top reasons sellers sold into the Covenant Program were:

- ❖ The seller had a financial need that could be fulfilled by selling into the Covenant Program.
- ❖ The seller had unused land or dwellings they did not want to maintain.
- ❖ The seller wanted to help a family member, employee, or friend obtain affordable housing.
- ❖ The seller needed to divide their assets.

Determine potential supply of Covenant Homes.

An important objective of this project was to provide Housing Nantucket with an estimate of properties eligible to participate in the Covenant Housing program. We had access to Excel spreadsheets containing town tax assessor information about every parcel of land on Nantucket. From that, different filters were applied to determine which properties qualified to participate in the Covenant Program. We combined this information with a spreadsheet that we were given from our sponsor, including all past Covenant Homes sold by Housing Nantucket. Using these spreadsheets, we were able to identify 400 properties eligible to participate in the Covenant Program.

Develop marketing materials.

Using the information gathered in our consumer profiles, we created marketing materials tailored to specific market segments.

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Covenant Postcards

We created multiple drafts of postcards targeting potential Covenant sellers. They included information on the Covenant Program, why sellers should sell, and where to find more information. An example of one of our designs is seen below.



Covenant Fact Sheets

Covenant fact sheets include information from Housing Nantucket's website, frequently asked questions, Covenant Program facts, and useful resources on the fact sheets. They were tailored to three main groups: real estate agents, all property owners, and property owners who needed to liquidate their assets. An overview of one of our fact sheets can be seen below.

An overview of a covenant fact sheet titled "COVENANT HOUSING: AN OPTION TO LIQUIDATE ASSETS". The page includes sections on "Who is Housing Nantucket?", "Experienced Banks", "Experienced Law Firms", and various Q&A sections about the program. It also features the Housing Nantucket logo and a photo of a house.

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Covenant Brochure

The Covenant Brochure was developed as a universal guide for all property owners interested in learning more about the Covenant Program. It includes Covenant facts, useful resources, frequently asked questions, and a buyer success story.

Create a plan to distribute the current set of marketing materials.

We created a mailing list in the form of an excel spreadsheet so that it can be sorted and adjusted to a users' needs. The Nantucket address, mailing address, and zone of each property can be found in the spreadsheet. With this information, Housing Nantucket will now be able to contact or send mail to properties specific to their program.

Recommendations

After conducting the interviews and finishing the SWOT analysis, our background research combined with the new findings helped us develop a set of recommendations for Housing Nantucket. These recommendations were created to aid Housing Nantucket in their marketing strategies.

1. Marketing Materials
 - a. Distribute Covenant Program Postcards 2-3 times a year: before off-season, immediately before tourist season, and in the middle of off-season.
 - b. Distribute Covenant Fact Sheets among Nantucket real estate agents.
 - c. Update materials with relevant information as the program changes.
 - d. Create fact sheets for lawyers and lenders.
 - e. Expand the mailing list.
 - f. Offer classes or information sessions to interested potential sellers.
2. Management of Data
 - a. Organize past and future transaction data.
3. Housing Nantucket Website
 - a. Include success stories of past Covenant Sellers.
 - b. Upload Covenant Fact Sheet and Brochure to the website.
 - c. Improve readability of website.
4. Social Media Expansion
 - a. Post on all social media platforms 4 times a week.
 - b. Be consistent in the content of social media posts.
 - c. Organize social media posts into related categories.

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CHAPTER 1: INTRODUCTION

"The global housing crisis is defined by a chronic shortage of housing for the least advantaged, and in many cases, for the working and middle classes as well" (Schneider, Florida, 2018).

Nantucket, a small island off the coast of Massachusetts, is a flourishing summertime destination where the population increases from 11,000 to 50,000 at the height of the tourist season (Florida, 2018). It is known for its rich history of whaling culture, well preserved historical district, and classic New England aesthetic (NHA, nd). However, its immense popularity is a problem for the local workforce. As the island has grown increasingly exclusive, an issue associated with famous urban centers like New York City affects Nantucket: the lack of safe, affordable housing. The average home price in 2018 was a staggering \$2.2 million, leaving low- and middle-income residents challenged to find affordable places to live (Rochat, 2018).

To someone who is unfamiliar with the island, the term “Nantucket Shuffle” probably sounds like nonsense. For year-round residents of Nantucket, it represents the struggle of finding a home; the “Nantucket Shuffle” refers to “...shuffling from rental property to rental property every season due to the island’s limited amount of housing” (Rochat, 2018). It isn’t only low-income residents who face this challenge. The workforce, and those considered middle class in many other areas of the United States, are finding it harder each year to sustain an affordable living situation on Nantucket.

Housing Nantucket, a local non-profit with a focus on securing affordable housing for year-round residents, offers programs in which participants earning up to \$149,250 per year are eligible- a household income well above the national median of \$61,372 (Housing Nantucket, nd; Appelbaum, 2017). Despite Housing Nantucket’s broad support of both middle- and low-income residents, waiting lists for their affordable rentals total up to over 200 applicants (Tan, 2018).

The purpose of this project was to support Housing Nantucket in their mission of expanding affordable housing on the island. Of their three programs, affordable rentals, house recycling, and Covenant Housing, we focused on supporting their Covenant Housing Program. This program targets the middle-income bracket, residents earning up to 150% of the average annual income for the town (Housing Nantucket). The program takes advantage of a provision in the Town Code which allows the division of one lot into two for affordable housing, each lot with one building suitable for use as a home. Under normal zoning laws, such division would not be allowed (Code of the Town of Nantucket, Massachusetts). However, through this provision, the Covenant Housing Program has been successful at establishing a permanent opportunity for middle income residents to buy a home at an affordable price, with 83 Covenant Homes created to date. Once a lot or home is

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brought into the program, a covenant is placed in the deed stating that the sale price of the property will be equal to or less than the maximum sales price Housing Nantucket determines annually. Additionally, this deed restriction stipulates that the property is available for sale only to qualified buyers in need of affordable housing.

After evaluating the Covenant Housing Program, Housing Nantucket identified a need to expand the program through the development of new marketing strategies. To accomplish this, they needed to target potential sellers. Our project focused in this area, specifically helping the non-profit organization Housing Nantucket expand their Covenant Housing program through the development of a set of marketing materials and analysis to target potential sellers. To accomplish this, we interviewed past sellers and local real estate agents as well as researched how professional firms develop marketing strategies. We performed an in-depth analysis of past transactions made through the Covenant Housing Program. Finally, we determined the potential supply for Covenant Housing by reviewing tax records to identify lots with multiple buildings. Through this research, we created a comprehensive set of materials for Housing Nantucket to utilize, including first and foremost a set of profiles detailing potential sellers.

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CHAPTER 2: BACKGROUND

The information presented in this background was researched to gain a better understanding of the motivation and demand for affordable housing, as well as the challenges of developing affordable housing programs. In order to understand affordable housing on Nantucket, we researched the history of housing in the United States and Nantucket, the laws regulating what constitutes affordable housing construction, the social issues formed around affordable housing, and Housing Nantucket's Covenant Housing program. This background chapter presents the information on these topics to provide sufficient context for our project.

2.1 History of Safe and Affordable Housing in the United States

Housing is a nuanced and varied topic with a long history. This section will focus on providing a general history of safe and affordable housing in the United States.

2.1.1 Housing Regulation

Prior to the mid-nineteenth century, regulation of housing construction and acceptable living conditions was sparse. The few regulations that were introduced from the late 1700s to the mid-1800s focused heavily on fire prevention. For example, in 1775, New York City introduced a fire prevention law regulating where wooden buildings could be built and in 1791, New York State passed a fire prevention law mandating the use of firewalls in home construction (Hershenon, nd).

At the turn of the 19th century, it became apparent that cities were growing fast enough to warrant official plans to control expansion. For example, in New York City, 1811, a long-range plan standardizing building lots was created. Yet, it was not until the 1830s and 1840s that attention was finally brought to the lack of adequate construction requirements, for both safety and living conditions. One of the first advancements in this area came with the publication of *The Sanitary Condition of the Laboring Population of New York* in 1842, recommending increased light and ventilation to improve the quality of life of their inhabitants (Hershenon, nd). Other construction requirements came in the form of building codes, which cities implemented to limit the spread of fires. These codes often prohibited fire hazards such as wooden chimneys and mandated rudimentary fire walls in between buildings. Over the second half of the 19th century, the continued development of fire codes led to city and state level codes for quality of life and safety improvements, such as requiring adequate light and ventilation, fire escapes and a clean water supply. These minimum requirements were not codified at a national level until 1905, when an insurance group tried to enforce fire safety in their properties through the National Building Code (Eisenberg, 2007).

A federal attempt to regulate living standards came with the 1920s. In 1922, the building industry faced high costs and a lack of business. In response, the Bureau of Standards, a

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part of the Department of Commerce, published *Recommended Minimum Requirements for Small Dwelling Construction* (Hershenon, nd). The goal of the publication was to encourage construction projects by reducing overall cost. To accomplish this, the publication advised an emphasis on quality workmanship, country wide standardization of codes, and the use of modern construction methods (Construction History: Proceedings of the 6th International Conference On, 2018). Federal interest in housing regulation continued throughout the 1920s with multiple revisions of *Recommended Minimum Requirements for Small Dwelling Construction*.

Regardless, the development of federal housing and construction regulations remained relatively slow, and only accelerated at the beginning of the 1930s with the start of the Great Depression- a severe, worldwide, economic downturn (National Institute of Building Sciences, 2003).

The Great Depression spurred the foundation of modern building standards and mortgage regulations, turning attention to financing for the first time. It began with the stock market crash of October 1929, wiping out millions of investors. In the next several years, consumer spending and investment plummeted, causing steep declines in industrial output and employment. This series of events led many landowners to default on mortgage payments, driving thousands of banks to failure and significantly reducing the amount of credit available nationwide. The New Deal was then President Roosevelt's solution: a comprehensive set of legislation, including housing legislation, designed to pull the country out of economic stalemate (History.com, nd).

The first landmark piece of housing legislation to come from the New Deal was the National Housing Act of 1934, which aimed to "encourage improvement in housing standards and conditions, to provide a system of mutual mortgage insurance, and for other purposes." This act created the Federal Housing Administration (FHA) the predecessor of modern Department of Housing and Urban Development (Housing Act of 1934, 1934). The act was successful, both in stimulating the construction industry and encouraging minimal standards of "sanitation, safety and amenity" (Housing Act of 1934, 1934). By the end of the 1930s, there was a substantial increase in access to safe and affordable homes for working- and middle-class people; it was recorded that nearly 12 million were assisted by the FHA (The Living New Deal, nd).

Additional mortgage reform came in 1938 through an amendment to the Housing Act of 1934. With it, the Federal National Mortgage Association (Fannie Mae) was created (The Living New Deal, nd). Fannie Mae was designed to provide local banks with money to finance mortgages, and thus increase the rate of home ownership. To do so, Fannie Mae created a secondary mortgage market in which home loans and servicing rights were bought and sold between lenders and investors. Fannie Mae held a monopoly over this

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secondary mortgage market for the next thirty years (Secondary Mortgage Market Definition, nd) (Alford, 2008).

With the beginning of the 1940s came one of the most devastating wars in history: World War II. This war impacted all areas of life stateside, including housing reform, and motivated housing legislation at the federal level. In 1942, the National Housing Agency (NHA) was formed via executive order. The NHA consolidated all federal housing agencies with the purpose of coordinating housing construction and policies for the duration of the war effort (Hershenon, nd). Additionally, the Emergency Price Control Act of 1942 authorized federal rent control to stabilize rent over the course of the war. In the wake of the war, the Servicemen's Readjustment Act (GI Bill) of 1944 authorized the Veterans Administration (VA) to guarantee mortgages to veterans upon their return to the United States, which enabled them to purchase homes.

The 1950s and 1960s brought a wave of new housing regulation. The Housing and Urban Redevelopment Act of 1949 laid the foundation for what was to come, with a lofty goal of eradicating slums via federal financing and funding, expansion of the FHA, and research on housing and building techniques. More comprehensive legislations came with the Housing Acts of 1954, 1956, and 1959, which expanded on the funding and planning assistance outlined in the Housing and Redevelopment Act of 1949 (Hershenon, nd).

The 1960s shifted the focus on housing issues from rapid expansion to the question of human rights. This decade brought the civil rights movement to its peak, and discriminatory housing practices were brought to national attention. Over the following ten years, most legislation was focused on ensuring fairness and equality among renters and buyers, regardless of skin color, sex, or religion. The first significant action on the issue was Executive Order 11063, issued by President Kennedy on November 20, 1962. This order aimed to "apply civil rights to housing," but ultimately failed to be effective in the broader scheme of the civil rights movement as it only targeted federally funded housing. (Hershenon, nd). The next effort on this front came after Kennedy's assassination with Title VII of the Civil Rights Act of 1964, which assured nondiscrimination in federally assisted programs, but not privately funded endeavors.

As the housing situation became increasingly politicized and at the forefront of national attention, President Johnson deemed it necessary to create a cabinet level agency to understand and advise on the issues of housing. In 1965, the United States Department of Housing and Urban Development (HUD) was founded to fulfill this purpose (HUD.gov, nd).

The second half of the 1960s continued the trend of expansive civil rights legislation. Of these, the Fair Housing Act, also known as Title VIII of the Civil Rights Act of 1968, codified the aims of Kennedy's Executive Order 11063 in 1962 which prohibited "discrimination in the sale, leasing, rental, or other disposition of properties and facilities owned or operated

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by the federal government or provided with federal funds" (Hershenon, nd). The Fair Housing Act imposed "...a comprehensive solution to the problem of unlawful discrimination in housing based on race, color, sex, national origin, or religion". This included prohibiting refusal to rent based on religion, race or sex, as well as prohibiting banks from refusing to approve mortgages due to religion, race or sex. This act was able to succeed where previous efforts had failed and is today enforced by the HUD (The Free Dictionary, nd).

While the Fair Housing Act was a significant victory in the battle for civil rights, it did not ensure complete equality. Civil rights legislation continued to be passed throughout the 1970s alongside laws concerning rent control and urban development (HUD.gov, nd). The Section 8 Housing Assistance Program of 1974 specifically banned discrimination based on gender, making it easier for women to obtain public housing. A year later, President Ford signed the Housing Mortgage Disclosure Act, an attempt to reduce discriminatory lending practices via increased transparency (Hershenon, nd).

The 1970s also saw a resurgence in rent control laws and urban development. Mere weeks before the start of the decade, the Brooke Amendment was passed, giving a strict definition of affordable rent to be charged in public housing projects – no more than 25% of a tenant's income (HUD.gov, nd). This amendment would remain unchanged until 1981, when the cap was raised to 30% (Hershenon, nd) (HUD.gov, nd).

The most significant urban development of the 1970s came in 1974 and 1977. The first piece of legislation was the Housing and Community Development Act of 1974, which allowed for community development block grants and help for urban homesteading. Community development block grants are flexible grants designed to address a variety of community needs while urban homesteading was the encouragement for citizens to rebuild and occupy vacant properties. Following that, the Housing and Community Development Act of 1977 created an expansive set of Urban Development Grants and continued handicapped and elderly assistance. After providing approximately \$5 billion in assistance, this grant program was terminated in 1988 (HUD.gov, nd) (Hershenon, nd).

Compared to the previous decades, the 1980s saw relatively little activity in housing reform. The Section 8 housing voucher program was established in 1983 to expand subsidies for renters in private sector buildings, and in 1987 the McKinney-Vento Homeless Assistance Act combated homelessness by making federal funds available to homeless shelters. There was a further attempt for urban development in 1988, in which the Nehemiah Housing Opportunity Grants Program (NHOP) was formed to provide grants to relevant nonprofit organizations. The last action in this decade was a mild expansion of the Fair Housing Act, ensuring protections for families with children and handicapped people (HUD.gov, nd) (Hershenon, nd).

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The 1990s saw a similar period of reduced activity in housing program expansion, perhaps due to increased rates of home ownership. In 1996, home ownership in the United States rose to 66.3 million American households, a home ownership rate of nearly 65%. There were more homeowners than ever, and the lack of new legislation reflected that statistic. At the dawn of the decade, the Cranston-Gonzalez National Affordable Housing Act attempted to shift the emphasis away from rent to home ownership among low income people by amending several existing laws. A different type of shift was pushed in 1998, when the federal government passed The Public Housing Reform and Responsibility Act of 1997 to shift responsibility for public housing programs from the national government to state and local government (Hershon, nd).

As shown in Figure 1, levels of home ownership continued to rise throughout the early 2000s. This was due in part to lenders issuing subprime mortgages to more clients, including high risk candidates. Because of this, the American homeownership rate peaked at 69% in 2005. However, this peak was followed by a steep decline starting in 2005 as a result of the subprime mortgage crisis, and clearly visible in Figure 1 (Duca, 2011). Foreclosure rates skyrocketed, and home values and ownership rates plummeted as the country approached the worst financial event of the 21st century. This decline was a major contributor to the 2008 financial crisis and ensuing recession which impacted millions of Americans in the form of lost jobs, foreclosed homes and devalued investments (Duca, 2011).



Figure 1: Homeownership rate for the United States. The homeownership rate is defined as the proportion of households that are owner occupied. U.S. Bureau of the Census, *Homeownership Rate for the United States [RHORUSQ156N]*, retrieved from FRED, Federal Reserve B.

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The fallout from the mortgage and financial crisis triggered massive government intervention. The federal government initiated a takeover of Fannie Mae and Fannie Mac, two suppliers of mortgage funding which were formerly under tight government control but were not in the decades before the crisis. The federal government placed them into conservatorships run by the Federal Housing Finance Agency (FHFA). These conservatorships authorized the FHFA to take almost any action they deemed necessary to reduce operational and credit risk, reduce losses, and stabilize the housing market (Federal Housing Finance Agency, nd). Following that, Congress enacted the Housing and Economic Recovery Act of 2008 to restore confidence in the subprime mortgages the two enterprises had issued. In a similar vein, the Troubled Asset Relief Program, created by the Emergency Economic Stabilization Act of 2008, sought to address the subprime mortgage crisis by relieving financial institutions of toxic assets (HUD.gov, nd).

Legislation aiming to strengthen American markets in the wake of the recession and ensure that the same situation could not reoccur would continue to be passed for years after the crisis. The American Recovery and Reinvestment Act of 2009 sought to create more affordable housing, amongst attempts to strengthen various other sectors (HUD.gov, nd). The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 was a comprehensive attempt to bolster financial regulation and increase oversight of banks to prevent another crisis in the future. The Emergency Homeowners' Loan Program directly targeted homeowners that had had a severe reduction in income following the recession (HUD.gov, nd).

2.1.2 Racism and Segregation in American Housing

Throughout American history, housing has held an inextricable connection to policies and practices of racism and segregation. Although slavery was abolished with the end of the American Civil War in 1865, the 20th century continued a trend of oppression for African Americans. Cities employed several different strategies to segregate residents, including racist zoning policies and restrictive housing covenants (Hershenon, nd).

One of the first instances of city-sanctioned segregation via housing covenant came in 1910, in Baltimore, Maryland. The city passed legislation which promoted the segregation of new neighborhoods via restrictive deed covenants. This policy was upheld by the Supreme Court of the United States in 1926, in *Corrigan v. Buckley*. After this ruling, restrictive housing covenants surged throughout the country. It was not until 1948 the Supreme Court overturned this ruling, deeming the practice unconstitutional (Durham, nd) (Hershenon, nd).

City-sanctioned segregation via zoning laws was not as successful. In 1916, *Buchanan v. Warley* ruled that segregation via zoning was unconstitutional, and the practice quickly

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died off in favor of more legally defensible measures, like segregation via housing covenant (Hershenon, nd) (Thomas, nd).

Federally sanctioned segregation occurred as well. Landmark housing legislation throughout the first half of the century was written in a way that fostered segregation. For example, the Housing Act of 1934 implemented the policy of redlining, also known as mortgage discrimination, which labeled minority neighborhoods as high-risk and thus unsuitable for any type of investment, including mortgages (Thomas, nd). In the wake of World War II, the GI Bill guaranteed multiple securities for former servicemen, including guaranteed mortgages. However, banks generally would not make loans for homes in black neighborhoods, and a combination of restrictive housing covenants and discouragement from realtors kept African Americans out of majority white suburbs (Domonoske, 2016) (Hershenon, nd) (Callaghan, 2013).

Overt discrimination continued until the passage of the Fair Housing Act in 1968, which banned discrimination in sale, rental, and financing based on race, sex and national origin (The Free Dictionary, nd). However, this was not the end of racist housing practices. Many banks continued to approve mortgages at a lower rate for African Americans. To counteract this practice, Congress passed the Housing Mortgage Disclosure Act in 1975. This law required financial institutions to maintain and publicly disclose information about mortgages, including race. Because of this increased transparency, it was much easier to prove and identify discriminatory lending practices (Consumer Financial Protection Bureau, nd).

2.1.3 The Current State of Housing in the United States

While progress has been made to ensure all Americans have access to safe, affordable housing, there is still a range of issues facing the country today. One of the biggest challenges American consumers face is the lack of financial protections. Affordable housing advocates, such as the organization Shelterforce, argue there is a lack of consistent rent control across cities which puts power in the hands of the landlord over the tenant (Free Advice, nd) (Shelterforce, nd).

On the topic of civil rights, there is still controversy over whether racism persists in housing development patterns. An example of this would be the 2015 Supreme Court Case, Texas Department of Housing and Community Affairs v. Inclusive Communities Project, Inc. The plaintiff argued that state government was disproportionately allocating tax credits based on race, and the Supreme Court agreed (Texas Dept. of Housing and Community Affairs v. Inclusive Communities Project, Inc., 2015). In addition, concerns over gentrification, the process by which lower class areas are upgraded to middle class, often displacing the original residents, have a significant racial component (Florida, 2015).

2.1.4 Methods of Implementing Affordable Housing

Affordable housing is defined by the Department of Housing and Urban Development as a dwelling a household can afford for 30% or less of its inhabitants combined total income (HUD.gov, nd). Over the years, different methods to lower the overall cost of housing have been employed to help people achieve this threshold. In what follows, we will explore the following strategies: affordable rentals, affordable homes, and public and emergency housing.

Affordable Rentals

There are two main forms of implementing affordable rentals: affordable rental housing and rental assistance (Mass.gov, nd) (Housing Nantucket, nd). Affordable rental housing is defined as housing available for 30% of a household's income. Such housing is available through non-profits and private landlords who have received funding from government entities for affordable housing (Housing Nantucket, nd). Rental assistance is the provision of financial assistance to renters to lower the cost they pay for housing to an affordable level. There are different forms of rental assistance, available through government and non-profits.

Government rental assistance is commonly implemented through a voucher system, in which the renter applies for assistance. If the renter meets the qualifications, they are issued a voucher. From there, they are responsible for locating a suitable place to live where the landlord is willing to rent through the program. Once they do so, the government agency pays a subsidy directly to the landlord. This system allows renters a degree of choice that affordable rental housing does not. At the federal level, the HUD issues vouchers through the Housing Choice Voucher Program (HUD.gov, nd). There are similar programs at the state level as well; in Massachusetts, the state government runs the Massachusetts Rental Voucher Program (Mass.gov, nd).

According to Will Fischer, a senior policy analyst at the Department of Housing and Urban Development, federal housing vouchers lifted 4.1 million people above the poverty line in 2014, including 1.4 million children. Rental assistance, particularly vouchers, is highly effective at reducing "homelessness, housing instability, overcrowding, and other hardship." Furthermore, as illustrated in Figure 2, housing vouchers reduced homelessness and home instability by a significant amount (Fischer, 2018).

Housing Choice Vouchers Sharply Reduced Homelessness and Housing Instability Among Families With Children

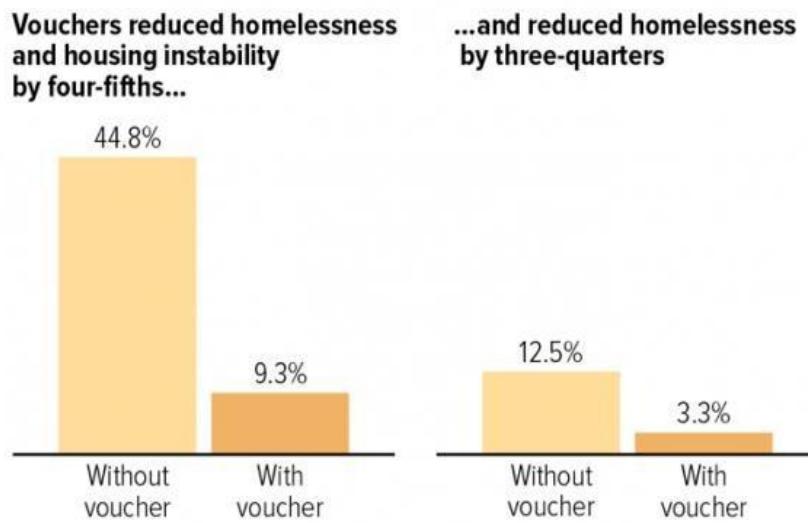


Figure 2: Reduction of homelessness in 2018 with use of housing vouchers. Source: <https://www.cbpp.org/sites/default/files/atoms/files/4-25-18hous-testimony-f1.png>

Affordable Homes

Another method of providing affordable housing is through the creation of affordable homes, whether through homeownership assistance programs or government funded housing projects. Like rental assistance, homeownership assistance comes in different forms. There are tax credits, low interest mortgages, and trust funds available for qualified buyers through the state and federal governments (Mass.gov, nd). There are also homes for sale that were funded in part by state or federal government with stipulations of affordability. These projects work with developers to create affordable housing while still netting the builders a profit (Mass.gov, nd).

Public and Emergency Housing

Public housing projects typically target senior citizens and low-income households, low income defined by the HUD as a household not earning more than 80% of the median income for the area (HUD.gov, nd). These dwellings are usually owned and operated by state level housing organizations.

Emergency housing typically refers to short term homeless shelters. In general, emergency housing is meant to provide an immediate solution to a homeless family or person. These shelters are usually run by non-profits, government agencies, or a combination (Mass.gov, nd).

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2.2 Affordable Housing on Nantucket

The lack of affordable housing on Nantucket is a well-studied problem. The unique market conditions on Nantucket have attracted numerous researchers and several studies have been conducted on this issue. In this section, we will explore the evolution of affordable housing on Nantucket and its foremost obstacles today.

2.2.1 A Brief History of Housing on Nantucket

Nantucket was first colonized by settlers around 1659. Its history of whaling began not long after, with the earliest whaling kill being recorded by historian Obed Macy in the early years of the colony. Whaling and related industries would sustain the island until around 1850, when the whaling industry began to decline in favor of petroleum (Nantucket Historical Association, nd).

Up until about the 1900s, there is no recorded evidence of there being an affordable housing crisis. In fact, after the decline of the whaling industry, many houses were abandoned, leading to the still standing Civil War era houses of today. The island remained sparsely populated until the 1950s, when several enterprising developers sought to turn the island into a tourist destination (Nantucket Atheneum, nd) (Nantucket Historical Association, nd).

Over the course of the following 50 years, home prices skyrocketed. The price increase became so severe that according to a 2015 Housing Needs Assessment, "...home ownership is prohibitive for 90 percent of the island's year-round households" (Housing Nantucket, & RKG Associates Inc). Additionally, affordable housing for low-income households, those earning less than 80% of the area's median income, is deficient under state law, which requires that 10% of year-round units be accessible for these families and individuals. Currently, only 3% of Nantucket's year-round housing units meet that designation (Nantucket Master Plan, 2008). David Abel, a journalist at the Boston Globe, argues that this crisis remains at the forefront of local discussion, with wealthier residents having a disproportionate amount of power over what solutions are implemented due to their lobbying power in construction projects (Reporter, 2018).

Not only is there a shortage of affordable housing for permanent residents, there is also a lack of affordable renting options. Demand for affordable renting options has increased in recent years. In 2016, the percentage of homes owned by permanent residents went down 2%, meaning that more locals were renting their housing accommodations (Nantucket, nd). This increase has placed an immense amount of stress on the island's affordable rental programs. Housing Nantucket, a non-profit focused on providing affordable housing for permanent residents of the island, has noted that their affordable rental program often has a waiting list of over 200 people (Housing Workforce Needs Assessment, 2015).

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2.2.2 The Demographics of Nantucket

According to DataUSA about 73% of Nantucket residents are White, 15.6% are Hispanic, 4% are African American, and 1% are Asian (Nantucket, nd). The minorities that make up the seasonal workforce rent their housing during the busy summer months. The median annual income often on Nantucket is between \$88,186 and \$88,810. Comparatively, the national median annual income is around \$55,000 (Nantucket Island, Nantucket, nd). This results in a difference of \$30,000 between residents of Nantucket and the typical United States citizen.

The median home sale price on Nantucket is between \$898,000 and \$1,050,000 while it is \$200,000 nationally (Martin, 2017) (Nantucket Island, Nantucket, nd). Thus, while Nantucket residents earn about 50% more than the typical US resident, the median housing price on Nantucket is about 500% higher.



Figure 3: Average selling price of Nantucket 2013-2017. This graph displays the average selling price of homes on Nantucket from 2013-2017. Additionally, it shows that the prices have dramatically increased and stayed above \$1.5 million. Source: <https://fishernantucket.com/real-estate-market-trends>

As seen in Figure 3, the average selling price on Nantucket has been steadily increasing over the past five years. The average price in the United States for a home is about 3.6 times the average annual income. On Nantucket, the average price for a home is 10-12

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times higher than the average annual income. Even though the average income on Nantucket is higher than the national average, residents still cannot afford the expensive prices of homes on the island; and those that fall below the average annual income have very few affordable housing options.

On Nantucket, about 10% of residents fall below the poverty line. This is lower than the national poverty average of 14% (Nantucket, nd). There are no homeless shelters on the island. The only comparable establishment is a local church that stays open during the harsh weather months (UPI, 2008).

To illustrate the severity of these statistics, in the 2012 summer season, a taxi driver was paying \$800 a month for a single room, not including utilities; two brothers from the Dominican Republic were paying \$132 a week each for room, also not including utilities (Gance, 2012).

2.2.3 Key Challenges of Affordable Housing on Nantucket

Developing affordable housing on Nantucket is challenging. In the following section, we focus on the four major obstacles to expanding affordable housing on the island: the availability of land, the high cost of construction, and Nantucket's status as a high-profile tourist destination.

Availability of Land

One of the problems for creating affordable housing is the availability of land on Nantucket. An important mission of the island's historical association and town government is to preserve the aesthetic of Old Nantucket. As a result, there are many zoning laws prohibiting the construction of high rises and other types of high-density dwellings. This restriction on dense forms of housing compounds the problem that much of the island is not buildable due to a high percentage of land being coastline and marshes. Additionally, more than 50% of buildable land is conserved by multiple land trust organizations (Martin, 2018).

Prices of land lots and average home sales rose rapidly during the period between 1980 and 1986; land lots from \$27,000 to \$84,000 and average house sales from \$131,000 to \$354,000 (New York Times, 1987). This increase has not slowed. In 2018, the average home sold for about \$2 million dollars (Rochat, 2018).

A study published almost 20 years ago predicted Nantucket will be overdeveloped to the point that the island's resources, such as sewage systems, will be overloaded by the year 2037 (The Economist, 2000). Much of the land is also intended to stay an old-money summer enclave, both corporate and conservative (The Economist, 2000).

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Cost of Construction

The cost of construction is another problem for the development of affordable housing on Nantucket. After accounting for the costs of materials, transportation of materials, labor, and the actual land, the total is often well into the multimillion range. For a point of reference, one acre of undeveloped land on Bathing Beach Road was assessed at \$1.8 million (Nantucket, MA).

Tourist Destination

Nantucket has become a popular tourist destination, with a surge of vacation residents during the summer. The population shifts from the 11,000 year-round residents to between 50,000 and 60,000 when the summer residents arrive. This means much of the housing on the island is occupied by seasonal residents who are, for the most part, paying a premium price to visit the island and, unfortunately, leaving fewer options for those who seek to live on island year-round.

The island is accessible for anyone to vacation, with a relatively inexpensive ferry ticket being the only major expense for those wanting to visit for a day. Community displacement is a reality on Nantucket, with the residents who have lived on the island or have owned homes for decades slowly being replaced by younger successful business owners. Geraldine Fabrikant, a reporter for the New York Times, wrote an article arguing that to survive on the island and to avoid feeling dominated, one should be considered “hyper-rich” (Fabrikant, 2005). There is a stigma that only the rich can afford property on the island, and this clashes with the push for affordable housing for working class residents.

2.2.4 Affordable Housing Programs in Similar Environments

We researched three housing markets comparable to Nantucket: Martha’s Vineyard, MA, Newport Beach, RI, and Aspen, CO. Each of these locations has a serious need for affordable housing due to demand from being a tourist destination and have organizations that tried many different approaches.

Martha’s Vineyard, MA is the location most like Nantucket, due to proximity, as well as being an island with similar history. The most prominent affordable housing advocate on the island is a non-profit called the Island Housing Trust which has several programs, including affordable rentals, affordable homes, and home financing (IHMTV, nd).

Newport Beach, RI is another similar location. While not an island, there is a high demand for real estate due to tourism. The Housing Authority of Newport is the most influential advocate of affordable housing in this area and hosts multiple programs to further this interest. Some of their programs include senior living assistance and rental assistance

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through housing vouchers. Unlike the Island Housing Trust on Martha's Vineyard, the City of Newport Beach does not offer any program assisting with the purchase of a home (Housing Authority of Newport, nd).

Aspen, CO is another location with strong similarities to the market on Nantucket, despite the geographical distance. It is a tourist destination with a real estate market experiencing heavy demand due to this fact. The primary advocate of affordable housing in this region is the Aspen Pitkin County Housing Authority (APCHA). The APCHA implements two main affordable housing initiatives: affordable rentals and affordable homes. They currently use a lottery system to choose from a list of qualified applicants to purchase an available affordable home (APCHA, nd).

2.3 Housing Nantucket

Housing Nantucket was founded in 1994 by community members seeking to keep year-round islanders from leaving the island. It is the only locally based, private, 501(c)3 organization dedicated to creating affordable housing solutions for island residents. Built on a foundation of providing rental housing, it has expanded to include homeownership, advocacy and education programs.

Successful partnerships comprise the core of Housing Nantucket's approach to developing housing. Project specific grants using the Community Preservation Act funds have created many of their rental housing stock and have been instrumental to the success of the organization. Their operational income comes from fees associated with our programs and services as well as donations and grants (Housing Nantucket, 2018).

2.3.1 Covenant Housing Program

The Nantucket Housing Needs Covenant Program (NHNC) is unique to the town of Nantucket, MA. The purpose of the NHNC is to create, make available and maintain housing that is affordable to those who earn less than 150% of the Nantucket County median household income. This program targets those in lower income groups, to those situated in more moderate- or middle-income groups (Code of the Town of Nantucket, Massachusetts). Housing Nantucket, our sponsor, aims to provide low, moderate and middle-income residents of Nantucket with comfortable, affordable homes.

The Covenant Program offers home ownership opportunities to moderate income year-round islanders, those earning below 150% of median income. This program has created 83 permanently affordable homes on the island. It allows a property owner with more than one residential dwelling on a parcel to sell one of those dwellings at a permanently affordable price. The program also allows an owner to sell off the development rights for a portion of the parcel. The sale and resale of the Covenant Home is subject to a price cap.

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This price cap is based on median income (as determined by the HUD) and current interest rates. It is reset once a year in January.

2.4 A Brief Introduction to Marketing

Since an important aspect of our project focused on marketing, we compiled research from various sources to achieve a better understanding of the topic.

2.4.1 Strategic Planning

One of the most widely used techniques in developing marketing campaigns today is strategic planning. Strategic planning aims to provide a roadmap for an organization to achieve its goals and includes information on how the organization will allocate resources, set objectives, and measure progress. At its core, there are the following steps: identify overall planning goal, select a team, conduct a strategic analysis, develop specific objectives, and design a measurement and report process. (Richards, 2017)

Furthermore, within strategic planning, there are four main components: goals, objectives, strategies, and tactics. Goals and objectives are related to what is desired. Goals are broad and provide general direction in what the organization wants to achieve. Objectives are linked to goals and provide specific and measurable desired outcomes. Strategies and tactics are related to how goals and objectives will be met. Like goals, strategies are broad. An example of a strategy would be to “implement a social media campaign”. On the other hand, tactics highly specific individual tasks to achieve strategies, such as “open a Twitter account” (Richards, 2017).

2.4.2 Strategic Marketing

Leigh Richards, a business author, presented a key concept explaining the relationship between strategic planning and marketing, “Marketing strategies derive from strategic plans” (Richards, 2017). As such, strategic marketing plans incorporate a strategic planning process in their development. Aileron, a contributor at Forbes, argues that there are three core questions to address in the development of a strategic marketing plan: “Where are we now?”, “Where are we going?”, “How are we going to get there?” (Wilkinson, 2011).

The first question, “Where are we now?”, is designed to address the current state of the organization through a process called strategic analysis, an element of strategic planning. Strategic analysis is a review of the environment an organization operates in, typically from an external perspective, for the purpose of informing where an organization should focus their efforts. The analysis narrows down on three parts: the people in the organization and their skills, the customers of the organization and their wants, and the activities of competitors. There are many different research methods and analytical techniques used in this process. A few of the most common types of analysis are gap analysis, category/brand

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development index, political, economic, social, and technological (PEST) analysis, and strengths, weaknesses, opportunities and threats (SWOT) analysis (Morrison, 2011).

The second question, “Where are we going?”, ties deeply into the vision and mission of a project. Typically, organizations will develop both a mission statement and a vision statement for their project or company. A vision statement is a realistic, long term future scenario for the organization. A mission statement is a clear and concise statement of the organization's reason for being and its scope of operations (Skrabanek, 2018).

The last question is perhaps the most important: “How are we going to get there?”. Many organizations do this through developing a generic competitive strategy. This typically focuses on emphasizing the superiority of the product or service the organization provides. Choice of specific strategy depends on a variety of factors, including resources an organization has at their disposal, stage in the product life cycle, and whether the company is well established or a startup (Martin, 2018).

Something interesting to note about this information is the application of a generic competitive strategy is not exactly relevant for Housing Nantucket as they do not sell a product in the traditional sense. You could make the argument that they compete with other non-profits for donations, even if they serve different purposes. Another factor to consider is non-profits do not typically offer a traditional business model: provide a service or product in exchange for money.

2.4.3 Branding

A more specific element of marketing is branding. Branding is a strategic endeavor which builds an organization's identity and reputation in the public eye. In *How to Advertise* by Kenneth Roman and Jane Maas, the authors argue that there are three main elements to branding: visual similarity, verbal similarity, and similarity of attitude. The authors propose that these elements, when enacted together, build brand recognition amongst customers (Roman, Maas, 1997).

The first, visual similarity, focuses on imagery. Specifically, having an identifiable logo with a fitting and appealing color scheme which is associated with all an organization's products. The authors argue that it doesn't matter what medium this imagery is presented on; whether it is in print or on television, there should be consistency in all things visual related to the organization (Roman, Maas, 1997).

The second element to building a brand is verbal similarity. An organization should use similar sets of words in its advertising to build its brand. Through this, an organization can cause consumers to associate specific words with its brand (Roman, Maas, 1997).

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The final element to building a brand is similarity of attitude. This means communicating a strong message consistently through all marketing materials. If an ad campaign uses similar language and imagery, but the context and message of each advertisement is different, confusion about the brand's purpose is created.

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CHAPTER 3: METHODOLOGY

The following chapter details our methodology.

3.1 Mission Statement and Objectives

The goal of this project was to help Housing Nantucket expand their Covenant Housing Program by targeting potential sellers through the analysis and development of marketing materials. This was accomplished by fulfilling five objectives:

1. Evaluate the Covenant Housing program's past effectiveness in online marketing.
2. Develop consumer profiles of past sellers.
3. Determine potential supply of Covenant Homes.
4. Develop a set of marketing materials informed by potential supply and tailored to the market segments illustrated by profiles of past sellers.
5. Create a plan to distribute the current set of marketing materials and identify marketing methods that can be implemented in the future.

These objectives involved several different tasks which often evolved as we were completing our project. An overview of how these objectives breakdown into tasks can be observed in Figure 4.

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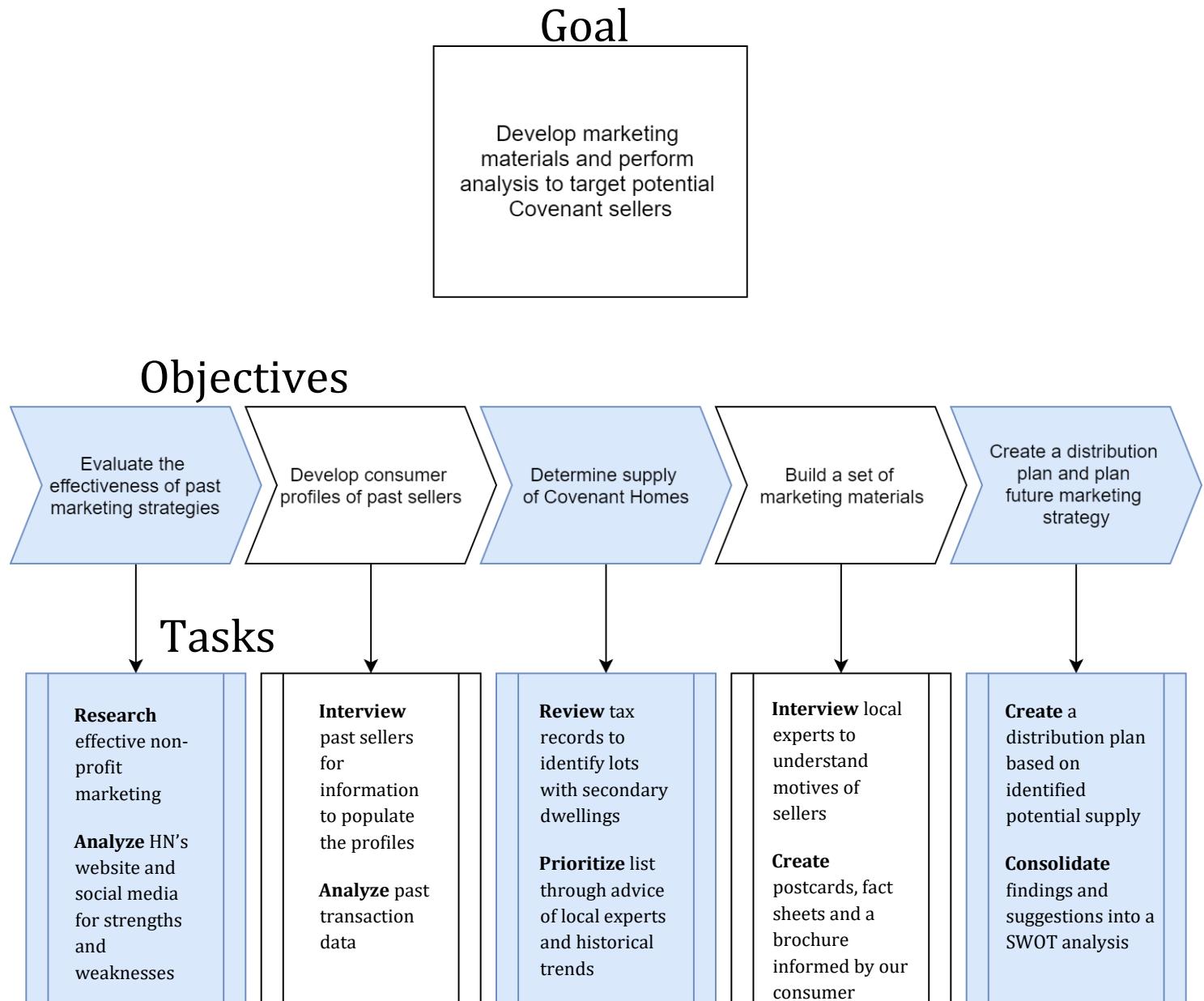


Figure 4: Visualization of objectives and tasks.

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3.2 Evaluate the effectiveness of past online marketing strategies

Prior to creating marketing materials or even performing an informed analysis of Housing Nantucket's marketing strategies, we recognized the need to understand what makes marketing effective. Specifically, we needed to understand non-profit marketing. To do so, we read relevant material and tested our understanding with the analysis of the websites of both a successful non-profit and a struggling one. Our research on general marketing strategy is included in our background in Section 2.4. We consulted with our sponsor to understand what characteristics and message should form the foundation of Housing Nantucket's marketing.

We conducted a thorough analysis of Housing Nantucket's current marketing with this information in mind. We evaluated the website, all three of their social media accounts, and their newsletter for strength and weaknesses. The analysis of strengths and weaknesses formed the foundation of the SWOT analysis we provided Housing Nantucket at the conclusion of our project (see Appendix D).

3.3 Develop consumer profiles of past sellers

To create useful consumer profiles for Housing Nantucket, there were several steps we needed to take. The process we undertook to gather the necessary information to create consumer profiles is detailed in Figure 5.



Figure 5: Process of developing consumer profiles.

Our initial step towards creating consumer profiles was researching how professional marketing firms develop them. We had many questions we needed to answer, such as:

- ❖ What information is typically included in a consumer profile?
- ❖ How is the information in a consumer profile presented?
- ❖ Do we currently have the information we need to create a set of consumer profiles?
Can we get what we are missing?

All these questions were answered by reading pertinent literature and reviewing our resources.

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In our research, we discovered that the driving information of a consumer profile was often demographics and psychographics (a consumer's lifestyle and habits). Much of this information was unavailable, and upon discussion with Housing Nantucket, we affirmed that we wouldn't be able to obtain it without collecting it ourselves. We held a discussion with our sponsor to determine two things: of the information we had, what would be useful in a consumer profile and what information did we not have which we should gather. We decided to gather missing information through interviews with past sellers. Furthermore, we decided to expand our consumer profiles to include information on the property that was sold. It was decided to focus our research on the sellers from the past five years, (from 2013-2018,) since they would likely remember the selling process clearer and be more accessible.

At this point, we anticipated the need to interview local experts for a professional, outsider perspective on the motivations of Covenant sellers to help us create our marketing materials. We decided to do these interviews concurrently with the interviews of past sellers. Furthermore, we expanded the interviews of past sellers to include questions our sponsor wished to have answered. We iterated through several versions of interview questions before reaching a final version (see Appendix B, C). We interviewed 7 sellers and 4 experts. The experts included real estate agents and those whose profession involved different aspects of housing.

As we were interviewing past sellers and local experts, we began our analysis of past transaction data. We worked with another IQP student group on Nantucket to obtain detailed data from the tax assessor about the properties which were sold into the Covenant Program. We reviewed this data and narrowed it down to what our sponsor had requested. We did analysis in Microsoft Excel to obtain important numeric metrics, such as median sale price.

After completing our interviews and the analysis of our data, we compiled the information into a set of spreadsheets. We created a consumer profile for all past sellers, which, in addition to the interesting trends revealed in our interviews and discussions with our sponsor, helped us finalize six market segments we would create profiles for. We went through several iterations before creating our final product (see Appendix D).

3.4 Determine potential supply of Covenant Homes

To determine the potential supply of Covenant Homes, we first obtained a list of all residential lots on Nantucket which had second dwellings from Housing Nantucket. We then prioritized this list by the likelihood these lot owners would participate in the Covenant Program. We first determined that streets with other Covenant Homes already on them would be more likely to participate, as we discovered that it was likely a street with at least one Covenant Home often had more when we analyzed our data on past

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transactions. We consulted with Bernadette Meyer, a local real estate agent and Vice President of Housing Nantucket's Board of Directors, to further identify streets that would be more likely to have a potential Covenant seller.

3.5 Develop a set of marketing materials

With our consumer profiles created, and our assessment of Housing Nantucket's past marketing strategy, we finalized the list of marketing materials we would create for Housing Nantucket to target potential sellers. This list, shown below, evolved throughout the duration of our project, informed by our interviews and our sponsor's requests.

- ❖ Postcard designs and sample text
- ❖ Covenant Program fact sheets for real estate agents, those who need to liquidate and divide assets, and potential Covenant sellers
- ❖ A brochure with general information about the Covenant Housing program
- ❖ A virtual tour of Schoolview Cottages, one of Housing Nantucket's rental properties

We designed the content of the postcards, fact sheets, and brochure based on the primary motivations of past Covenant sellers, discovered through our interviews with experts and past sellers. The process of designing these materials was iterative. The postcard content was reviewed, and we received feedback from local experts and past sellers as well as our sponsor and advisors. Our final designs and text for each marketing material can be found in Appendices G, H and I.

During our project, the opportunity arose to create a virtual tour of one of Housing Nantucket's rental properties. While not part of our original goal or objectives, it was a unique opportunity to develop a piece of marketing which could draw interest while requiring a minimal time commitment, so we decided to move forward with it.

3.6 Create a distribution plan and plan future marketing strategy

We created a distribution plan for the marketing materials we created. We provided a mailing list for our sponsor to distribute the postcards to potential sellers, derived from the potential supply of Covenant Homes we created. We also talked with a real estate agent about plans to distribute the real estate agent fact sheet through the Nantucket Association of Real Estate Brokers. Our sponsor has plans to add our fact sheets and brochure to their website, as well as printing physical copies to distribute as the situation arises.

Our final step was to consolidate our final findings and recommendations into a *SWOT analysis* regarding Housing Nantucket's marketing strategy. These findings and recommendations outline key areas for Housing Nantucket to improve upon their marketing strategy in the future.

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CHAPTER 4: OUTCOMES

This chapter provides findings, recommendations, and deliverables developed over the course of this project. The recommendations provided are supported by findings and present an actionable plan for Housing Nantucket to consider as they continue to expand their Covenant Housing Program.

4.1 Findings Statements

The following section details the findings discovered in the duration of this project.

4.1.1 Outcomes of Interviewing Past Sellers and Real Estate Agents

Many interview participants were open about their experiences. There was a total of ten interviews, six with sellers, three with real estate agents, and one with someone who belonged to both categories. Although ten interviews may not seem like a large enough sample, these findings were consistent with what Housing Nantucket expected. We refer to realtors and past sellers respectively if the findings came from only one of the groups and refer to interviewees if the findings came from both groups.

There were four core reasons that property owners sold into the Covenant Program.

It was anticipated there would be only a few reasons why property owners would sell land or a second dwelling into the Covenant Program. Instead, it was discovered that all reasons were profit driven; in most cases, there was a mutually beneficial outcome for the buyer and the seller.

The first reason for a Covenant sale was because the property owner wanted to continue living on the island and had unused land or an unused second dwelling. The property owners were able to use the money from the sale to lower their mortgage payments and avoid foreclosure.

The second reason was that a property owner had a family member or a long-term tenant that they sold the land or dwelling to. In these cases, the new Covenant property never went into the open real estate market; they were private transactions. During one of the interviews, someone mentioned that if the seller knew who the buyer was personally, they were more likely to agree on a lower selling price and have a smaller profit.

The third reason was that business owners wanted to provide affordable housing for the employees. Business owners bought a parcel of land and subdivided under the Covenant Program to construct affordable housing units.

The last reason was that certain individuals bought land, subdivided it into smaller parcels under the Covenant Program and resold the small parcels to make a profit. This last reason was simply a smart investment opportunity. From interviewing real estate agents, we

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discovered that in some areas of the island, the value sum of multiple smaller parcels is larger than the parcel of land as a whole.

During the interview process, it became more and more apparent that the driving factor for participating as a seller was financial.

Past sellers experienced similar obstacles during the transaction process.

During the interviews, sellers were asked if they faced any obstacles during the certification process or during the transaction. One of the most common answers was about the difficulty some buyers had obtaining a loan from the bank. They expressed that the banks were slow when it came to the approval of loans and financing, which caused undue stress on both parties. Sellers suggested that Housing Nantucket explore other options that banks could offer to sellers to help with loans for the down payment.

Another obstacle presented to us was that buyers had to wait until papers were signed during a meeting with the Nantucket Housing Authority which only occurs once a month.

Sellers also expressed that attorneys for buyers were more generous with their time. They reiterated the point that sellers were selling part of their property because of financial pressures and any other expenses, such as the rates of the attorneys, would decrease the profit of selling into the Covenant Program.

Out of six Covenant sellers, four told us that the obstacles caused more stress than was necessary for both parties of the transaction. Two sellers knew of people who had attempted to sell into the Covenant Program but gave up due to these stresses.

Past sellers had many suggestions regarding reaching out to other potential Covenant sellers.

During our research and after working with Anne Kuszpa from Housing Nantucket, we had a few ideas about how to market to potential Covenant sellers. Past sellers were asked for input about the ideas for marketing the program and they were very helpful with their feedback. All sellers agreed that marketing efforts should include material with emotional appeal as well as facts about the benefits of selling into the Covenant Program. They highlighted the point that sellers rarely sold part of their property out of charity; financial need was always the primary motivation.

All sellers said that being able to choose the buyer was an advantage to selling into the Covenant Program. Past sellers advised not to waste effort and resources marketing towards property owners that did not have a need to sell; if the property was a second or vacation home to a person, then they most likely did not have a strong financial need to sell. These property owners were usually seasonal residents and only lived here during the summer months and other vacation times.

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The past sellers liked our idea to send out informational postcards to potential sellers. They also suggested that Housing Nantucket explore getting an ad in the local newspaper about current listings and other information. A few sellers also suggested that Housing Nantucket host small fundraisers and functions throughout the year and one large annual fundraiser.

Covenant sellers had a common concern about the affordable housing crisis on Nantucket.

At the end of every interview, there was time allotted to discuss topics otherwise not raised, whether it was about Housing Nantucket or about affordable housing in general. Many of the interviewees took this time to bring up the controversial 40B developments occurring on the island at the time. Since Nantucket does not meet the state requirement that 10% of year-round dwellings in the community are affordable units as defined by the HUD, 40Bs are the proposed solution. Locals argued against the new construction because they believed it would take away from the island's aesthetic. Many residents on Nantucket are worried that the new affordable developments will attract off islanders when the goal of the 40Bs are to provide affordable housing to locals. A common talking point was the petitions and appeals against the 40B developments. Even though our project was not about the 40B developments, almost every conversation we had included some discussion about them.

The interviewees had many concerns about the Covenant Program.

During interviews with real estate agents we were informed that they often feel they do not have sufficient education about the Covenant Housing Program to recommend it to their clients. Many reported that the details about the laws and regulations of the program were not clear to them. In a few cases, real estate agents had to contact attorneys for explanations about the agreement when the seller and buyer must share certain parts of the property. In one instance, the buyer and seller had to sign a shared septic agreement but there were many details that the real estate agents did not have access to. To address this issue, we raised the idea of creating fact sheets for real estate agents. This solution was well received by interviewees. We additionally discussed with real estate agents the possibility of creating a brochure that could be distributed that contained information about the specifics about the Covenant Program.

The real estate agents were also interested in why during the last recession buying a home on the open market was less expensive than buying a similar home through the Covenant Program. This is because the criteria that determines the price cap of a Covenant Home is the annual median income of Nantucket county, and current interest rates. Housing Nantucket does not consider the current market rates to regulate that the prices stay affordable for the current situation of the economy.

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The interviewees brought up a common concern that Covenant buyers cannot move into a bigger house within the program. If a Covenant owner wanted to sell their house and move into a larger one, the income from the house they sold would disqualify them from being able to buy another Covenant Home. This is a problem that some Covenant owners face as their families grow; they can't stay in small cottages that were made to fit a small family of two.

Some sellers were concerned about who enforced the deed restriction in Covenant Homes after the transaction is completed. There are many regulations that owners of Covenant Homes must follow and there are fines stated in the agreement that must be paid if any of the rules are broken. For example, under the program, owners may rent out rooms in their Covenant Home only if the dwelling stays owner-occupied; they may not rent out the unit as a whole.

4.1.2 Past Covenant Transaction Data and Covenant Housing Potential

Covenant Home transaction data and data from the tax assessor was used to create consumer profiles for Housing Nantucket's marketing.

Data from the tax assessor helped us analyze past Covenant transactions.

We worked closely with the Town Management Office IQP group to complete this portion of our project. They had access to Excel spreadsheets containing tax assessor information about every parcel of land on Nantucket. This information was combined with a spreadsheet from Housing Nantucket which included the transaction history for all Covenant Homes. Information such as lot size and style description for each of the past covenant transactions was taken from the tax assessor data to complete a data analysis. It took several weeks to ensure the data was complete and accurate.

Below is the data analysis on every Covenant Home in the program.

Covenant Inventory Data Analysis											
	Sales Price (\$)	Max Sales Price (\$)	Lot Size (acres)	Building Size (sqft)	Building Effective (sqft)	Building Area Gross (sqft)	Building Area Living (sqft)	# of Bedrooms	# of Bathrooms	Total Assessed Parcel Value (\$)	
Avg.	423796	592036	0.5	1419.4	1580.8	2342.7	1526.8	2.7	2	541071	
Median	415000	663473	0.3	1540	1506.5	2257	1544	3	2	517000	
Max	691000	707896	2.21	2266	4617	7353	4104	5	4	2232600	
Min	125000	433562	0.06	0	723	948	656	1	1	210400	

Table 1: Data analysis of Covenant Inventory.

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	Style Description
Affordable Hsg	39
Cape Cod	12
Colonial	4
Condo	8
Ranch	6
Other	4
Total	73

Table 2: Style description of Covenant Inventory.

4.1.3 Consumer Profiles

After gathering information from interviews and the analysis of the current Covenant Homes and assessor data, we created various consumer profiles of past sellers that would help Housing Nantucket create marketing materials. These profiles can be found in Appendix D.

Most sellers from 2013 to 2018 sold for financial reasons.

According to the consumer profiles, at least 28% of sellers from 2013 to 2018 cited financial need as a reason for selling into the Covenant Program.¹ This was the highest percentage of the any reason for selling given; selling to help someone they knew in addition to liquidating assets was the second most popular, selling to divide assets after divorce was third and tied with sold to no longer maintain property as well as sold to no longer be a landlord. The least popular reason to sell was as an act of charity; only one past seller cited this as a major motivator.

Most sellers from 2013 to 2018 were year-round residents.

The consumer profiles revealed that 91% of sellers from 2013 to 2018 were year-round Nantucket residents. Only 9% of sellers in this timeframe were seasonal residents.

Most sellers from 2013 to 2018 sold property with a dwelling on it.

The consumer profiles revealed that 88% of sellers from 2013 to 2018 sold property into the Covenant Program that already had a dwelling on it. A mere 12% sold property with no dwelling on it into the program during this time.

¹ We could only gather the reasons sellers sold for those we interviewed; many past sellers could not be contacted, and we were unable to archive their reasons for selling into the Covenant Program in our consumer profiles. Hence, it is possible that more than 28% of sellers from 2013 to 2018 sold for financial reasons.

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The median sale price of a property with a dwelling was nearly twice as much as the median sale price of a property without a dwelling.

The consumer profiles state that the median sale price of a Covenant property with a dwelling was \$500,000 from 2013 to 2018, while the median sale price of a Covenant property without a dwelling in the same time period was nearly half that at \$287,500.

4.2 Recommendations Statements

The following section details and explains our recommendations. These recommendations are intended to provide Housing Nantucket with an actionable plan to consider as they continue the expansion of the Covenant Housing Program.

4.2.1 Recommendations for Housing Nantucket Marketing Materials

There are several steps that can be taken to ensure that Housing Nantucket reaches the maximum number of potential Covenant sellers. These recommendations are detailed below.

Distribute postcards targeting potential sellers 2-3 times per year.

Nantucket experiences an increased population during the warm summer months. At the height of this tourist season, Housing Nantucket should send out the postcards using the mailing list provided. The postcards will reach seasonal residents as well as year-round residents. Housing Nantucket should also send out the postcards in the beginning and middle of the winter off-season. Year-round residents will see these postcards and any interested property owners will have the information to contact Housing Nantucket.

Create a class or information session about the Covenant Program.

Housing Nantucket should consider holding information sessions for potential sellers about the Covenant Program. These information sessions would provide a dedicated space and time for interested potential sellers to learn more about the program and ask any questions. Additionally, the details of the sessions could be included on future postcards.

Distribute fact sheets and brochures among real estate agents.

The Covenant fact sheets and brochure should be distributed to real estate agents to better inform them and their clients about the Covenant Program. One way of distributing the information would be posting to LINK Nantucket, the online listing system all realtors use. Housing Nantucket should also create close business relationships with realtors and send copies of the fact sheets and brochure for them to utilize.

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Create Covenant fact sheets containing information about lawyers and lenders.

Housing Nantucket should explore the benefits of creating fact sheets containing information from lawyers and lenders. This information would help potential Covenant sellers while they are researching the program, especially when they have questions about financial or legal details. Housing Nantucket should interview banks and law firms that have experience with the Covenant Program to compose these fact sheets.

Update relevant marketing materials with correct information as necessary.

As the Covenant Housing Program continues to evolve, Housing Nantucket should make sure their marketing materials are kept up to date. We provided Housing Nantucket with Word Documents of the fact sheets and brochure for this purpose.

Expand the mailing list beyond the 400 properties.

The current mailing list only contains properties with multiple dwellings. It does not include properties with only one dwelling and a lot size large enough to be subdivided under the Covenant Program. These properties can be added to expand the mailing list. The master spreadsheet can be manipulated to show properties that are sub-dividable, which can be combined with the current list. After observing if the current mailing list is successful at recruiting potential sellers, it would be worth expanding to reach more qualified property owners. The mailing is in the form of an Excel spreadsheet and was given to Housing Nantucket so it can be edited and updated as necessary.

4.2.2 Recommendations for Management of Data

There are several methods Housing Nantucket can employ to better organize their data.

Organize transaction data.

It is recommended that Housing Nantucket use the updated Covenant Inventory spreadsheet. The previously used spreadsheet was not organized. Data was not kept consistent and names and addresses were crossed out without explanation. In the new spreadsheet, the information is consistent and clear, and the resale data is kept separately from the inventory data to avoid confusion. Rather than the previously used system of crossing out an earlier sale, it can just be deleted and added to the resale list.

4.2.3 Recommendations for the Housing Nantucket Website

A SWOT analysis on Housing Nantucket's online marketing was performed early in the course of our project. The following recommendations were made based on the analysis of Housing Nantucket's website.

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Include advertising that targets potential sellers.

The SWOT analysis revealed that there is currently no advertising or information targeting potential sellers online. Our first recommendation with regards to Housing Nantucket's website is to add both information and marketing targeting potential sellers. Without it, a potential seller is less likely to realize their compatibility with the Covenant Program as well as understanding of how they can benefit from it. There are two detailed ways this recommendation can be implemented.

Include success stories of sellers on the website.

As we conducted the SWOT analysis of Housing Nantucket's online marketing materials, it was observed that the website almost exclusively targeted potential buyers. While it is generally recommended that Housing expand their online marketing to include more materials targeting potential sellers, it is specifically recommended to add success stories of past sellers. A real estate agent noted in an interview that if they knew some of the people who had sold in the past and those sellers had the reputation of someone who made good financial decisions, they would be more inclined to recommend the program to their clients or even participate in it themselves. Furthermore, during the SWOT analysis it was determined that the success stories of buyers had strong emotional appeal, which was verified in interviews. Given that Housing Nantucket has created over eighteen success stories to date, it follows that creating success stories for sellers would be both simple and effective.

Upload fact sheets and brochure to the website.

We created several marketing and informational materials for Housing Nantucket to use to target potential sellers. This includes fact sheets targeting specific groups as well as an informational brochure. Both materials can be uploaded to the Housing Nantucket website after necessary editing and answer common questions about the Covenant Program from a seller's perspective. Additionally, Housing Nantucket's website already features informational PDFs so it would not be uncharacteristic to include these materials in PDF form.

Increase readability and security of website.

The SWOT analysis revealed multiple issues that could prevent a user from easily understanding information on the Housing Nantucket website. The first of these observations was that the font of most text appeared to be permanently bolded. This made long sections of text hard to read. Furthermore, we were informed that the font used on the website was not commonly used, which could be an issue if Housing Nantucket wishes to

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maintain a uniform brand amongst their marketing materials. Our recommendation is to change the font to something more readable, and perhaps more common.

Secondly, it was noted during the SWOT analysis that the Housing Nantucket website was not secured. This means that any information the website was sending or receiving was not encrypted. When a website is unencrypted, many browsers, such as Google Chrome, will warn the user away from the website. This may discourage users from donating or viewing information on the website. The recommendation was to use HTTPS to ensure this does not happen, and this recommendation was acted upon while our project was being completed.

4.2.4 Recommendations for Housing Nantucket Social Media Expansion

We created recommendations using the SWOT analysis and marketing research to help Housing Nantucket expand their online social media presence.

Post on social media at least 4 times a week.

To ensure that Housing Nantucket's brand stays relevant, we researched successful businesses' activity social media and found that many posted four to five times a week. Since Housing Nantucket had infrequent activity on their social media platforms previously, following this recommendation will boost their visibility and followers.

Ensure consistency in quality and message of social media posts.

We recommend that all posts on social media are relevant to Housing Nantucket's mission of creating affordable housing opportunities for low to middle income Nantucket residents. All posts should be related to their mission and brand to boost awareness of Housing Nantucket in the Nantucket community.

Organize social media posts.

Lastly, to make their platforms easier to navigate, specifically their Facebook profile, all posts be organized into groups based on subject or event. This recommendation was acted on while the project was being completed; the photos on Housing Nantucket's Facebook page were organized into albums.

Apply for Google Ad Grants.

Google Inc. provides advertising services to thousands of companies and organizations. In our SWOT analysis, we found that non-profits can take advantage of a program Google offers called Google Ad Grants. Google Ad Grants provides up to \$10,000 in advertising monthly to qualified non-profits. Upon reading the qualifications for this program, we

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believe Housing Nantucket has a high chance of qualifying (Google, nd). Housing Nantucket should apply for this program to help expand their online marketing presence.

4.2.5 Recommendations for WPI

Look into a future IQP about “School for Career” program that the Nantucket high school offers.

A future IQP that could be beneficial to WPI involves the “School to Careers Partnership” at the Nantucket High School. This partnership brings schools, businesses and non-profit organizations together to create educational opportunities for students. This project could be focused on informing businesses and non-profits on the island of this program. One of our interview participants mentioned that most non-profits on the island are unaware of this program. This project could be a great opportunity for the Nantucket High School as well as the businesses and non-profits of Nantucket.

4.3 Deliverables

Below is a list of the deliverables provided to Housing Nantucket upon the completion of this project. These include both the marketing analysis performed on the Covenant Housing Program and the marketing materials we created.

Marketing Materials

- ❖ Mailing list of potential Covenant sellers
- ❖ Postcard designs and text targeting potential sellers (Appendix G)
- ❖ Real estate agent fact sheet, property owner fact sheet, liquidating assets fact sheet (Appendix H)
- ❖ Covenant Program Brochure (Appendix I)
- ❖ 360° tour of Schoolview Cottages

Supporting Research

- ❖ Consumer Profiles of Past Sellers (Appendix D)
- ❖ SWOT analysis of Housing Nantucket online marketing (Appendix E)
- ❖ Interview takeaways (Appendix F)

4.3.1 Mailing List of Potential Covenant Sellers

A mailing list was created for Housing Nantucket which includes properties on the island that have potential to participate in the Covenant Housing Program. This is a valuable deliverable because Housing Nantucket will now be able to directly target potential sellers that have a Covenant eligible property. Mail, such as postcards, will now be able to be sent directly to potential sellers informing them of the Covenant Housing program.

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Four hundred properties with multiple dwellings were identified to have potential to participate in the Covenant Program. While there are more than four hundred eligible properties, we focused on only on the ones that had a secondary dwelling. The mailing list is in the form of an Excel spreadsheet so it can be sorted in different ways specific to the categories included and adjusted to the users' needs. The Nantucket address, mailing address, and zone of each property can be found in the spreadsheet. There are also yes/no columns for year-round residents, street has other Covenant Homes, second dwellings allowed, and recommended by Bernadette. Bernadette Meyer is a Nantucket Real Estate Agent that helped us by providing properties she knew might be eligible for the Covenant Program.

4.3.2 Postcard Designs and Text Targeting Potential Sellers

A postcard about the Covenant Housing program was created for Housing Nantucket to distribute to potential sellers. This postcard is intended to be sent to the properties included on the potential Covenant seller mailing list. The postcard includes a brief explanation of the Covenant Program as well as a short pitch on why the potential seller should participate. The side with the address includes a phrase about how the Covenant Program can maximize the value of your property. This phrase will catch the reader's attention, showing them how they will benefit from the program. Words such as "you" and "your" were used to put the emphasis directly on the person reading the postcard. The purpose of the postcard was to drive people to the website which is why we included the web address in the bottom left corner. The phone number was also included because there are likely people interested in learning more about the Covenant Program who prefer to speak with someone for more information.

The first component of the postcard that was developed was the tagline. Initially, thirty-five different taglines were drafted. Out of the original thirty-five, three were chosen to be placed on drafts of the postcard. Next, the postcard content was drafted. The options developed included myth and fact pairs, questions and answers, facts, and blurbs. The following step was to develop templates for the postcard. At first, four different templates were created. One of these templates was chosen and eventually became the final design. We created many versions of this template and tried different combinations of colors, formats, information, and taglines.

4.3.3 Fact Sheets

Three Covenant Fact Sheets were made using Microsoft Word. Each one targeted a single group: Real Estate Agents, Potential Sellers Who Need to Liquidate Assets, and Potential Sellers Selling to Family/Friends/Employees. Housing Nantucket can upload the PDF versions of each of these onto their website. The most important interview takeaways were used to create hypothetical questions a potential might ask. These questions and their

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answers were included on the fact sheets. Additionally, facts about the Covenant Program retrieved from Housing Nantucket's website and the past seller profiles were included on the fact sheets. Furthermore, important resources for a potential seller were included, such as lists of banks and lawyers experienced with the program. All fact sheets directed the reader to the website for more information.

4.4.4 Covenant Program Brochure

The Covenant Brochure was made to be a universal document for any property owner interested in learning more about the Covenant Program. It includes information gathered from all three fact sheets, and a buyer success story. It was important that the brochure included a success story to connect to potential sellers emotionally. The strong message the brochure portrays is that Covenant sellers "sell and stay" while helping another family stay on Nantucket. The Covenant Brochure was created in Microsoft Word.

4.4.5 Virtual Tour of Schoolview Cottages

The virtual tour of Schoolview cottages was a 360 degree online virtual tour made to promote Housing Nantucket and by extension, Covenant Housing. While not directly related to the Covenant Program, it was relatively simple to create with a tool called Marzipano, and it was a unique piece of marketing. Because of this, we decided to develop it. Many different tools were explored before Marzipano was chosen. Marzipano was determined to be the best option because of its simplicity and ability to be added to Housing Nantucket's website.

This tour can be used to promote Housing Nantucket in a few ways. It can be integrated with Housing Nantucket's website, or shared through social media.

4.3.6 Consumer Profiles of Past Sellers

Consumer profiles are snapshots into different market segments. They include important information such as demographics of sellers, why sellers sell, and information about the property they sold. Each profile was based around a specific category of seller. For example, there is a profile for "Sellers who sold into the secondary lot program" and "Sellers who sold to someone they knew." The profiles can be used to inform the creation of new marketing materials, as they reveal who sells and why.

As we started to research the process of creating consumer profiles, many resources recommended gathering demographic information. Available data didn't include demographic information, so the focus was shifted to what could be gathered through interviews or extrapolated from other sources. Therefore, we had to develop a variation on a typical consumer profile; in addition to typical demographic metrics like gender, we included information on the kinds of properties Covenant sellers were selling.

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Furthermore, we included atypical metrics unique but useful to the situation on Nantucket, such as whether a past seller was a seasonal or year-round resident.

Initially, there were few topics for the seller profiles. These included sellers who sold under the Condo program, those who sold under the Secondary Lot Program, and divorcees. As interviews with past sellers and local experts were conducted, other categories emerged. These included real estate agents and those who sold to friends/family/someone else they knew.

4.3.7 SWOT Analysis of Housing Nantucket's Online Marketing

We conducted what is called a SWOT (Strengths, Weaknesses, Opportunities and Threats) analysis. A SWOT analysis is a straightforward way of looking at the state of something. It evaluates strengths, weaknesses, any opportunities, as well as threats.

The SWOT analysis focused on Housing Nantucket's online marketing of the Covenant Housing program. This analysis can be used to make changes according to any weaknesses found, as well as emphasizing the online marketing's biggest strengths.

There were many different options to consider for what analysis to perform. We researched gap analysis, PEST (Political, Economic, Social and Technological) analysis and environmental scanning. A SWOT analysis was determined to be the best option as it was simple, easy to understand, and straightforward to conduct.

4.3.8 Interview Takeaways

Towards the beginning of the project, seven past sellers and four real estate agents were interviewed. The past sellers provided unique insights to their experiences with the Covenant Program. The realtors provided important information about the business and what they needed in order to recommend the Covenant Program to clients. After the interviews were conducted, similar answers were compared and to create the Interview Takeaways document. The Interview Takeaways were created because Housing Nantucket requested a compiled summary of the important insights from the interviews. These takeaways will help them look for new trends and similarities in the future as well as create new marketing materials. The Interview Takeaways are broken up into five categories:

1. Reasons sellers sold into the Covenant Program
2. Obstacles during the financing and certification process
3. Suggestions from interviewees for marketing to potential sellers
4. Ways interviewees heard about the Covenant Program
5. Miscellaneous common concerns

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APPENDIX A: RELEVANT LAWS

Laws and Regulations

There are many laws and regulations that will have a great effect on our project. From projecting possible buildout scenarios to marketing affordable housing to potential sellers, there are many regulations. These laws and regulations will range from the local level all the way to the federal level. With Nantucket being an island, there are quite a few rules they have that are unique from other towns.

Federal Laws

The U.S. Department of Housing and Urban Development (HUD) designates housing as affordable if the gross costs to live in that housing unit, including utilities, do not exceed 30 percent of the gross income of the resident(s). To determine whether housing costs or rents are affordable for residents of a certain community, HUD uses the area median income (AMI). In a designated area, half of the population makes more than the AMI, and the other half makes less than the AMI. HUD designates households to certain income groups based on their income relative to the AMI: "Extremely Low Income": Below 30 percent of AMI, "Very Low Income": Below 50 percent of AMI, "Low Income": Below 80 percent of AMI, and "Moderate Income": Between 80 and 120 percent of AMI (May, D. D. 2018).

There is also a Housing Trust Fund Project that defines housing trust funds as distinct funds established by state, county or other local governments to support the preservation and production of affordable housing. These funds have ongoing dedicated sources of public funding, as opposed to an annual budget allocation. Social impact bonds (SIB), also called "pay for success" programs, allow county governments to pay only for programs that achieve their objectives. Instead of forming an agreement to pay an organization for the services it provides, counties will agree upon a set of outcomes, and will pay the outside organization according to the outcomes it achieves. Expanding housing affordability is one of the many ways counties use SIBs. According to HUD, inclusionary zoning (IZ) practices refer to any kind of policy or ordinance that requires or encourages developers to set aside a certain percentage of housing units in a new or rehabilitated project for low- and/or moderate-income residents. IZ policies help to integrate lower-income residents with higher-income residents so that all have access to the same high-quality services and amenities (May, D. D. 2018).

The Section 42 housing program refers to the section of the Internal Revenue Tax Code which provides tax credits to investors who build affordable housing. Investors receive a reduction in their tax liability in return for providing affordable housing to people with fixed or lower income. We can use this to get local business owners to help with the creation of affordable housing on the island (Steenbock 2018). The Section 8 housing program is made up of apartment homes managed by the U.S. Department of Housing and

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Urban Development (HUD). Each unit distributed is tied to a voucher which states that the resident in that unit only pays 30% of their income toward their rent (Steenbock 2018).

State Laws

It will be critical for us to be aware of all the laws in place that are related to zoning and housing. The Zoning Act provides a special permit process that we will need to make sure is followed. We will need to investigate if there are any differences in the state laws and the Nantucket town laws. With Nantucket being an island, there may be some laws unique to them, regarding placement of lots for homes and a maximum amount of space that is able to be used on the island.

An application for a special permit that has been transmitted to the Special Permit Granting Authority may be withdrawn, without prejudice, by the petitioner prior to the publication of the notice of a public hearing. After publication of the public hearing notice, an application can only be withdrawn without prejudice with the approval of the Special Permit Granting Authority. The Zoning Act specifies that zoning ordinances or bylaws may provide that special permits be submitted and reviewed by other municipal boards and officials. Such reviews may be held jointly and the boards and officials may make recommendations to the Special Permit Granting Authority. Failure of such boards and officials to make any recommendations within 35 days of receipt of the special permit application by such boards and officials shall be deemed lack of opposition to the special permit. The Special Permit Granting Authority must hold a public hearing within 65 days from the date of filing. The required time limit for holding the public hearing may be extended by written mutual agreement between the petitioner and the Special Permit Granting Authority. A copy of such agreement must be filed in the office of the municipal clerk (Schmidt 2009).

Final action by the Special Permit Granting Authority must be made within 90 days following the date of the public hearing. The required time limit for taking final action may be extended by written mutual agreement between the petitioner and the Special Permit Granting Authority. A copy of any such agreement must be filed in the office of the municipal clerk. The Special Permit Granting Authority must make a detailed record of its proceedings indicating the vote of each member and the reasons for its decision. Copies of the detailed record and proceedings must be filed with the municipal clerk within 14 days after the decision (Schmidt 2009).

Notice of the decision must be mailed forthwith, by the Special Permit Granting Authority, to the petitioner, parties in interest and to every person at the public hearing that requested a notice. The notice must specify that any appeal must be made pursuant to

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MGL, Chapter 40A, Section 17 and filed within 20 days after the date the notice was filed with the municipal clerk. Upon the granting of a special permit, or any extension, modification, or renewal, the Special Permit Granting Authority shall issue to the owner and the petitioner a certified copy of its decision containing the name and address of the owner, identifying the land affected, specifying compliance with the statutory requirements for the issuance of the special permit and certifying that copies of the decision have been filed with the Planning Board and the municipal clerk. The municipal clerk must certify that 20 days have elapsed after the decision has been filed in the office of the municipal clerk and no appeal has been filed or if it has been filed that it has been dismissed or denied (Schmidt 2009).

No special permit, or any extension, modification or renewal thereof, can take effect until a copy of the decision bearing the certification of the municipal clerk is recorded in the registry of deeds or is recorded and noted on the owner's certificate of title. The fee for recording or registering shall be paid by the owner or applicant. A special permit will lapse after two years, unless a shorter time period is specified in the zoning bylaw or ordinance, if a substantial use has not commenced except for good cause or, in the case of a permit for construction, if construction has not commenced except for good cause. Excluded from any lapse period is the time required to pursue or await the determination of any appeal taken pursuant to MGL, Chapter 40A, Section 17 (Schmidt 2009).

There are some special voting requirements when it comes to zoning. A Special Permit Granting Authority may grant a special permit by a two-thirds vote of a board with more than five members, a vote of at least four members of a five-member board, and a unanimous vote of a three-member board. A Zoning Board of Appeals may grant a variance or reverse any order or decision of any administrative official under the provisions of the Zoning Act by a concurring vote of all members of a three-member board or a concurring vote of four members of a five member board. Only those members of a Special Permit Granting Authority or Zoning Board of Appeals who are at the public hearing on a particular matter are entitled to vote on that matter. Upon municipal acceptance, MGL, Chapter 39, Section 23D allows a member who missed one session of the public hearing to vote after reviewing evidence including an audio or video recording of the missed session.

Town of Nantucket Laws

Subprograms:

The Nantucket Housing Needs Covenant Program may create and administer a series of subprograms and Nantucket Housing Needs Covenants (NHNCs), based on different levels of household income, provided that no subprogram or NHNC shall be created for or available to people or households earning more than 150% of the Nantucket County

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median household income (a "subprogram"), except for a "qualified family member" who shall be exempt from the established income and asset limits of the Nantucket Housing Needs Covenant Program (Code of Nantucket 2017).

Regulations:

Pursuant to applicable law, and consistent with this Chapter 100, the Authority shall promulgate and adopt rules and regulations to implement and administer the Nantucket Housing Needs Covenant Program, subprograms and the NHNCs. All such rules and regulations shall be known as the "Nantucket Housing Needs Program Covenant Regulations" and shall be kept on file with the office of the Town Clerk of the Town of Nantucket (Code of Nantucket 2017).

Appeals:

At the request of any seller, purchaser, lessor or tenant or prospective seller, purchaser, tenant or lessor, who has a grievance relating to the administration of the Nantucket Housing Needs Covenant Program, any subprogram, the Nantucket Housing Needs Program Covenant Regulations or any NHNC, the Authority, or a committee thereof (the "Appeal Board"), shall conduct a review appeal to consider any such grievance in accordance with procedures set forth in the Nantucket Housing Needs Program Covenant Appeals Board Regulations, as provided below in § 100-5C.

The Appeal Board shall conduct a special review for a waiver from the strict application of this Chapter 100 or from the Nantucket Housing Needs Program Covenant Regulations. The Appeal Board may, at its sole discretion, grant a request for a waiver or waivers, with or without conditions, if it finds that the approval of such waiver or waivers (1) shall not substantially derogate from the intent and purpose of this Chapter 100 and the Nantucket Housing Needs Program Covenant Regulations, and (2) shall alleviate a substantial hardship for the applicant(s) for such waiver or waivers.

The authority shall create rules and regulations pertaining to the Appeals Board and to the conduct of appeals and special reviews hereunder. Said rules and regulations shall be known as the "Nantucket Housing Needs Covenant Program Appeals Board Regulations," and shall be on file with the Town Clerk of the Town of Nantucket (Code of Nantucket 2017).

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APPENDIX B: INFORMED CONSENT FORM

The following was read to each interview participant before their interview:

This WPI IQP research project is sponsored by Housing Nantucket and aims to explore options for improvement of the affordable housing program.

The goal of this project is to help the non-profit organization Housing Nantucket expand their Covenant Housing program through the development of new marketing strategies targeting potential sellers via the analysis of profiles created from past seller data.

All information gained in this interview can be made anonymous at your request. All audio transcriptions will be retained as property of WPI unless otherwise noted below.

A copy of the final report will be made available when completed and approved by WPI and Housing Nantucket.

This interview is voluntary. Participants may decide not to participate at any time without consequences from the interviewer. The participant reserves the right not to answer any question that they are not comfortable with.

APPENDIX C: INTERVIEW QUESTIONS

Questions for Past Sellers

Question 1: How did you come to be on Nantucket?

Question 2: What made you interested to move here? What do you do now?

Question 3: Where did you live before Nantucket and what did you do there?

Question 4: How and when did you hear about Housing Nantucket?

Question 5: How did you hear about the Covenant Program?

Question 6: What would you say is the local perception of Housing Nantucket's covenant housing program on the island?

Question 7: What were some of the reasons you decided to sell your land/home through the Covenant Program?

Question 8: As you were starting the certification process, what was your home life like? Was your family all supportive in making the decision to participate in the Covenant Program?

Question 9: Before getting started in the process, did you get a lot of outside professional advice? Or were you equipped to handle everything by yourself.

Question 10: In our research, we've found most of the sellers initiating transactions have been year-round resident property owners. Do you have any ideas/insight into why year round residents sell more often than seasonal residents?

Question 11: Do you have any suggestions for how Housing Nantucket can connect with seasonal residents?

Question 12: Do you hear any negative feedback about the Covenant Program? What is it?

Question 13: Do you hear any misconceptions about the Covenant Program? What are they?

Question 14: What was your realtors involvement during this whole process? Were they the ones who encouraged you to participate in the program?

Question 15: How easy was it to get certified as a seller? Were there any roadblocks or challenges?

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Question 16: During the process, did you experience any negative feedback from neighbors or others?

Question 17: Do you know anyone who would be interested in participating in the Covenant Program as a seller?

Question 18: What kind of messages or information would you find most helpful when being approached by Housing Nantucket?

Question 19: Do you have any ideas or suggestions to make the process easier?

Question 20: Is there anything else we did not ask about that you would like to share with us?

Questions For Local Experts

Question 1: How did you come to be on Nantucket?

Question 2: How and when did you hear about Housing Nantucket?

Question 3: How did you hear about the Covenant Program?

Question 4: What would you say is the local perception of Housing Nantucket's covenant housing program on the island?

Question 5: When you're considering a property, what criteria might alert you to potential Covenant subdivision on the lot?

Question 6: In our research, we've found most of the sellers initiating transactions have been year-round resident property owners. Do you have any ideas/insight into why year round residents sell more often than seasonal residents?

Question 7: We've noticed that the Covenant Homes are primarily clustered in one area on Nantucket, do you have any ideas or reasons why that might be?

Question 8: Do you have any suggestions for how Housing Nantucket can connect with seasonal residents?

Question 9: Do you hear any negative feedback about the Covenant Program? What is it?

Question 10: Do you hear any misconceptions about the Covenant Program? What are the

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Question 11: Do you inform your clients about the existence of Housing Nantucket? Specifically, the Covenant Housing Program? How? (eg, direct to website, tell them verbally)

Question 12: How easy is it to get certified as a seller? Are there any roadblocks or challenges you're aware of?

Question 13: Do you know anyone who would be interested in participating in the Covenant Program as a seller?

Question 14: As a realtor, what kind of messages or information would you believe is the most efficient when Housing Nantucket approaches potential sellers

Question 15: Do you have any ideas or suggestions to make the process easier?

Question 16: Is there anything else we did not ask about that you would like to share with us?

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APPENDIX D: CONSUMER PROFILES OF PAST SELLERS

Past Seller Profiles

1. These profiles were created from information gathered about the 32 sellers who sold in the program from 2013-2018
2. There are four categories of data provided in these profiles - Demographics, Known reasons for selling, Covenant Property Information, and Other Information. **Demographics** is demographic information. This information is complete. **Known reasons for selling** indicates the reasons people sold given in interviews. Some people had multiple reasons for selling, and some people we were unable to interview. **This information will not total to "Sellers who fit this profile."** **Covenant Property Information** is important information about the Covenant Property that was sold into the program.
3. All percentages are calculated based on "Sellers who fit this profile," which is unique to each profile. The only exception to this is the percentage for "Sellers who fit this profile" which is calculated out of the total number of sellers included in the creation of these profiles, 32. Example: Profile 2's percentages (except for "Sellers who fit this profile") is calculated out of 28.
4. Most metrics include both a percentage and total of sellers in that profile who have that characteristic.

PROFILES

Profile 1: All past sellers

Profile 2: Sold under the secondary lot program

Profile 3: Sold under the condo program

Profile 4: Real estate agents

Profile 5: Sold to family/friend/employee/someone else they knew

Profile 6: Seasonal residents

Profile 7: Divorcees

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Profile 1: All Past Sellers		
Demographics		
	Percent Total	Total
Sellers who fit this profile	100%	32
Year round residents	91%	29
Seasonal residents	9%	3
Female	19%	6
Male	22%	7
Both male and female	53%	17
Corporation	6%	2
Known reasons for selling		
	Percent Total	Total
Sold for financial reasons	28%	9
Sold to help family/friend/employee in addition to making money	22%	7
Sold to divide assets after divorce	6%	2
Did not want to maintain property	6%	2
Did not want to be a landlord anymore	6%	2
Sold as an act of charity	3%	1
Covenant property information		
	Percent Total	Total
Covenant properties with dwelling	88%	28
Covenant properties without dwelling	13%	4
Total		
Average sale price of Covenant property without dwelling		\$251,750.00
Median sale price of Covenant property without dwelling		\$287,500.00
Average sale price of Covenant property with dwelling		\$491,685.00
Median sale price of Covenant property with dwelling		\$500,000.00
Median lot size (acres)		0.3
Median # Bedrooms		3
Median # Bathrooms		2

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Profile 2: Sold under the Secondary Lot Program

Demographics		
	Percent Total	Total
Sellers who fit this profile	82%	28
Year round residents	89%	25
Seasonal residents	11%	3
Female	14%	4
Male	21%	6
Both male and female	57%	16
Corporation	7%	2
Known reasons for selling		
	Percent Total	Total
Sold for financial reasons	15%	9
Sold to help family/friend/employee in addition to making money	25%	7
Sold to divide assets after divorce	7%	2
Did not want to maintain property	7%	2
Did not want to be a landlord anymore	7%	2
Sold as an act of charity	4%	1
Covenant property information		
	Percent Total	Total
Covenant properties with dwelling	86%	24
Covenant properties without dwelling	14%	4
Total		
Average sale price of Covenant property without dwelling		\$251,750.00
Median sale price of Covenant property without dwelling		\$287,500.00
Average sale price of Covenant property with dwelling		\$479,613.00
Median sale price of Covenant property with dwelling		\$500,000.00
Median lot size (acres)		0.19
Median # Bedrooms		3
Median # Bathrooms		2

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Profile 3: Sold under the Condo Program

Demographics		
	Percent Total	Total
Sellers who fit this profile	12%	4
Year round residents	100%	4
Seasonal residents	0%	0
Female	50%	2
Male	25%	1
Both male and female	0%	0
Corporation	25%	1
Known reasons for selling		
	Percent Total	Total
Sold for financial reasons	0%	0
Sold to help family/friend/employee in addition to making money	0%	0
Sold to divide assets after divorce	0%	0
Did not want to maintain property	0%	0
Did not want to be a landlord anymore	0%	0
Sold as an act of charity	0%	0
Covenant property information		
	Percent Total	Total
Covenant properties with dwelling	100%	4
Covenant properties without dwelling	0%	0
Total		
Average sale price of Covenant property without dwelling		-
Median sale price of Covenant property without dwelling		-
Average sale price of Covenant property with dwelling	\$470,667.00	
Median sale price of Covenant property with dwelling	\$463,000.00	
Median lot size (acres)	0.99	
Median # Bedrooms	2.5	
Median # Bathrooms	1.5	

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Profile 4: Real Estate Agents

Demographics		
	Percent Total	Total
Sellers who fit this profile	19%	6
Year round residents	100%	6
Seasonal residents	0%	0
Female	50%	3
Male	17%	1
Both male and female	33%	2
Corporation	0%	0
Known reasons for selling		
	Percent Total	Total
Sold for financial reasons	33%	2
Sold to help family/friend/employee in addition to making money	17%	1
Sold to divide assets after divorce	0%	0
Did not want to maintain property	0%	0
Did not want to be a landlord anymore	17%	1
Sold as an act of charity	0%	0
Covenant property information		
	Percent Total	Total
Covenant properties with dwelling	83%	5
Covenant properties without dwelling	17%	1
Total		
Average sale price of Covenant property without dwelling		\$125,000.00
Median sale price of Covenant property without dwelling		\$125,000.00
Average sale price of Covenant property with dwelling		\$558,372.00
Median sale price of Covenant property with dwelling		\$545,000.00
Median lot size (acres)		0.18
Median # Bedrooms		3
Median # Bathrooms		2

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Profile 5: Sold to family/friend/employee/someone else they knew

Demographics		
	Percent Total	Total
Sellers who fit this profile	28%	9
Year round residents	100%	9
Seasonal residents	0%	0
Female	22%	2
Male	22%	2
Both male and female	56%	5
Corporation	0%	0
Known reasons for selling		
	Percent Total	Total
Sold for financial gain	44%	4
Sold to help family/friend/employee in addition to making money	78%	7
Sold to divide assets after divorce	0%	0
Did not want to maintain property	0%	0
Did not want to be a landlord anymore	22%	2
Sold as an act of charity	11%	1
Covenant property information		
	Percent Total	Total
Covenant properties with dwelling	89%	8
Covenant properties without dwelling	11%	1
Total		
Average sale price of Covenant property without dwelling	\$307,000.00	
Median sale price of Covenant property without dwelling	\$307,000.00	
Average sale price of Covenant property with dwelling	\$477,900.00	
Median sale price of Covenant property with dwelling	\$512,500.00	
Median lot size (acres)	0.76	
Median # Bedrooms	2.5	
Median # Bathrooms	2	

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Profile 6: Seasonal Residents

Demographics		
	Percent Total	Total
Sellers who fit this profile	9%	3
Year round residents	0%	0
Seasonal residents	100%	3
Female	0%	0
Male	33%	1
Both male and female	67%	2
Corporation	0%	0
Known reasons for selling		
	Percent Total	Total
Sold for financial gain	33%	1
Sold to help family/friend/employee in addition to making money	0%	0
Sold to divide assets after divorce	0%	0
Did not want to maintain property	33%	1
Did not want to be a landlord anymore	0%	0
Sold as an act of charity	0%	0
Covenant property information		
	Percent Total	Total
Covenant properties with dwelling	100%	3
Covenant properties without dwelling	0%	0
Total		
Average sale price of Covenant property without dwelling		-
Median sale price of Covenant property without dwelling		-
Average sale price of Covenant property with dwelling	\$486,633.00	
Median sale price of Covenant property with dwelling	\$499,000.00	
Median lot size (acres)	0.245	
Median # Bedrooms	3	
Median # Bathrooms	3	

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Profile 7: Divorcees		
Demographics		
	Percent Total	Total
Sellers who fit this profile	6%	2
Year round residents	100%	2
Seasonal residents	0%	0
Female	0%	0
Male	0%	0
Both male and female	100%	2
Corporation	0%	0
Known reasons for selling		
	Percent Total	Total
Sold for financial gain	0%	0
Sold to help family/friend/employee in addition to making money	0%	0
Sold to divide assets after divorce	100%	2
Did not want to maintain property	0%	0
Did not want to be a landlord anymore	0%	0
Sold as an act of charity	0%	0
Covenant property information		
	Percent Total	Total
Covenant properties with dwelling	100%	2
Covenant properties without dwelling	0%	0
Total		
Average sale price of Covenant property without dwelling		-
Median sale price of Covenant property without dwelling		-
		Note: there were only two data points in this set, one of which was 10. Average and median sale price are likely unreliable for this profile.
Average sale price of Covenant property with dwelling		\$317,505.00
Median sale price of Covenant property with dwelling		\$317,505.00
Median lot size (acres)		0.47
Median # Bedrooms		1
Median # Bathrooms		1

APPENDIX E: SWOT ANALYSIS OF HOUSING NANTUCKET ONLINE
MARKETING



SWOT Analysis of Housing Nantucket's Online Marketing

Conducted November 2018

Authors

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Covenant Housing Program Expansion

What is a SWOT analysis?

A SWOT analysis is a straightforward way of understanding the state of something. You evaluate its strengths and weaknesses, as well as look for any opportunities and threats. In this case, we performed a SWOT analysis of Housing Nantucket's online advertising.

Strengths

Website

- ❖ Home page uses photo of happy family that clearly speaks to Housing Nantucket's mission of providing housing to year-round residents.
- ❖ Includes thorough information on every program Housing Nantucket offers.
- ❖ Consistent with Housing Nantucket's branding.
- ❖ Easy to navigate.
- ❖ Success stories of past program participants have strong emotional appeal.

Facebook

- ❖ Profile and cover photo of family who got affordable housing speak to Housing Nantucket's mission.
- ❖ About section contains complete information.
- ❖ Over 1,000 likes and followers.
- ❖ Current and upcoming events listed.
- ❖ Clip of house recycling is impactful.
- ❖ Posts have good pictures and meaningful captions or posts to accompany them.

Instagram

- ❖ Profile picture is the logo, which helps spread brand awareness.
- ❖ Bio includes Housing Nantucket's mission.
- ❖ Website is listed for further information.
- ❖ Contact information is listed.
- ❖ Most of the posts include the core message of providing affordable housing opportunities and other community service work that is being done.

Twitter

- ❖ Profile picture of logo and cover photo of family who got affordable housing speak to Housing Nantucket's mission and brand.
- ❖ Mission is included in the bio.
- ❖ Posts are linked to Instagram so followers/viewers can click and view the post.

Weaknesses

Website

- ❖ Website is unsecure.
- ❖ Font looks like it is permanently bolded. This leads to text being difficult to read if in long blocks.
- ❖ Large sections of text are hard to read.
- ❖ 6 options in the navigation bar, which can be reduced.
- ❖ Missing information for potential Covenant sellers. No marketing appears to be directed at or designed with them in mind.

Facebook

- ❖ Some posts have no caption offered and do not directly tie into Housing Nantucket's mission without explanation.
 - Examples: selfies, boomerang videos
- ❖ Audio and video is poor on some videos.
 - Examples: video of band performing
- ❖ Community chat is unmoderated.
 - Examples: people posting asking if there are housing opportunities available
- ❖ Posts are not organized by event, or any other ordering.

Instagram

- ❖ Only 24 posts over a period of almost 3 years.
- ❖ Following more people (285) than are following Housing Nantucket (235).
- ❖ Unexplained posts that do not tie into Housing Nantucket's mission without explanation.
 - Examples: Ken Beugrand boomerang video
- ❖ Allows comments on posts, which may appear unprofessional.

Twitter

- ❖ Twitter account is fairly new.
- ❖ All tweets are copied from Instagram. There is no unique content on the platform.
- ❖ Ratio between followers (8) and following (30) is too large.

Opportunities

Website

- ❖ Securing websites is relatively simple. Housing Nantucket should secure their website.
- ❖ There are many royalty free fonts. Housing Nantucket should consider a more readable font.
- ❖ Adding information for potential sellers and/or donors should be straightforward and would not be out of place. Housing Nantucket should add information tailored to these groups.
 - Adapting the “Success Story” format would be simple and effective.

General

- ❖ Google advertising is a common way to advertise online. Currently, Google offers free advertising opportunities for non-profit organizations in the form of Google Ad Grants. Housing Nantucket should apply for these grants to help expand their online presence.

Threats

Website

- ❖ Unsecure websites are often marked as such by browsers, such as Google Chrome. This may deter users from the website.

Facebook

- ❖ Unmoderated community chat means that controversial or vulgar statements may not immediately be removed and could reflect poorly on Housing Nantucket.

APPENDIX F: INTERVIEW TAKEAWAYS

Interview Takeaways

Reasons for Selling a Home into the Covenant Program:

- ❖ To lower mortgage and refinance home to afford it.
- ❖ Ability to subdivide the land.
- ❖ No longer in need of the smaller second home on the property.
- ❖ To create housing for a family member or close friend.
- ❖ To provide affordable housing for employees.

Obstacles During Certification Process:

- ❖ The process of getting financed for both the buyer and seller were stressful; buyers waited long periods of time for the bank to approve loans.
- ❖ Sellers could not move along with the process until meeting with Housing Nantucket to approve everything; this became an extensive process.
- ❖ Attorneys were unsure how to approach this program and faced a couple of obstacles during the process; one attorney had to consult with a state attorney to clarify some of the details with the program.

Suggestions for Marketing to Potential Sellers:

- ❖ Use a combination of emotional stories and facts regarding the benefits of selling within the program.
- ❖ Highlight the fact that sellers can choose the buyer and help the year-round community.
- ❖ Seasonal residents do not have a need to sell so focus marketing elsewhere.
- ❖ If the newspaper showed that influential property owners were buying land and selling through the Covenant Program as an investment opportunity, more property owners might be inclined to follow.
- ❖ Organize small fundraisers throughout the year and one large fundraiser.

Ways Interviewees heard about Housing Nantucket:

- ❖ Real estate agents
 - Through work community.
- ❖ Sellers
 - Through current market
 - Town meetings and word of mouth
 - Informed of the Recycling Program and found out about Housing Nantucket from there
 - Website and Facebook

Covenant Housing Program Expansion

Common Concerns:

- ❖ Sellers and buyers are concerned that they will not make money because of the deed restriction.
- ❖ Sometimes, the value of the lot as a whole is larger than the sum of the two lots split.
- ❖ If a potential buyer has an anomaly one year and earns above the maximum income, they are disqualified from entering the program.
- ❖ Real estate agents are not knowledgeable enough on the different programs Housing Nantucket offers.
- ❖ No one seems to be monitoring the properties after the transaction goes through; if any part of the agreement is broken there doesn't seem to be any repercussions.
- ❖ Residents on Nantucket are worried that Surfside Crossing will attract new people to the island rather than providing affordable housing for those already living here.
- ❖ The time it takes for the bank to approve loans and finance seems too lengthy.
- ❖ Covenant Home owners cannot buy a larger or smaller house within the program.
- ❖ At one point during the last recession, buying a Covenant Home was more expensive than buying a home on the open market.
- ❖ Attorneys for sellers from Housing Nantucket are not as personable with their time as they are with buyers.
- ❖ It took the surveyor a long time to visit the property which slowed down the entire process.

Covenant Housing Program Expansion

APPENDIX G: POSTCARD DESIGNS AND TEXT TARGETING POTENTIAL SELLERS



The postcard has a white header section with the text "Invest in your future with Housing Nantucket". Below this is a photograph of a man and a woman smiling. To the right is a column of text: "The Covenant Program allows a property owner to divide and sell a portion of a lot that otherwise would not be subdividable." Below this is another column of text: "More options for your property! SELL your second dwelling or unused land. CHOOSE the buyer. HELP sustain the year-round community." At the bottom left is a photograph of a woman holding a young child. The bottom right corner contains the Housing Nantucket logo.

For more information visit housingnantucket.org or call 508-228-4422

The Covenant Program allows a property owner to divide and sell a portion of a lot that otherwise would not be subdividable.

More options for your property!

SELL your second dwelling or unused land.

CHOOSE the buyer.

HELP sustain the year-round community.

For YOU and the year-round community

Nantucket's Covenant Program: Invest in your future



For more information visit
housingnantucket.org
or call
508-228-4422

Did you know . . .

- You can sell your unused land or 2nd dwelling for up to \$691,961.
- To help:
 - Pay off mortgage.
 - Pay for children in college.
 - With retirement.
 - If splitting a partnership.

The Covenant Program allows a property owner to divide and sell a portion of a lot that otherwise would not be subdivide-able.

Make the
MOST out of
your property!



You can make a difference with Housing Nantucket



For more information visit
housingnantucket.org
or call
508-228-4422

Top Reasons to Sell:

1. Liquidating assets.
2. Family member or close friend in need of affordable housing.
3. Convert a tenant to a homeowner.

The Covenant Program allows a property owner to divide and sell a portion of a lot that otherwise would not be subdivide-able.

Options for
YOUR property!



Covenant Housing Program Expansion

APPENDIX H: REALTOR, PROPERTY OWNER AND LIQUIDATING ASSETS FACT SHEETS

Covenant Housing: Information for Real Estate Agents

Who is Housing Nantucket?

Housing Nantucket – it's both a name and a mission. We are the only non-profit creating affordable rental and homeownership opportunities exclusively on Nantucket. We are determined to preserve and protect workforce housing for present and future generations.



Experienced Used Banks

Hingham Institution for Savings
The Cape Cod Five Cents
Savings Bank
Nantucket Bank

Experienced Law Firms

Cohen and Cohen Law P.C.
Glidden and Glidden, P.C.
Patricia Halsted Attorney at Law
Vaughan, Dale, Hunter and
Beaudette Law
Michael J. Wilson Law
Reade, Gullickson, Hanley and
Gifford Law



Housing Nantucket envisions Nantucket as a place where all residents have access to decent housing options that meet their needs.

How does the Covenant Program work?

A property owner carves out a portion of a lot that otherwise would not be subdivide-able. In exchange, the Covenant unit is sold to an income-qualified year-round resident for a price at or below a maximum sales cap.

Q: How can I find out if my property qualifies for a Covenant Home?

A: Visit the website to see if your property zone allows for a subdivision. Qualified Sellers' Applications can be found under the Covenant Home page.

Q: How do I become a buyer?

A: Visit the website to see the buyer requirements and fill out the Qualified Purchasers' Application. Purchasers must make below 150% AMI, have no more than \$345,980 in unrestricted assets, and not own any residential Nantucket real estate.

Facts

- ❖ The 2018 Maximum Sales Price Cap for a Covenant Home was \$691,961.
- ❖ The 2018 qualifying income was \$149,250.
- ❖ Housing Nantucket has successfully created 83 Covenant Homes.
- ❖ 82% of recent Covenant Homes were sold through the Second Lot Program.
- ❖ 22% of all sellers sold to someone they knew.
- ❖ 88% of all parcels sold through the Covenant Program already had a dwelling.

For more information visit Housing Nantucket's website: housingnantucket.org

Or call Housing Nantucket at: [508-228-4422](tel:508-228-4422)

COVENANT HOUSING: AN OPTION FOR PROPERTY OWNERS

Who is Housing Nantucket?

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Michael J. Wilson Law
Reade, Gullickson, Hanley
and Gifford Law

Housing Nantucket envisions Nantucket as a place where all residents have access to decent housing options that meet their needs.

How does the Covenant Program work?

A property owner carves out a portion of their lot that would otherwise not be subdividable. In exchange, the Covenant Home is sold to an income qualified year-round resident at or below the maximum sales cap.



Why should you sell into the Covenant Program?

Sellers of Covenant Homes can choose the buyers while simultaneously creating an affordable housing opportunity for generations to come. Subdividing a parcel is a great way to get rid of unused land or a second dwelling. Creating a Covenant Home is a smart financial investment that also helps keep Nantucket locals on island.

How do I become a Covenant Seller?

Visit Housing Nantucket's website to fill out the Sellers' Application. Once the application is verified and approved, and the process will be started.

Facts

The 2018 Maximum Sales Price Cap for a Covenant Home was \$691,961. The 2018 qualifying income was \$149,250. Housing Nantucket has successfully created 83 Covenant Homes.



For more information and applications visit: housingnantucket.org

Or call Housing Nantucket: [508-228-4422](tel:508-228-4422)

COVENANT HOUSING: AN OPTION TO LIQUIDATE ASSETS

Who is Housing Nantucket?

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Reade, Gullickson, Hanley and
Gifford Law



Housing Nantucket envisions Nantucket as a place where all residents have access to decent housing options that meet their needs.

Do you need to liquidate your assets?

Whether you are going through a separation, business or personal, Housing Nantucket's Covenant Housing Program is a perfect solution.

Q: How do I know if my land can be subdivided?

A: The Secondary Lot Program allows certain zones to be subdivided. To find a list of allowed zones visit the website.

Q: Can I subdivide my land and sell to myself?

A: In a few transactions, one separated party bought out the other party. For more information call Housing Nantucket.

Q: What does Housing Nantucket require if I am going through a divorce?

A: Housing Nantucket requires the Divorce Decree before approving any applications.

Q: I'm worried about not meeting the Buyer requirements. What can I do?

A: In extenuating circumstances, Housing Nantucket will allow potential buyers to request a specific waiver for a requirement. Call Housing Nantucket for more information.

Q: What are the benefits of Covenanting my property?

A: Subdividing the property results in complete financial separation of the two lots. It is also a great way to liquidify an asset and to create an affordable housing opportunity for qualified income buyers.

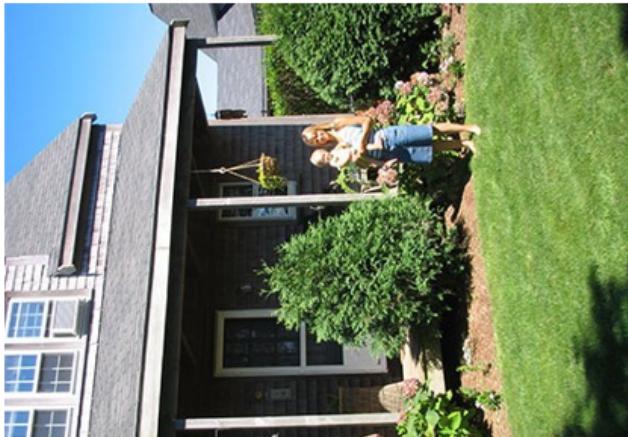


For more information visit: housingnantucket.org

Call for inquiries: 508-228-4422

Covenant Housing Program Expansion

APPENDIX I: COVENANT PROGRAM BROCHURE



Epli Photography

Meet Marita and Jermaine

Marita and Jermaine completed Housing Nantucket's First Time Home Buyer class, then applied for the Sachem's Path lottery and Habitat for Humanity's homes. After years of trying to secure a permanent home, they found themselves in the same position many other dual-income families are in. Together, they earned too much for subsidized housing, but could never afford Nantucket's expensive open market house prices. A friend tagged Marita on a Facebook post regarding a Covenant Home sale. They pursued the opportunity and qualified as purchasers¹; within a few months Marita and Jermaine closed on their very own Covenant Home.

Visit Housing Nantucket's website for more success stories!

Website: housingnantucket.org

Phone: 508-228-4422

Covenant Housing Program



Housing Nantucket
75 Old South Road
Nantucket, MA 02554

Experienced Law Firms
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Michael J. Wilson Law
Read, Gullickson, Hanley and Gifford Law

Experienced Banks

Hingham Institution for Savings
The Cape Cod Five Cents Savings Bank
Nantucket Bank



Facts About The Covenant Program

- ❖ In the past five years, 82% of all Covenant Homes used the Secondary Lot Program.
- ❖ Around 22% of all sellers sold to someone they knew.
- ❖ Out of the parcels sold, 88% already had dwellings.
- ❖ In 2018, the Max Sales Price Cap was \$691,961.
- ❖ Housing Nantucket has successfully created 83 Covenant Homes.

Covenant Housing Program Expansion

Why Should You Sell Covenant?

Selling into the Covenant Program is a smart financial investment; it is a way to divide your asset if you are going through a separation. It is a great option to cease being a landlord and all the responsibilities of one. Covenant Sellers can choose the buyer while creating affordable housing opportunities for middle-income Nantucket residents. The market rate house stays unrestricted and financially separate from the Covenant Home.

What is the timeline for the Covenant Process?

The closing process takes about three months. For a full timeline visit the website.

Can I use the Covenant Program to develop housing for employees?

In several instances, employers have used the Secondary Lot Program to provide affordable housing for employees. Check the website or call Housing Nantucket for more details if you are interested.

Why Should I Buy Covenant?

Covenant Homes are an affordable option for middle-income Nantucket residents. Over 70% of resales have an appreciation. Covenant Homeowners can also rent out extra rooms for another flow of income.



Mayumi and Cliff are owners of their very own Covenant Home and have a barter agreement with their tenants.

How do I know if I can subdivide my land?

Visit Housing Nantucket's website to see the requirements and zones that allow plots to be divided.

What is the difference between the Condo Lot and Secondary Lot Programs?

The Secondary Lot Program results in the separate ownership of two lots. The Condo Program results in the separate ownership of two dwellings on one lot.



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Who is Housing Nantucket?

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What is the Covenant Program?

The Covenant Program offers home ownership opportunities to moderate income year-round residents (those earning below 150% of medium income). The Program allows a property owner with more than one residential dwelling on a parcel to sell one of those dwellings at a permanently affordable price.



Joni and Sandy bought Covenant land and moved a Recycled home onto their new property.