

Affordable Housing: The Benefits of Community Development
Corporation Recognition and the Community Investment Tax
Credit Program

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Abstract

Housing Nantucket is exploring how it might better meet the urgent and growing need for affordable housing on Nantucket. Accordingly, our team examined the possibility of Housing Nantucket receiving Community Investment Tax Credits (CITC) as well as State certification as a Community Development Corporation (CDC). Through an extensive series of interviews, surveys, literature review, and observations, we determined that Housing Nantucket should pursue CDC certification. However, the organization must enhance its services in community outreach, organizational planning, and fundraising before attempt applying for CITCs.

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Executive Summary

One of the most prominent problems on Nantucket is the lack of affordable housing. Approximately 40% of renters and 55% of homeowners on the Island spend more than 30% of their incomes on rent or mortgage. Housing Nantucket (HN), the only privately operated, local non-profit focused on affordable housing on Nantucket, addresses this problem by providing 30 rental units and 58 covenant homes to the work force population. To gain access to additional resources, such as Community Investment Tax Credits (CITC), HN is exploring the possibility of seeking certification as a Community Development Corporation (CDC). To assist in this endeavor, our team's project consisted of two goals:

- (1) To evaluate the components of a high quality, complete, and competitive CDC application and Community Investment Plan (CIP), and
- (2) To develop draft materials for Housing Nantucket's submission to the Massachusetts Department of Housing and Community Development (DHCD) for CDC certification and also CITC allocation.

Both of these goals were accomplished through tenant surveys and interviews with the Massachusetts Association of CDCs (MACDC), HN's tenants, board members and stakeholders.

Goal 1: After conducting interviews with the MACDC and four established CDCs, in addition to reviewing eight CIPs which received CITCs, our team concluded that successful CDCs consist of the following:

- Extensive community engagement, including diverse and engaged boards;
- Comprehensive business plans that include succession planning; and,
- Strong donation pools and fundraising capability.

Goal 2: To properly understand the scope of HN's needs and operations necessary for crafting the CIP and CDC application, we conducted a general needs assessment. This assessment consisted of a tenant survey in addition to interviews with various stakeholders such as tenants, Board members, HN staff, and local community leaders in the affordable housing sector on Nantucket and elsewhere. From these methods we concluded the following:

- The affordable housing crisis is intensifying. HN plays a central role in addressing this problem as it is the largest private organization actively creating affordable housing on the Island.

- HN, however, may need to consider playing a larger role in the community by becoming a clearing house for seasonal rentals and a real estate educational resource.
- To enhance the likelihood of receiving CITCs, HN may need to develop certain characteristics common to CDCs. These include the characteristics we found in completing Goal 1 (please see above).

After critically reviewing the CDC certification requirements, we recommend that HN pursue CDC certification. However, before proceeding with the CITC application, HN needs to implement new social programs to increase tenant/community involvement and outreach, and solidify private funding sources. It also needs to maintain and cultivate a diverse board through mentorship and succession planning. If HN is able to make these stated necessary changes, and receives CITCs, the recommendations for investment include: expanding outreach and fundraising, continuing construction and maintenance of new and old units, increasing tenant outreach, and expanding permanent staffing.

If HN decides that it does not wish to pursue CDC status, the organization would still benefit from increasing fundraising endeavors, developing a five year business plan that includes succession planning, maintaining a diverse board, and exploring a role as clearing house for seasonal and year-round rentals. Pursuing these organizational changes would allow HN to expand its operations, become more efficient, establish more long-term affordable housing, and ensure that the affordable housing need on Nantucket continues to be addressed.

Authorship

This report was the product of the collaboration of Elizabeth Beazley, Nhi Phan, and Taylor York. The research methods and writing were divided among the three group members in a way that best accommodated each member's strengths. All sections of this report were reviewed by all group members after primary edits were performed to ensure that this report accurately represented the opinions and recommendations of the team. The list below displays the primary authorships and duties each team member accepted.

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List of Acronyms

CDC	Community Development Corporation
CIP	Community Investment Plan
CITC	Community Investment Tax Credits
CPA	Community Preservation Act
CPC	Community Preservation Committee
DHCD	Department of Housing and Community Development
HUD	Housing and Urban Development
HN	Housing Nantucket
IHT	Island Housing Trust (Martha's Vineyard CDC)
MACDC	Massachusetts Association of Community Development Corporations
NHA	Nantucket Housing Authority
NHNC	The Nantucket Housing Needs Covenant program
ZBA	Zoning Board of Appeals

1. Introduction

Affordable housing is an immediate issue in the United States. In the recent years, rising housing costs compounded with stagnant wages have exacerbated the affordable housing problem. “Today, one in every four Americans spends over 50% of their income on housing” (Arnold, Crowley, Bravve, Brundage, Biddlecombe, 2014, p.12). According to the Department of Housing and Urban Development, affordable housing costs less than 30% of the household income. However, more than half of the population spends more than 30% of their household income on housing, and 25% of the population spends more than 50% of their income on housing. Ironically, Nantucket, Massachusetts, which is generally perceived to be an affluent community, is experiencing a large deficit in affordable housing. According to the RKG report of 2015, “Roughly 55 percent of Nantucket’s homeowners and 40 percent of its renters struggle to pay for the housing units they occupy” (RKG, 2015, p.5). Because the cost of housing is so high, affordable housing on Nantucket costs less than 150% of the area median income¹ (RKG, 2015, p.i) rather than the typical classification of 80%. Several agencies on Nantucket are attempting to address the housing issue, including Housing Nantucket, which is a private nonprofit organization that has been helping low to moderate income families find permanent living arrangements via their rental and covenant homes programs since 1994.

Housing Nantucket is investigating the possibility of becoming a certified Community Development Corporation (CDC). Gaining CDC certification will allow Housing Nantucket to access funds that were previously unavailable to them such as Community Investment Tax Credits (CITC). In order to apply for the CITCs, Housing Nantucket must create a Community Investment Plan (CIP) that will outline their investments and expenses over the course of three to five years. The CIP may then be used in conjunction with CDC status to apply for a variety of grants.

In this project, we created a series of recommendations that Housing Nantucket may use to become certified as a CDC, and create a CIP that may be used to apply for CITCs. To accomplish this, we sought advice from other CDCs throughout Massachusetts that have received CITCs for developing affordable housing. We also conducted a variety of interviews and surveys with Housing Nantucket staff and Board Members, and the tenants occupying Housing Nantucket’s residential units. These interviews illuminated the variety of needs on the Island, and the effectiveness of current responses to those needs. Most significantly, we deduced which facets of Housing Nantucket’s operation should receive investments so that it could develop to better meet the needs of the people. This allowed us to formulate an investment plan that would not only address the immediate needs of the tenants but also allow Housing Nantucket to thrive and continue to provide for the community for many years to come.

¹ Area median household income – the median income for a specific area or neighborhood

2. Background

2.1 The Affordable Housing Shortage

The United States is experiencing a dire need for affordable housing. Since the economic recession in 2008, realty appreciation has outpaced income hikes and now the traditional “American Dream” of owning a home is difficult, even unobtainable for many. “On average, it takes 2.6 full-time minimum wage jobs to afford a modest two-bedroom unit in the United States. Even in states where the state minimum wage exceeds the federal minimum wage, one full-time minimum wage job is insufficient for a household to afford a two-bedroom unit”(Arnold, Crowley, Brave, Brundage, Biddlecombe, 2014). The inadequacy of affordable housing options is more severe on Nantucket Island than on mainland Massachusetts. In 2014, the median house price on Nantucket was \$1,997,500, which was about six times the median (\$335,000) in the rest of Massachusetts. The median income of year round workers on Nantucket was, however, only about 10% times higher than that of Massachusetts overall. (realtor.com®, 2015). Thus, the elevated prices of housing on Nantucket have far outstripped the typical salaries of the Islanders.

According to the Department of Housing and Urban Development, families who pay more than 30 percent of their income for housing are considered *cost burdened*. On Nantucket, **half** of its

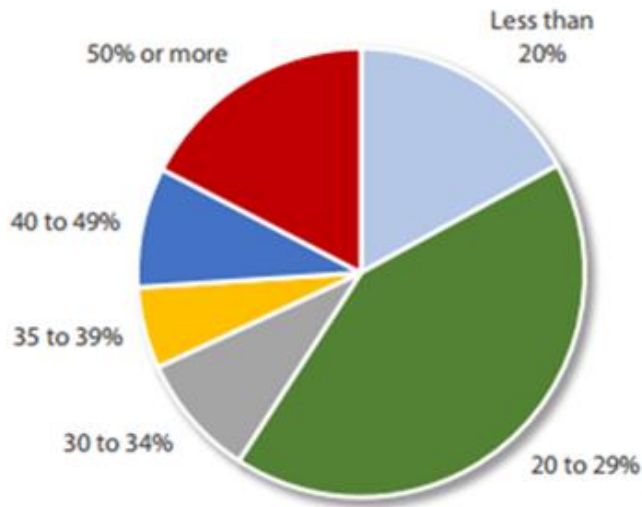


Figure 1: % House Hold Income Spent on Housing Costs for Nantucket's Year-Round Renters (RKG, 2015, p.iv)

year round residents fit this category, as seen in Figure 1 (RKG, 2015, p. iv). Following HUD guidelines, most states and cities define affordable housing as housing at or below 30 percent of the area median household income. However, to accommodate the large proportion of residents who spend extraordinary sums on housing; “Nantucket was able to adopt an unusually high standard of 150 percent [area median income], as the income limit for locally administered workforce housing² assistance.” (RKG, 2015, p.2)

² Workforce housing has been loosely defined by many agencies. The first time it was coined however, it referred to affordable priced housing for people near their place of employment. (RKG, 2015, p.2)

In order to cope with the burden of housing costs, many Nantucket residents share housing units with each other, leading to underreported overcrowding. “In the Airport/Mid-Island/Surfside area, Nantucket has a relatively large number of households with unrelated people living together in the same house, as shown in the graph below in which 2366/9747 or 24% of the work force lives in shared housing with non-relatives. This...signals the presence of housing problems: lack of affordability, lack of suitable housing for a community’s household types, crowded housing units, code violations, off-street parking conflicts, and others.”(RKG, 2015, p.16)

Nantucket contains socially and ethnically stratified neighborhoods. “Minorities comprise approximately 19.5 percent of the population town-wide (compared with 16.8 percent of the population in Massachusetts) and yet ninety percent of Nantucket’s minority residents live in Airport/Mid-Island/Surfside neighborhoods and south of Town where the housing options are cheaper. For example, Nantucket’s most densely populated census tract, the 9502 (Miacomet/Mid-Island/Cisco) [district], houses 48 percent of the entire town-wide population, but 69 percent of the African American population and 63 percent of the Hispanic population.”(RKG, 2015, p.10)

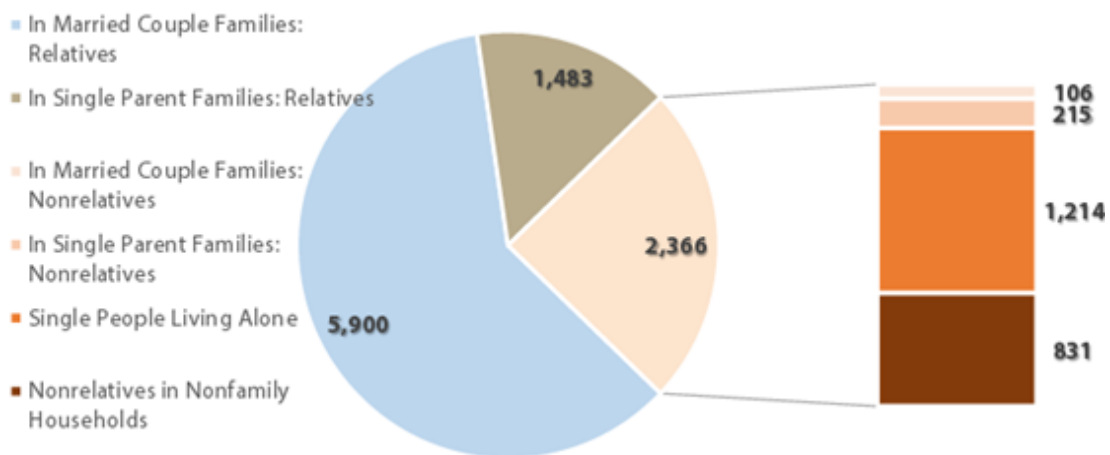


Figure 2: Relatives and Nonrelatives in Nantucket's Households (RKG, 2015, p.16)

In addition to residential segregation, the high cost of living has caused a phenomenon called the “Nantucket Shuffle”, in which renters move to the mainland in the summer because they cannot compete with tourists who are willing to pay high rents in the vacation months. (New York Times, 1985). The deficit of rental units exacerbates this problem: only 36% of the total 11,650 housing units are year round housing units; the rest are seasonal. (RKG, 2015, p.i). “From 2010 to 2013, the Town ... lost 160 year-round units, and gained 415 seasonal units. Thus, some units that were previously used as year-round housing have converted to seasonal homes” (RKG, 2015, p.iii). Although Nantucket’s economy depends on the influx of summer tourists, the Island is evidently not accommodating the year-round residents who support the tourist industry. The arts,

entertainment, and recreation sector employs the greatest proportion of year round residents but the hospitality industry yields a median income of about \$25,000. (RKG, 2015, p.15). This salary is not sufficient to afford the increase housing prices on Nantucket, and thus, a large portion of Nantucket residents are in need of housing assistance.

Since the year-round population of Nantucket has increased by 14% since 2000, the issue of affordable housing has never been more pressing (RKG, 2015, p.i). Nantucket has created a number of housing assistance agencies, providing goods and services ranging from rental assistance to covenant homes for sale. Nevertheless, these efforts, which will be explained in greater detail in the subsequent sections, must be reevaluated so that displacement is no longer a looming threat to current residents.

2.2 Current Efforts to Provide Affordable Housing on Nantucket

On the island of Nantucket, several groups are moving to provide the community with affordable housing. While each group contributes to a brighter future for the Nantucket Community, two organizations are most notable - Housing Nantucket (HN) and the Nantucket Housing Authority (NHA).

HN is a private, 501(c) 3 non-profit, organization that works towards creating affordable housing opportunities for the Nantucket Community. Legally known as NHA Properties Incorporated, HN "... is the largest non-profit, non-governmental property manager on the island" (HN Board of Directors Handbook, p.3). Founded in 1994, HN is the successful effort of the Nantucket Housing Authority to create a private branch which would focus primarily on moving and renovating homes to be used for affordable housing. However over the course of 20 years, HN has expanded and now provides a variety of services, which will be described in the subsequent sections.

Housing Nantucket offers affordable housing opportunities to the Nantucket community primarily through three programs: the Affordable Rental Program, the Nantucket Housing Needs Covenant Program (NHNC), and the Relocatable Dwellings Program.

Housing Nantucket's **Affordable Rental Program** has created 30 rental units over the past 20 years. This program is possible through the combined efforts of HN and NHA. The usual process is as follows: surplus property is transferred from the Town to the NHA, who then issues a Request For Proposals (RFP) from applicants wishing to develop the land for affordable housing purposes. After reviewing the applications, the NHA chooses an applicant to receive the land. HN

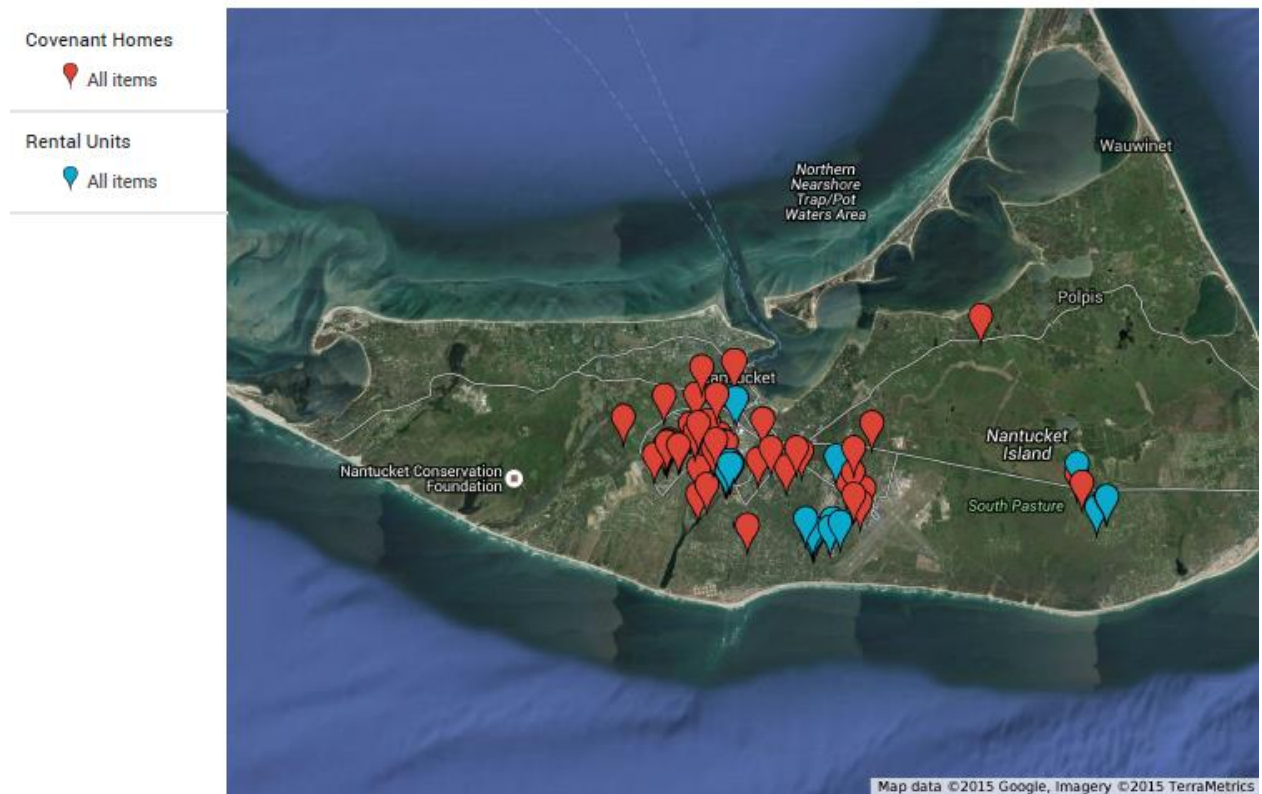


Figure 3: Map displaying all of HN's covenant homes and rentals as of 11-30-2015

responds to the Housing Authority's RFP and is awarded land through this system. Housing Nantucket then creates rental housing by either relocating and refurbishing a donated home or building a new structure on these plots. *Figure 3* depicts the locations of all HN's rental properties.

The **Nantucket Housing Needs Covenant Program** is a combined effort with the NHA. The Covenant Program creates scattered site home-ownership opportunities by providing private property owners with zoning relief, enabling them to sell a portion of their land that is otherwise not sub-dividable. In exchange, a deed restriction is recorded which permanently restricts ownership to qualified year-round islanders. Qualified Covenant Purchasers must be year-round residents with certified moderate income (up to 150% of median income). The transaction price of a Covenant home must be below the Maximum Sale Price, which is reset annually and determined by affordability formula. Through the combined efforts of the NHA and HN, the Covenant Program

has created 59 permanent homes mainly in the Tom Nevers, Surfside, and Miacomet areas. *Figure 3* shows the locations of all Covenant properties as of November 30th, 2015.

HN also offers dwellings for sale to the public at large through the **Relocatable Dwelling program**. “[When a]Private individual wishes to donate a dwelling to Housing Nantucket and Housing Nantucket is not able to use the structure (usually due to a lack of land), Housing Nantucket may sell the dwelling to a third party to raise funds to further the organization’s mission” (HN Board of Directors Handbook, pg.4). The buyer of the dwelling is responsible for the cost and permits needed to relocate the home. The buyer must be first identified before the dwelling donation is accepted as HN does store homes. *Figure 4* depicts the physical moving of a home structure to its new location.

Beyond the relocation and refurbishing of homes, HN also holds a **First Time Homebuyer Education** course through funding from the Tuppancy Harris Foundation. Free of charge, the biannual program has been certified by the Massachusetts Homebuyer Collaborative to offer students the knowledge needed to purchase their first home. HN has helped over 400 potential first time buyers since the adoption of the program.



Figure 4: Example of home relocation on Nantucket

Finally, HN is very active with planning for affordable housing. Not only has HN served as the 40B lottery monitor for Abrem Quarry and the 150% Area Median Income units at Sachem’s Path, it has also served as the property manager of the Nantucket Education Trust, which provides twelve affordable housing units for school staff located on Cow Pond Road.

According to its financial audit of 2014, HN’s funding stems from four main sources. Their primary source of funding comes from grants and donations (roughly \$1,200,000 in 2014) from sources such as the Community Preservation Act (please see below), the Community Foundation & Tuppancy Harris Foundation (which dedicates itself to supporting the Nantucket Conservation Foundation and the Nantucket Historical Association), and other private donors. Other sources of funding come from rent imposed on its rental units (~\$420,000), covenant income (~\$26,000) and interest and other income makes up the remainder of their funding with about \$11,500. (Hurley, O’Neill and Company, 2014, p.6)

Housing Nantucket was the brain child the Nantucket Housing Authority (NHA) - a Massachusetts governmental entity under the Department of Housing and Urban Development (DHUD). The NHA currently owns 41 year-round rental apartments, all of which are occupied and contained in two public housing complexes - Miacomet Village I and Miacomet Village II. The villages are located at Norquarta Drive. Nantucket Housing Authority describes both of them as follows:

Miacomet Village I is a state-aided public housing complex, containing 12, two, three and four bedroom apartments for families and 10, one bedroom apartments for the elderly and disabled. All applicants must meet state Department of Housing & Community Development income guidelines for low & moderate income households. Income is reviewed annually... Miacomet Village II is a federal-subsidized public housing complex, containing 19, one, two and three bedroom apartments for families and the elderly. All applicants must meet income eligibility guidelines established by HUD for low and moderate income households. Income is reviewed annually. (N.D.)

The Nantucket Housing Authority also has a joint venture with the Housing Assistance Corporation of Cape Cod (HAC) and Habitat for Humanity Nantucket, called Sachem's Path. The project is currently in the construction stage. Housing Assistance Corporation, the developer of the project, is planning to create a total of 40 homes on 10 acres of land on Surfside Road. The project is nearing its first goal of completing 15 mix-income homes, Homeowners were selected through a lottery of qualified applicants, and sale prices range from \$224,000 to \$515,000 based on household income. Households with up to 150% AMI were eligible to purchase these homes.

HN receives much of its project funding from the Community Preservation Act (CPA). The CPA of Nantucket, established on September 14, 2000, was created to preserve the community and its interests through the preservation of "open space and historic sites, [the creation of] affordable housing, and [development of] outdoor recreational facilities" (Community Preservation Coalition, n.d.). The funding for CPA stems from two sources: a local surcharge of no more than 3% on real estate property and also the state wide Community Preservation Trust Fund run by the Department of Revenue. Nantucket's Community Preservation Committee oversees the distribution of CPA funds to all community organizations on the Island after applicants request funding in the June immediately before the fiscal year. Of all the CPA funds awards, 10% must be dedicated to providing and maintaining open spaces (i.e. parks), 10% to historic preservation projects, and 10% to affordable housing. The majority of the funding set aside for affordable housing is given to Nantucket housing organizations to battle the growing housing dilemma. In fiscal year 2014,

Nantucket itself received a total of \$2,755,472 CPA funds, resulting from total trust fund distribution and local surcharges (Community Preservation Coalition, 2014).

Other organizations besides HN and the NHA also provide or promote affordable housing through various ways. Listed below are some that are described in the RKG 2015 Workforce Housing Assessment and from Housing Nantucket's official website (N.D.).

- The Nantucket Rental Assistance Program: Headed by the Nantucket Interfaith Council, the program provides 'temporary financial assistance to help year-round renters with housing emergencies such as loss of work or family illness. This plays an important role in preventing homelessness on Nantucket with a 'top-gap' subsidy for those who have lived on the Island for at least 2 years, have some source of income, and some sources of employment.
- Habitat for Humanity: Organizes groups of volunteers to build homes at permanently affordable pricing. So far, at least six units have been already set for ownership, with another 4 units scheduled to be constructed at Sachem's Path
- The Housing Assistance Corporation of Cape Cod: Counsels homeowners and buyers to help prevent homelessness. Also, it has partnered with the Nantucket Housing Authority to provide housing at Sachem's Path (please see above).
- Town of Nantucket's Community Preservation Committee: Distributes CPA funding to various affordable housing, historic, and recreation entities. Housing Nantucket does receive a great portion of its funding from the CPC. Please see prior section concerning the CPA for greater detail. (City of Nantucket, N.D.)
- Nantucket Education Trust's School (NET) staff housing: Provides housing for educator staff during the school year and provides any empty housing/rental units as temporary affordable housing. If not enough staff interest is exhibited during school year, units are available to the public for renting. However, units are typically occupied. As noted earlier, Housing Nantucket serves as the program manager for NET.

These housing organizations share a common goal of providing affordable housing to the community of Nantucket. Nevertheless, the existing supply of affordable housing on the Island is drastically inadequate, and has been for a very long time (RKG, 2015, p.34).

2.3 What is a Community Development Corporation

In an effort to expand its activities and better meet the need for affordable housing, Housing Nantucket is exploring the feasibility and desirability of becoming a Community

Development Corporation (CDC), which would offer access to additional sources of funding, including community investment tax credits that are described in the subsequent section.

According to the Ford Foundation, a CDC is “*A locally controlled, tax-exempt corporation that operates program aimed at both the immediate relief of severe social and economic disadvantage and at eventual regeneration of its community.*” [Ford, 2] CDCs stemmed from the United States’ varied responses to the need of affordable housing that began in the 1960s. Melding for-profit approaches to funding with a non-profit cause (affordable housing) created local corporations driven by and created for their communities. CDCs grew rapidly in number, and in Massachusetts alone there are currently 55 CDCs according to the Massachusetts Association of Community Development Corporations (MACDC, n.d.). Beyond the shared desire to instill hope within a community, what constitutes a CDC varies from state to state, city to city, and neighborhood to neighborhood. Some CDCs command substantial resources. For example, Eastside Community Investment CDC of Indianapolis had revenues of about \$8 million in the early 1990s (Reingold & Johnson, 2003). Other CDCs are often much smaller. Some cater to their geographic areas, while others serve ethnic communities, such as the Viet-Aid CDC in Boston. CDCs often expand their objectives beyond affordable housing alone, and often times seek to incorporate sustainability initiatives into their efforts. For instance, the Oak Hill Community CDC of Worcester sought to improve the local Union Hill Elementary School by improving light fixtures, removing the remaining lead paint, and increasing energy efficiency within the school building (Davidson, Mahoney, Patrick, Sidoti, 2011). CDCs vary in size, organization, and mission according to the needs of the communities they serve.

While there is no national certification process, Massachusetts enacted a certification process that allows only non-profit organizations to become a CDC. In legal terms as stated by Massachusetts General Law, Chapter 40h, a CDC is defined as follows:

...a non-profit corporation organized under chapter 180 [Charitable Corporations], and exempt from taxation under section 501(c) of the Internal Revenue Code and which:

- (a) Focuses a substantial majority of the corporation’s efforts on serving one or more specific neighborhoods or municipalities, a region of the commonwealth or a constituency that is economically disadvantaged;*
- (b) Has as the corporation’s purpose to engage local residents and businesses to work together to undertake community development programs, projects and activities which develop and improve urban, rural and suburban communities in sustainable ways that create and expand economic opportunities for low and moderate income people;*
- (c) Demonstrates to the department of housing and community development that the corporation’s constituency, including low and moderate income people, is meaningfully represented on the Board of directors of the corporation...*

(Commonwealth of Massachusetts, Department of Housing and Community Development [DHCD], N.D.)

One of the Massachusetts Department of Housing and Community Development's (DHCD) primary concerns is whether composition of the applicant's Board of Directors is truly representative of the community it serves in terms of income, race, ethnicity, and residential status. The DHCD also considers the role that community members play in the direction and governance of the organization [M.G.L. Chp.40h].

If eligible, a non-profit foundation can apply to become a CDC by filing an application following the guidelines set forth by the Massachusetts Department of Housing and Community Development (DHCD). After approval by the DHCD, an annual report must be sent to the Massachusetts Legislature detailing the CDC's activities of that year and the organization must undergo recertification every four years.

Once certified, an organization can reap the benefits that come with being a CDC. They may apply for various government grants such as Community Development Block Grants (CDBG), Community Development Financial Institution Fund, Small Business Technical Assistance program funded by the Massachusetts Growth Capital Corporation, and many more (MACDC, 2015). These grants and funds come from a variety of sources, ranging from federal and state agencies to private foundations, and have their own additional restrictions. A foundation's status as a CDC helps give it credibility when applying to receive such funds, and these funds may be compounded with the tax benefits CDCs enjoy as 501(c)(3) nonprofits (Krigman, 2010, p. 235). One such pool of funding Housing Nantucket is interested in is the Community Investment Tax Credit, which will be discussed in the following section.

Despite these benefits, many argue that CDCs do not always serve their communities well. Typically, the funding for a CDC comes from outside donors. Communities may be very vulnerable to changes in funding, especially if the number of funders is limited. Some have argued that increasing the number of CDCs "increases the competition among CDCs for limited resources", causing even more friction between communities (Bratt and Rohe, 2007, p. 65). There can be a clash of opinion between the priorities of the funders, the CDC, and the communities they serve. For example, many residents fear that the presence of affordable housing units in their area may depreciate the value of their own property.

Nevertheless, many researchers, policy makers, community activists and others believe that, in general, CDCs have proven to have positive impacts in their communities, "moving from housing developer and community builder to social services provider" (Bratt and Rohe, 2007, p. 71).

Although affordable housing has been one of their main focuses, CDCs have been molded to fit the needs of their unique communities, whether it is rehabilitating a failing elementary school or providing energy saving solutions to renters and homeowners. Community Development Corporations have indeed created a new hope that has bonded together neighbors who can provide swift and substantive changes to their communities with decisions made by the community. According to the Urban Institute, “CDC efforts *do* lead to improvements in neighborhood quality that the market recognizes... [and all five CDCs under review] devoted considerable energy to involving people in redevelopment efforts...” (Krigman, 2010, p. 240).

Housing Nantucket would like to create a similar long lasting substantive change in Nantucket. Acquire CDC status would allow them to better pursue their goals in part by giving them access to new funding sources such as the Community Investment Tax Credit program.

2.4 What are Community Investment Tax Credits

The Community Investment Tax Credit (CITC) program was first put into law by Governor Deval Patrick in 2012 as part of the bill named *An Act Relative to Infrastructure, Enhanced Competitiveness and Economic Growth in the Commonwealth*. Starting in 2014, tax paying entities that donated to a CDC could receive “a 50% tax credit against the Commonwealth of Massachusetts tax liability.” (MACDC, n.d.) In other words, a donor gives cash and in return receives tax credit of half of the amount they donated. Any tax credit issued that was not used toward the donor’s tax liability is refunded to the donor in a check issued by the state. The donor may also receive a charitable income tax credit in addition to the CITC, decreasing the total amount of out of pocket cost. To donate, often times the CDC will ask that the donor contact their director for more information to ensure that the CDC has enough allocated credits to refund to them. In turn, the donor must file the DHCD’s Tax Credit form along with their donation. The process through which a donor must undergo afterwards is shown in the flowchart above (*Figure 5*), taken from the MACDC website.

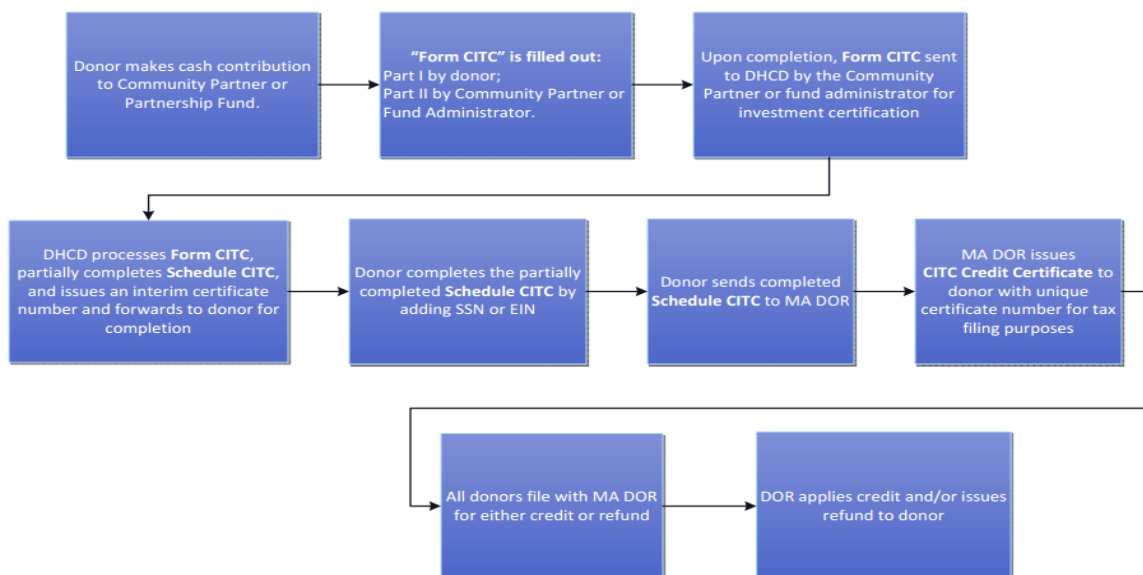


Figure 5: CITC Donation Processing Flowchart

Donors can be any taxpayer ranging from private citizens to corporations, and even partnerships or foundations. Massachusetts residency is not required. However, donations can only be made in cash – not land, goods, or other forms of services. These donations can be made to United Way’s Community Partnership Fund, the MACDC which provides resources and trainings to CDCs, or finally the individual CDCs themselves. The maximum donation from anyone paying entity is two million dollars while the minimum is one thousand dollars.

What donors specifically invest in is the CDC’s Community Investment Plan (CIP), discussed in *Section 5*. These plans must be “high impact and high quality multiyear plans for community improvement and economic development ... [detailing how they will] improve the community and expand opportunity... and how it will leverage federal and private resources.”(MACDC, n.d.)

2.5 Community Investment Plan

A Community Investment Plan (CIP) is “... an organization business plan that details a CDC’s goals, outcomes, and strategies, programs, and activities for a 3 to 5 year period and its financial plans for supporting its strategies” (DHCD, 2015). A CDC may request between \$50,000 and \$150,000 worth of credits per year. The DHCD may reduce the amount awarded from the amount requested. The CIP must address 9 points:

- Community or Constituency(ies) to be served by the organization
- Involvement of community residents and stakeholders
- Plan goals
- Activities to be undertaken
- How success will be measured and/or evaluated
- Collaborative efforts to support implementation
- Integration of activities/consistency with community strategy and vision
- Financing strategy
- History, track record and sustainable development

[DHCD, 2015]

The executive office of the DHCD ranks the Investment Plans and allocates up to \$150,000 per year for three years to the strongest CIPs. This money is used to issue tax credit to the donors. The donations themselves will go towards the CIP and the CDC must document their CITC spending in monthly reports. CITCs are only available for the calendar years 2014 to 2019 with a max cap of 6 million dollars a year to allocate to all the community partners in Massachusetts from 2015 until 2019. For the year 2015, 44 CDCs and 2 CSOs were allocated CITCs. Approximately 45% were awarded more than \$100,000 CITCs each, 33% were awarded \$100,000 CITCs each, 14%

were awarded \$75,000 in CITCs each, and finally 7% were awarded less than \$75,000 CITCs each. The resource allocation for all CITCs is located in *Appendix 1*.

CITCs have been used for a variety of community improvements, which are listed in each CDC's CIP. Each CIP is tailored to their respective communities and often incorporate or extend the CDC's existing strategic plans. As part of our findings, the CIPs of 8 CDCs were reviewed and measured against the criteria presented by the DHCD as well as the amount of CITCs awards.

For the first round of applications, CIPs are typically due in early January. For round two applications, both are due around December for priority review.

2.6 Summary

The Island faces a severe affordable housing emergency, but together with the community, Housing Nantucket can alleviate this crisis. HN and other affordable housing agencies have already taken steps by creating Affordable Rental Programs, the Covenant Home program, Sachem's Path, etc. Despite their efforts, these agencies require extensive funding in order to perform and meet the expectations of the community. One such path Housing Nantucket may take is to become a certified CDC, which would allow them access to a variety of new funding, such as the CITCs. To increase their chances of CDC certification and CITC allotment, HN must reevaluate its practices and role in the community as well as the future of affordable housing on Nantucket. Outlining quantitative goals in conjecture with a long term vision of affordable housing will enable them to create a successful, detailed, and comprehensive Community Investment Plan that will come into use, whether or not HN receives CITCs.

Thus, it was our role in this IQP to create a series of recommendations which Housing Nantucket may follow to emulate the best CDCs in the state. CDC status will not only help Housing Nantucket access more resources, it will also allow them to better address the needs of the community.

3. Methodology

Housing Nantucket is exploring the possibility of certification as a Community Development Corporation (CDC) which would allow it access to additional funding sources, such as Community Investment Tax Credits (CITC). To assist this venture, our project consisted of two goals: (1) To evaluate the components of a high quality, complete, and competitive CDC application and CIP (2) To develop draft materials for Housing Nantucket's submission.

The first goal was achieved through these three identified objectives.

- Clarify the CDC criteria and application process.
- Identify best practices and characteristics of other CDCs
- Evaluate the best practice of investing CITC program donations.

The second goal was achieved through these two identified objectives.

- Conduct a community needs assessment.
- Create outlines which HN may use when drafting their own CDC application and CIP

The expected deliverables that will result from this IQP are a general CDC application outline and a CIP outline both tailored specifically to illustrate HN's role in Nantucket's affordable housing sector. In addition, we have also created a Succession Planning outline which HN may find useful when formally establishing a Board member/key staff selection process.

3.1 Goal and Objectives

3.1.1 Goal 1: Evaluate the components of a high quality, complete, and competitive CDC application and CIP

Our team's first goal was to analyze and compare the operations and CIPs of other Massachusetts CDCs in order to provide objective and comprehensive recommendations to aid HN's exploration of the possibility of CDC certification. We devised three main objectives to achieve this goal.

Objective 1: Clarify CDC criteria and application process

The first objective was to clarify the CDC application process and criteria. We began by reviewing the CDC application guidelines and certification process and then identified as what principles qualify an organization to be recognized as a CDC. Next, we compared the CDC guidelines to Housing Nantucket's most current draft of the application, noting the DHCP requirements that had been and had not been met. The team focused on the areas of Board representation and Community Service since they proved to be key requirements of the CDC application. In addition, further analysis of other CDCs (please see *2.1.2 Objective 2: Identify lessons learned by other CDCs*) revealed that these were also common elements of successful CIP applications and CDCs in general practice. This review included an analysis of how Housing

Nantucket could best illustrate its numerous services and programs to the reviewer. Our team also sought to highlight any lacking areas that HN should enhance their efforts in. We discussed our findings and provided a series of recommendations to Housing Nantucket and its Board of Directors concerning how they should proceed with the CDC application process.

Objective 2: Identify best practices and characteristics of other CDCs

The second objective was to identify best practices and characteristics of well-established CDCs. This was accomplished via a series of interviews with local CDCs and by attending the annual MACDC conference.

The three CDCs we interviewed were the NOAH (The Neighborhood of Affordable Housing) CDC of Boston, the NewVue Communities CDC of Fitchburg and Leominster, and the Island Housing Trust of Martha's Vineyard, all located in Massachusetts. These CDCs were chosen due to their exemplary performance and impact on their communities as proven by their CIPs and CITC allotment. The Island Housing Trust of Martha's Vineyard in particular shared many problems similar to Housing Nantucket, as both face the issue of affordable housing for island communities and high housing prices in a seasonal based economy. In addition, we were able to reach out to the MACDC. The MACDC offered novel overreaching insight of the total impact and services of all the registered CDCs in Massachusetts. They were also very involved with the certification and CITC process by advising many CDCs through their re-certifications and general CITC donation updates, although they do not administer the certifications of allotments themselves.

We initially contacted representatives of each CDC through email to explain the nature of the project and ask if they would be willing to participate in an interview. Due to the expense of traveling to the mainland from Nantucket, these interviews occurred through phone calls. Each Interview took approximately 30 minutes. At the beginning of each interview we read our preamble (see *Appendix 3.A*) to inform each participant of the nature of our project and their rights. We asked each participant's permission to quote them and informed them that they had the right to review the report containing their quote before final publication. If the respondents wished to remain unidentified, then we respected their choice and anonymized their responses in our report. Our team also followed up with additional calls and emails after each interview if clarifications were necessary. We developed a set of questions (see *Appendix 3.B-C*) that were adjusted in accordance with our sponsors and advisors suggestions. Once all interviews had concluded, our team reviewed them and compiled the notes detailing pertinent information such as:

- Lessons learned from each CDC from issues that had arisen before, during, and after each group became a CDC.
- Programs and methods of each CDC.
- Difficulties each CDC had meeting deadlines for applying to CDCs and CITCs.
- The development process of the CIP.
- The amount of funding each CDC received through CITC's and in what they chose to invest.
- The community outreach programs each CDC offered.

In addition, we attended the Massachusetts Association of Community Development Corporation's Annual Meeting which was hosted at Clark University on November 20, 2015. During the Community Development Awards, we noted exemplary services and work in affordable housing that model CDC's carried out in the past year and aimed to be launched in the coming year. The structure of the conference allowed us to attend three break-out sessions that included succession planning, planning and holding successful events, and advocating affordable housing. We attended these sessions to learn more about the current best practices of CDCs and to identify people and resources that may be valuable for evaluating HN's current position as a potential CDC.

Objective 3: Evaluations of CIPs

In order to develop recommendations for constructing a successful CIP, should HN choose to pursue the CDC certification and CITC program, we evaluated the CIPs of various CDCs. We tailored our CIP outline to fit the expected professional standards of writing style, detail, and format that were displayed in the other organizations' CIPs. All statistics and documentation that we included in our draft were intended to frame the logical flow and organization that would allow for ease of understanding without additional research. Thus, extensive analysis of CIPs were necessary to establish a standard through which to base our own CIP outline on. Through these methods of CIP analysis stated below, we aimed to understand the components of high quality CIPs in order to substantiate constructive recommendations for HN's CIP.

We evaluated the Community Investment Plans of the following eight CDCs:

- Island Housing Trust CDC (Martha's Vineyard)
- NewVue Communities CDC (Fitchburg and Leominster)
- NOAH - Neighborhood of Affordable Housing (Boston)
- Valley CDC (North Hampden)

- HAP Housing CDC (Springfield)
- Watch City CDC (Waltham)
- HAC - Housing Assistance Corporation (Cape Cod)
- Housing Corporation of Arlington (Arlington)

We chose these CDCs listed above because they represented a range of CITCs allocations. NewVue Communities CDC, NOAH, HAP Housing, and the Island Housing Trust were awarded the maximum allotment of \$150,000 of credits, Valley CDC was awarded \$100,000, HAC and Watch City were awarded \$75,000, and Housing Corporation of Arlington was awarded \$50,000. We assumed that the quality of the CIP reflected in higher credit allocation. To quantifiably distinguish the quality of the CIPs, we created a scoring rubric based off the Massachusetts Government Office of Housing and Economic Development scoring tool (Please see *Appendix 2* for the original scoring tool) that was used to evaluate CIPs as part of the CIRC application process. Points were awarded based on the presence of the specific information in each section and the clarity with which the information was presented. The CDCs that adequately addressed the sections were selected as our primary models when we drafted the CIP outline. Grading was out of 100 points and the divisions of quality were as follows: scores of 100-90 were excellent, 89-60 average, and <60 poor.

Table 1: CIRC Economic Development Based Scoring Tool

Sections	Grading Areas within section	Points
Section 1: Community Served [Total = 7]	Context	2
	Neighborhood Info	2
	Demographics	3
Section 2: Involvement of the Community [Total = 20]	Open Board	5
	Tenant/Citizen Leadership	5
	Involvement with other Orgs.	5
	Surveys/Methods for Input	5
Section 3: Plan Goals [Total = 7]	Logical Division of Goals	4
	Rationale	3
Section 4: Activities to be Undertaken [Total = 7]	Reiterate Goals/ Organization	2
	Distinct Activities to Support Each Goal	3
	Numerical Goals	2
Section 5: How Success is Measured [Total = 10]	Reiterate Goals	1
	Actual Values	4
	Realistic Timeline	3

	Impact	2
Section 6: Collaborative Efforts [Total = 10]	More than 1 Partnership	5
	Relate Partnerships to Goals	5
Section 7: Integration of Activities with Community Vision and Strategy [Total = 7]	Mention Town Goals and Plans	3
	Draws Parallels Between Plans	4
Section 8: Financing Strategy [Total = 12]	Name Potential Funders	4
	Lists Capital	3
	Lists Balances	4
	Fundraising Initiatives	1
Section 9: History, Track Record, and Sustainable Development [Total = 20]	Past Activities	5
	Leadership in Organization	1
	Current Services	4
	Sustainable Development	10

3.1.2 Goal 2: Develop preliminary recommendations and draft materials for Housing Nantucket’s submission.

Objective 1: Conduct community needs assessment

To create a comprehensive community needs assessment, we consulted with Ms. Anne Kuzspa (the executive director of HN), other HN tenants, HN staff, Members of the Board, and local stakeholders to determine how we can best define the needs of Housing Nantucket and of the Nantucket community. This was done through a series of extensive interviews and surveys involving all parties mentioned above.

We surveyed tenants to gain an understanding of their current needs and their impression of Housing Nantucket in the tenant community via Google Surveys. Refer to *Appendix 3.A* and *2.G* for the preamble, survey questions, and the link to the Google Survey. These questions were pretested on HN’s Board members who also were tenants before mass implementation. We initially reached out to tenants through a mass email blast containing an online link to the survey. Afterwards, in order to ensure we were able to accumulate the most responses possible, we also dropped off surveys at each of the tenants’ homes for them to fill out and to be retrieved by our team after two days. We compiled the findings of this survey into graphical data which was then primarily be used to determine what areas in housing unit maintenance and social services that HN could improve. Our sample was the 30 tenants of HN’s rental units. Twenty of the 30 tenants participated in our survey, yielding a response rate of 67%. Also, we performed individual interviews with four of HN’s tenants. These interviews were solicited at the end of our tenant

survey. Please refer to *Appendix 3.A* and *3.G* for the preamble and interview questions. Once a time and location had been determined, interviews were conducted in pairs typically at the HN offices, each lasting approximately no more than 30 minutes. Interviews remained confidential and all quotes extracted and used in this report were approved by the tenants quoted before publication.

We also interviewed the HN Board of Directors and staff in addition to a variety of other stakeholders to understand where they envisioned the organization growing, improving, and succeeding. In total, we interviewed seven Board members, the director of the Nantucket Housing Authority (NHA), and all three paid staff members of HN. All of these interviews allowed us to examine HN's needs from multiple perspectives due to the varied background of the interviewed. From these interviews, we also discovered barriers to success, such as acquisition of land or homes and insufficient staffing, and how HN were currently overcoming these barriers. Data was collected via individual interviews lasting typically 30 to 60 minutes. Please reference *Appendix 3.A* and *3.D* for the preamble detailing the interviewee's rights and the interview questions. In interviews, we notified the interviewees that their responses will be kept confidential and asked if they would like to remain anonymous. Before final publication of our report, any quotations used were reviewed and approved by the quoted.

The gathered information from each tenant and stakeholder interview was summarized and compared against all interviews conducted, which then allowed us to not only note areas of improvement but also formulate our CIP outline for HN. If Housing Nantucket did not choose to apply for CITCs, they could still use the CIP as a useful document for applying to other grants and for guiding their investments over the course of the next 3-5 years.

Objective 2: Create outlines which HN may use when drafting their own CDC application and CIP

The team's second objective was to develop a comprehensive draft of a CIP outline and also a CDC application outline. These outlines were based on the original application section format set forth by the DHCD.

The following are the sections in the CDC application:

- Legal status
- Service area
- Purpose of the organization
- Constituency representation on the Board of directors

The following are the sections in the CIP:

- Section 1: Community or constituency (ies) to be served by the organization
- Section 2: Involvement of community residents and stakeholders
- Section 3: Plan goals
- Section 4: Activities to be undertaken
- Section 5: How success will be measured and/or evaluated
- Section 6: Collaborative efforts to support implementation
- Sections 7: Integration of activities/consistency with community strategy and vision
- Section 8: Financing Strategy
- Section 9: History, Track Record and Sustainable Development

The CDC and CIP outlines represent the culmination of all interviews, surveys, and research conducted throughout the course of our project. The analysis of all 18 interviews with various entities, the 8 CIP gradings, and the responses of 20 HN tenants allowed us to extrapolate the how prepared HN is for CDC certification, what information is necessary for each application, and how such information must be presented in the formal application. The CIP gradings allowed us to evaluate each section of the CIP and identify the pertinent information and diction required. The CDC and MACDC interviews allowed us to identify which characteristics make an organization fit for certification and to objectively evaluate HN's current position. This, in turn, reflected in the CDC application outline. Finally, the needs assessment permitted us to identify not only possible CITC donation investments to state in the CIP, but also areas of structural and organizational weakness that must be improved before seeking CITC allotment. The results of our research allowed us to create a series of recommendations beyond the two outlines that will prepare HN for certification, such as the *Succession Planning* outline in *Appendix 8*. These outlines are meant to serve HN beyond just a simple guide to CDC certification and a CIP, but as the basis for the compilation of numerous factors that will influence, even lead HN in the future. As HN continues to grow and expand, it must consider the benefits of succession planning, strategic planning, and community outreach. CDC certification and CIP formation are but simple methods to which such organizational issues may first arise and now must be resolved, if not examined to ensure the longevity of the organization as a whole. Nevertheless, even if HN decides not to pursue CDC certification, it may still use these outlines as aids to writing other grant applications.

4. Findings

Over the course of this project, our group successfully evaluated HN's position to attempt CDC certification as well as CITC allotment. Through an informative series of interviews, surveys, and other research methods, we were able to conclude that HN is indeed ready to apply for CDC certification. However, if it attempts CITC allotment through the composition of a CIP, HN must first enhance its operations and practices in three main areas to improve chances of allotment: key personnel succession, community outreach and programming, and private donation funding. From these observations, we prepared two main outlines for HN future use: the CDC application outline and the CIP outline. We also created a series of recommendations for HN's reference when discussing Succession Planning. Together, we believe all of these materials combined with the recommendations provided in the subsequent sections, will allow HN to progress and expand its services and impact as they move forward in their pursuit to provide affordable housing.

4.1 Goal 1: Evaluate the components of a high quality complete, and competitive CDC application and CIP

Objective 1: CDC criteria and application process

After speaking with 4 CDCs and the MACDC, as well as reviewing 8 CIPs and the CDC certification guidelines set forth by the DHCD, we were able to understand the composition of the CDC application. The CDC application is broken into main four sections: legal status, service area, purpose of the organization, and constituency representation on the Board of directors. Below, we analyze the CDC application section and how HN satisfies the requirements stipulated. For the recommendations concerning the CDC application process, please refer to *5. Conclusions and Recommendations*.

- 1) **Legal Status** The first section requires proof that the organization applying is a non-profit, 501(c) (3) organization so that it is able to receive government funding. HN is a 501(c) (3) organization so it fits this primary criteria and possesses the documentation needed verifies this status.
- 2) **Service Area** The second part of the application requires a description of the area and constituencies that are served, the area demographics, and other information

demonstrating that the population that is served is economically disadvantaged. HN serves members of Nantucket's work force who earn between less than 150% of the area median income (AMI); therefore, the beneficiaries of HN are economically disadvantaged. Although the typical AMI set forth by the DHCD is 80%, Nantucket adjusted this value to accommodate the inflated cost of living on the Island.

- 3) **Purpose of the Organization** The third part of the application requires a description of the organization's involvement in community development and building. The organization must illustrate three areas of community participation: First, the organization must demonstrate that it has engaged local residents. Second, it must provide information that proves that it has assessed the needs of the community that it serves. Third, it must supply examples of its programs and how these programs expand economic opportunities within its target community. In the literature reviewed (i.e. CIPs, CDC websites, etc.), examples of constituency involvement included tenant/community membership on the Board, tenant/community subcommittees, and tenant/community run social and fundraising events. HN's covenant home and rental programs qualify as physical development and its homebuyer education class qualifies as asset development. Also, HN's commission of the RKG report demonstrates that HN has assessed the needs of its community recently. Programs accepted as adequate proof include physical development, asset development, community planning pertaining to economic development, and economic development.
- 4) **Constituency Representation on the Board of Directors** The fourth part of the application requires that constituencies of the organization have meaningful representation on the Board of directors. As noted in the **Background**, a CDC's Board membership must reflect the racial and ethnic composition of the service area. It must also adequately represent the low to moderate income via appointed elected representatives of low income organizations or through those residing low to moderate income neighborhoods. Recently, HN has introduced three new tenant Board members who will not only allow for better representation of the community that they serve, but also introduce new perspectives to the Board.

Objective 2: Lessons Learned by Other CDCs

A. MACDC Annual Conference

At the annual MACDC conference we made many observations along the themes of succession planning, event planning, and lobbying, which can translate into HN's operations. In addition, we were able to note the communal relationships between the CDCs themselves.

First, we observed that succession planning should be considered for directors as well as influential Board members and other key personnel. The planning process is very personal and requires an acute understanding of the working relationships in the organization. However, the general consensus is that successful transitions occur in organizations in which Board members are well educated, actively involved, and continuously being mentored by the directors. Thus, HN needs to stimulate Board member involvement and promote leadership within its organization in order to cultivate its future leaders. To have such involvement, HN must first choose key personnel who have the ambition and education to achieve goals that are in line with their own. Finding well qualified individuals is a challenge to non-profits large and small, but other organizations have found that it can be beneficial to allocate grants and donations to operations in order to offer competitive salaries that will motivate qualified individuals to join the organization. However, HN does not have a hired Board unlike many other CDCs and thus must seek a different route when selecting new personnel members. Therefore, taking time to understand the goals of a candidate and communicating the expectation of the job is critical when hiring a new employee.

In addition to succession planning, we were also able to extract advice concerning event planning. As noted in the presentation, an event is a performance. The very core of any event is twofold: the audience and the message one wishes to them to leave with. These two main areas must be firmly established and remembered throughout the event planning. Examples of messages vary from fundraising, gratitude, and awareness while audiences can consist of the general public to specified donors. Typical planning requires extensive time with specific time points. For example, sponsors must be set and established as much as 6 months in advance. Planning requires the coordinator to place a budget on all items necessary for the event. Even with donors and volunteers, larger events may require prior training for staff that can often times determine the success of an event. Finally, events should leave an impression - funny, interesting, marveling, even empathy. These impressions are generated from the uniqueness of the event itself, and whatever impression results from it must finally be tied back to the organization's cause.

Next, we learned lobbying techniques for the affordable housing cause. HN is an affordable housing advocate and will continue to pursue lobbying. HN has already established its abilities in lobby by cooperating with the Nantucket Land Bank to approve of the Affordable Housing Policy (to be passed by the end of 2015). The first step to effective lobbying is to identify legislators to approach, and then to develop a professional relationship

with them. Then by making an organization's message personal to the legislators, and showing them examples of the beneficiaries in the community, affordable housing agencies can justify promoting their agenda to sympathetic legislators.

The final significant observation that was made at the MACDC conference was that the goals of the CDCs in attendance differed in tone from those of HN. The CDCs in attendance had much broader and more diverse community goals, including reducing violence on the streets, increasing subsidies for fishermen, and growing the size of childcare programs. Each CDC satisfies the niche which its community requires them to fill, which frequently expands beyond affordable housing. Corresponding to those goals, they implemented social programs that encouraged community bonding. HN does a great service to the Island by providing affordable housing, but it does not have programming that is comparable in scope to those of other CDCs. There is minimal community involvement among HN residents; even two neighbors in HN's units were not aware that each other was part of HN. This anonymity is ideal for relinquishing any stigma affordable housing brings to a person in a reduced price unit in an otherwise market priced neighborhood. However, this independence does not lend itself to a sense of community among the tenants. Therefore, HN's mission of "creating housing opportunities for the Nantucket community" (Housing Nantucket, n.d.) may be similar but not congruent to the MACDC vision of "an association of mission-driven community development organizations dedicated to working together and with others to create places of opportunity" (MACDC, n.d.).

B. CDC Interviews

In order to better understand the CDCs application process and definitive characteristics of a CDC, our team conducted interviews with 4 CDCs that scored the highest on our CIP review. (See scoring sheet *Appendix 5* for the final CIP scoring) From these interviews, our team focused on defining the qualities, the programs and practices of a CDC, and the common compromises and difficulties each group made to become and remain a certified.

During our interviews with these CDC's we discussed some of the important lessons each CDC experienced before during and after the CDC application process. Most notable were:

- **Better risk management.** Risk management is crucial to CDCs, especially in the case of housing. To be able to keep serving the community, a CDC must carefully consider the program costs in order to leave the organization with leftover funds.

- **Creating more measurable goals.** After the CIP submission, 2 CDCs began and continued to change their strategic plan to better reflect changes in their current projects.
- **Follow the CIP guidelines as carefully as possible.** After one CDC neglected parts of the CIP guidelines, they received no CITC funding for that year. In the subsequent year, the CDC followed the guidelines more closely and received full CITC funding the following year.
- **Running an organization both like a business and a non-profit.** After becoming a CDC, one organization had to adjust from being a small for-profit organization to becoming a non-profit that must adhere to various government restrictions.

Many of the CDC's we interviewed reported no issues when applying for CDC certification itself. The majority of their issues, such as creating measurable goals and following State guidelines, came when they composed their CIPs.

One common point we noticed among all three CDCs is that they did not have to adjust their practices very extensively in order to become a CDC. This was because they had already satisfied the criteria before applying. They all consisted of a:

- Diverse Board of directors that included tenants
- Strong donation pool and a very capable fundraising plan
- Similar directives to that of the MACDC
- Strategic plan already in place.

Financially, each CDC had in place either several capable sponsors, primarily banks, or a strong fundraising program that provided funds which, in one case, was already exceeding the \$150,000 dollars. This was proof that the organization could easily gain funds to be used toward CITCs, making them appealing candidates for certification.

These organizations also had codes of conduct that closely resembled those of the MACDC. A CDC is more than just a title; it is a code of values. To quote the director of NewVue CDC "a CDC is a way of doing things rather than a means of doing things." It is a commitment of a diverse group of people to improve their community. Each CDC we interviewed adamantly sought to reflect this. They are constantly involved in not only their own construction and building projects, but also community events. These are events include community clean up days or volunteering events for the benefit of school children.

The strategic plan is a CDC's strongest asset, as it allowed itself to incorporate the organization's intentions with the CDC application as well as the CIP. The CIP also proved

that the plans and programs in place by the CDC were long term investments in their community. CDC certification was merely the state recognition and acknowledgement of the work and plan of the organization on the state level.

Objective 3: Evaluate the best practices of investing CITC program donations

Our team's third objective was to identify how many CDCs determined where to invest their CITC program donations. Their intentions could be studied and reviewed using the CIPs submitted. These CIPs, compounded with needs assessment conducted, provided our team with the necessary materials to identify prior CITC practices and CIP construction.

A. Evaluate other CDC's CIPs

In order to gain a wider understanding of CIP construction, we sought to analyze eight CIPs. These CIPs varied in quality and content and offered an array of suggestions and practices that HN may also adopt into their own operations in order to create a competitive CIP. These CIPs, as noted in *Section 9* note their intended investments of CITC program donations that they hope will best benefit their communities. *Table 2* on the next page summarizes the final gradings of the CIPs. The explanations of each CIP section's gradings are described in the subsequent pages.

Table 2: Summary of CIP Gradings

	Island Housing Trust	NewVue Communities (Fitchburg and Leominster)	NOAH (Boston)	Valley (North Hampden)	HAP (Springfield)	Watch City CDC	HAC (Cape Cod)	Housing Corp of Arlington
Section 1: Community Served Total = 7	7	7	7	7	7	4	5	5
Context (2)	2	2	2	2	2	1	2	1
Neighborhood Info (2)	2	2	2	2	2	1	0	2
Demographics (race, income, pop, age) (3)	3	3	3	3	3	2	3	2
Section 2: Involvement of Community Total = 20	18	20	15	20	15	9	15	9
Open Board (5)	5	5	3	5	5	1	0	2
Tenant/ Citizen Leadership (5)	4	5	2	5	5	3	5	1
Involvement with other Orgs. (5)	5	5	5	5	0	2	5	5
Surveys/Methods for Input (5)	4	5	5	5	5	3	5	1
Section 3: Plan Goals Total = 7	7	6	7	3	7	5	5	4
Logical Division of Goals (4)	4	3	4	3	4	3	4	2
Rationale (3)	3	3	3	0	3	2	1	2
Section 4: Activities to be Undertaken Total = 7	7	6	7	6	7	5	1	2
Reiterate Goals/Organization (2)	2	1	2	1	2	1	0	1
Distinctive Activities to Support Each Goal (3)	3	3	3	3	3	3	1	1
Numerical Goals (2)	2	2	2	2	2	1	0	0
Section 5: How Success is Measured Total = 10	10	6	10	8	6	5	1	2
Reiterate Goal (1)	3	0	1	0	0	0	0	0
Actual Values (4)	3	2	4	3	4	2	0	0
Realistic Timeline (3)	3	2	3	3	0	2	0	1
Impact (2)	1	2	2	2	2	1	1	1
Section 6: Collaborative Efforts Total = 10	10	9	8	7	10	7	1	5
More than 1 Partnership (5)	5	5	5	5	5	5	1	5
Relate Partnerships to Goals (5)	5	4	3	2	5	2	0	0
Section 7: Integration of Activities with Community Vision and Strategy Total = 7	7	7	7	7	7	5	3	2
Mention Town Goals and Plans (3)	3	3	3	3	3	2	2	1
Draws Parallels Between Plans (4)	4	4	4	4	4	3	1	1
Section 8: Financing Strategy Total = 12	12	12	10	5	10	9	8	7
Name Potential Funders (4)	4	4	4	4	4	2	4	3
How Much \$ they have to work with now (3)	3	3	3	0	2	3	3	2
Where money will go/balances (4)	4	4	2	0	3	4	0	1
Fundraising Initiatives (1)	1	1	1	1	1	0	1	1
Section 9: History, Track Record, & Sustainable Development Total = 20	17	20	19	20	19	16	12	13
Past Activities (5)	5	5	5	5	5	5	5	4
Leadership in the Organization (1)	1	1		1	0	1	2	0
Current Services (4)	2	4	4	4	4	4	4	3
Sustainable Development (10)	9	10	10	10	10	6	1	6
Total out of 100	95	93	90	83	88	65	51	49

Section 1: Community served

In this section of the CIP, we searched to see if it contained pertinent information about the history and context of the organization and the demographics of each neighborhood served. The highest graded CIPs organized the information of each neighborhood in a logical fashion that allowed ease of understanding to a non-resident reviewer. In addition, they supplied relevant statistics of each area such as: percentage of minorities in the areas, area median income, population statistics, age range served, number of employment opportunities, and also affordable housing units available. All statistics clearly demonstrated the immediate need of affordable housing in said community. Inclusion of these pieces of information was reflected in a score out of a total of 7 points. Please refer to *Table 2* for the final scores of the eight CIPs.

The CIPs of Island Housing Trust, NewVue Communities, NOAH, Valley CDC, and HAP scored 7 out of 7 in Section 1. Notable CIP section 1's included few but still very helpful charts as well as clear and straightforward diction and writing style. These CIPs clearly demonstrated the immediate need of affordable housing framed in the context of their organization's purpose and history. The Housing Corporation of Arlington and the HAC CDCs received 5/7 points and Watch CDC received 4/7 points. The loss of points was mainly due to poor organization or lack of information about the demographics.

Section 2: Involvement of the Community

Section 2 is one of the most heavily weighed parts of the CIP, contributing to 20 % of the total points awarded. The involvement of the community was rated out of 20 points across four areas: an accessible and open Board, tenant/citizen leadership, involvement with other organizations, and methods for monitoring performance in the community. Although CDCs are 'corporations', they are entities that are driven by the people whom they serve. All such areas of focus suggest not only strong investment of the CDC in the community, but strong community investment in the CDC itself. The most credible CIPs demonstrated that the CDCs had established methods by which they were able to evaluate and monitor their services, as well as the needs and desires of the communities they serve through surveys, community events, tenant participation events (i.e. tenant/citizen meetings), and tenant/citizen representation in leadership positions (i.e. membership in Board). All expected quantifiable results from such methods must be mentioned in the CIP, along with what course of action the CDC intends to take based on such results. Collaboration with other organizations also suggests the strength and backing of the community in such services. In summary all such areas of focus must tie into support of the

Community Investment Plan and must suggest that this plan will indeed go into action. Please refer to *Table 2* for the final scores of the eight CIPs.

The strongest CIP sections were from the IHT, NewVue, Valley CDC, NOAH, and HAP CDCs. Many of these CDCs included at the least one annual tenant meeting and at least one system of monitoring their services - namely through frequent surveys and/or needs assessments conducted by a third party. They also demonstrated citizen leadership by involving their tenants in their Board of Directors or in other organizational positions. Many included at least one community wide event that allowed for relationship building among the constituencies served and those serving them. The lowest graded CIPs did not explicitly mention tenant involvement nor a method to receive or gauge tenant opinions.

Section 3: Plan Goals

Section 3 of the CIP, graded out of 7 points, details the goals and objectives of the CIP. In addition, these goals must be tied to how they will benefit their target demographics and the overall community. The goals must be well-defined and supported with a logical rationale that connects the goals with the overall commitment of the CDC to their mission. Please refer to *Table 2* for the final scores of the eight CIPs.

The highest graded CIP Sections included an organized and easily understood division of goals and sub goals. These goals involved current and future projects that incorporated the CIP itself with the existing operations of the CDC. However, the lower graded CIPs lost points due to the fact that they did not mention *future* goals (only previous projects), were poorly written or organized (i.e. too much text), and or did not substantiate these goals with their rationale. CIPs should not include extraneous information concerning execution of each goal, as those details should be mentioned in the following section. Redundancy in a CIP report, which typically consists of 15 to 20 pages, tires the reviewer and reflects negatively on the CDC itself.

Section 4: Activities to be undertaken

Section 4 follows up and elaborates on how each goal (mentioned in Section 3) will be executed. Notable characteristics of a well-developed Section 4 include the reiteration of goals and distinct activities that support and accomplish each goal. In addition, the CIP must mention the expected impact of the activities on goals. The section is graded out of an overall score of 7 points. Please refer to *Table 2* for the final scores of the eight CIPs.

The CIPs with the highest scores structured Section 4 to be identical to Section 3, with additional details about how to execute each goal. This not only was clearer to read, it also allowed a reviewer to easily reference the previous section should any questions arise.

Supporting each goal were quantified measures (e.g., number of housing units to be built and by a projected date). This would allow the DHCD to compare the CDC's end of the year progress easily against stated goals. Lower scoring CIPs included vague activities and measures that did not clearly support a definitive goal. This in turn undermined the CDC's commitment to its goals and its community.

Section 5: How Success is measured

Finally as a follow up to Section 4, Section 5 describes the method through which the CDC will measure their success, impact, and outcomes of their CIP. The CDC must have an evaluation process that not only will assess their physical activities but also the role that each participant in the process will play. Please refer to *Table 2* for the final scores of the eight CIPs.

Again, the highest scoring CIPs reiterated the original goals and structure of the methods in a similar fashion to Section 3, for ease of reference. The CIPs also referenced the quantitative goals set in Section 4. In each case, Section 5 built upon how such goals were to be measured and monitored while framing them in a realistic timeline. Some CIPs, however, did not adequately specify a monitoring system, nor did they suggest that the CDC would begin placing one. Again, some goal measures were not clear and some did not describe how the CDC would monitor such goals beyond established quantitative numbers. Often there was little description of how such numbers would be measured and collected in the first place. These areas must be addressed properly in order to demonstrate that the CDC is indeed investing their CITC donations in a manner that best impacts its community.

Section 6: Collaborative Efforts

In Section 6, the CIP must outline existing and proposed collaborative partnerships with other stakeholders such as other nonprofits, state and municipal government, and local businesses. Typically, CDCs must demonstrate one or more partnerships and must demonstrate how such relationships support the implementation of the CIP, such as supporting the CDCs outreach efforts or financial strategy. Please refer to *Table 2* for the final scores of the eight CIPs.

The higher scoring CIPs demonstrated numerous partnerships with local businesses and nonprofits. Those who scored less hinted at 'collaborations' that were not explained or associated with the Plan. There was mention of collaborations with local 'human service agencies', but no definite names of any agencies were explicitly presented. In addition, for the lower graded CIPs, partnerships constituted of overlapping clientele rather than purposefully sought partnerships. Some of the lower graded CIPs also misguidedly placed municipal and

federal partnerships in the section that should have been reserved for Section 7. However, across most of the CIPs there was little acknowledgement of how these partnerships supported the implementation of the CIP goals.

Section 7: Integration of Activities with Community Vision and Strategy

In Section 7, CDCs must illustrate how the CIP integrates with the larger vision or strategy of the entire community. Mention of how the CIP runs parallel and addresses local town goals and strategic plans exhibits the depth of the CDC's commitment to serving the community's needs. Please refer to *Table 2* for the final scores of the eight CIPs.

The higher scoring CIPs exhibited points of overlap between the community plan and the CIP, addressing how parties such as the local government, other organizations, and the CDC would address areas of concern. Lower graded CDCs exhibited little to no mention of the community plan, and one CIP even displayed animosity toward the local government. This section must exhibit the cooperation of a private entity with a governmental agency toward a goal that benefits the entire community, not the division of those two bodies.

Section 8: Financing Strategy

In the CITC application, the CDC is allowed to request up to \$150,000.00 worth of tax credits from the DHCD. However, they must demonstrate their ability to be able to sell most, if not all of their tax credits requested by the end of each year. Section 8 of the CIP is where a CDC demonstrates that not only is it only financially stable, but also that it has a large pool of donors who would be willing to partake in the CITC program should they be approved. Please refer to *Table 2* for the final scores of the eight CIPs.

The better CIPs provided tables and details about their sources income and expenses from the previous years. They also clearly demonstrated that they have a variety of stable sources of income and an expansive existing donor pool to ensure the continued operational growth and development of the CDC. However, the CIPs awarded with lower points often lacked that donor pool, and although they did note that they would increase donor outreach in the CIP. The lack of a strong donation source may also be interpreted to mean that the organization is in poor financial health and has limited community support/outreach.

Section 9: History, Track Record, & Sustainable Development

The final section of the CIP can be divided into two main topics: “the CDC’s history and track record of past practices and approaches to the financing and implementation of proposed activities in the Plan” and a “narrative and examples of the Plan’s consistency with the Commonwealth’s Sustainable Development Principles” (DHCD, p.9). Please see *Appendix 6* for the Commonwealth’s Sustainable Development Principles. Graded out of a total of 20

points, Section 9 carries a lot of weight in the submission. It must demonstrate the CDC's past and continuing commitment to serving its community through strong leadership and current services. CDCs must also show that sustainable development is as much an integral part of their strategic plan as affordable housing. Please refer to *Table 2* for the final scores of the eight CIPs.

The CIPs with the highest scores, such as NewVue and Valley, demonstrated a strong history in civic work that has endured to today. These Plans also show how many CDCs have taken it upon themselves to introduce new greener initiatives, such as placing solar panels on their housing units or starting neighborhood recycling programs, which suggests innovation and accountability. CIPs who failed to mention or adhere to the Commonwealth's Sustainable Development Principles scored lower.

4.2 Goal 2: Develop Draft Materials for Housing Nantucket's Submission

After discussing and reviewing the practices of other organizations, our team redirected its focus to HN itself and evaluated the organization in order to create the CIP and CDC application outlines and recommendations. This was accomplished through a series of interviews with various stakeholders including HN tenants, HN Board members, HN staff, and other local front runners in the affordable housing Nantucket sector. Our team also conducted a survey with HN tenants in addition to these interviews. The results centered on rental maintenance issues, organizational expansion, and CDC/CIP application.

Objective 1: Conduct a community needs assessment

A. Tenant Feedback

Our team conducted surveys to poll the opinions of HN's tenants concerning the physical state of their dwelling unit and also their perspective of HN as a whole. After repeated attempts and a few different techniques to encourage participation we received 20 responses from the total 30 tenants. From these survey questions we have deduced the following:

Survey Question: How did you first hear about HN?

Twelve of the survey respondents said that they had heard of HN through a friend. This indicates that HN has a positive reputation due to the large number of those who recommend HN when searching for an affordable home. Other organizations on the Island also support HN since 1 person was referred to HN through a realtor and 2 were referred through Nantucket Housing Authority. While the influence of word-of-mouth is impressive, it is surprising that we did not see a greater proportion come through realtor. It would be preferable to see higher percentages of tenants coming through realtors as they are usually one of the first places potential tenants go when seeking housing. Additionally, results also reveal

that HN does not have a dominant online presence since only 1 of their tenants found out about them online.

Survey Question: Have you attended HN's home buyer education program?

Over half of the survey respondents (eleven out of twenty) have participated in the homebuyer education program, showing that there is a willingness for tenants to partake in the education programs that HN provides currently and in the future. Furthermore we know the main reason that 4 of the other 9 tenants did not participate was because they didn't know it existed in the first place. Therefore, there is potential for more involvement, provided that HN increase efforts to let tenants know about the class, and advertise the class to the public at large.

Survey Question: Would you be willing to volunteer if HN were to host a community service event (e.g. community cleanup day)?

Sixteen out of twenty of survey respondents are willing to volunteer their time and skills toward a community service event. Tenants generally would like to be involved in helping community outreach programs and/or community events that would be sponsored by HN.

Combining the tenant's desire for volunteering with the need for more community education and involvement presents an opportunity to not only allow the tenants to become a part of HN's programs and events, but also bolster HN's chances of receiving CITC funding by demonstrating community outreach. Example of possible events may include a neighborhood cleanup day and/or a local free skate event at Nantucket Ice, the local ice rink.

Survey Question: In comparison to the cost of other housing options on Nantucket, how do you feel about the cost of your rent?

Sixteen out of twenty survey respondents believe their rent is fair and only four out of twenty respondents believes the rent is not. HN uses a formula based on each individual household's annual income to determine the rent for each household. From the responses we can determine that HN is pricing its rentals fairly and the formula they use is working well to accommodate the tenants. We therefore, recommend CITC money should not go toward subsidizing their rents as done in other CDCs.

Survey Question: Are there any maintenance or functional problems with your house?

Ten out of eighteen survey respondents reported there are current maintenance or functional problems with their rental unit, mainly with windows and doors requiring repair. Therefore, we recommend Housing Nantucket invest CITC funds in maintaining the rental units. Updating the units would yield long and short term benefits to tenants, including savings from heating bills and improved comfort. The organization would also benefit in the long term from securing a funding source to dedicate towards regular capital improvements.

We also interviewed four tenants in addition to performing the tenant survey. The purpose of tenant interviews was to elaborate on recurring issues that arose but could not be extrapolated from the surveys. From the tenant interviews, we concluded that overall, tenants are thankful for HN's affordable rental program and are satisfied with their living arrangement. Due to their appreciation of HN's generosity, they would be willing to become more involved in community services if they had the opportunity. Specifically, they would be willing to volunteer if HN hosted a community service event, and they would be interested in attending tenant meetings if they were held. Additionally, we noted that many of the tenants that we interviewed started their search for affordable housing as a single person or a couple. This is indicative of a need for one bedroom rental apartments on the Island, which HN could take into account when adding rental units.

B. HN Board Member, HN Staff, and Other Stakeholder Opinions:

Over the course of our research, we interviewed a total of seven out of ten Board members of HN, which included two tenants, a real estate broker, a sales and rental agent, the owner of a construction company, an attorney, and others of diverse backgrounds. We also interviewed all three staff members of HN: the executive director, the financial manager, and the administrative assistant. Additional stakeholders such as the executive director of the Nantucket Housing Authority were also interviewed. The responses of all those interviewed can be categorized into five areas: the role of HN in the affordable housing sector, the roles of the Board and executive director in the organization, tenant involvement, investments and improvements in the organization, and finally the future of HN.

Role of HN in Affordable Housing

In our interviews with Board members and office staff, we asked what they believed was HN's role in the Nantucket affordable housing sector. The general consensus was that HN is the, as HN's executive director put it, "only privately run, local non-profit focused on creating affordable housing solutions to year round residents." Unlike the Nantucket Housing Authority, HN is not dependent on state funding and special policies/regulations when it concerns construction projects and thus can act more freely. It is the largest *private* entity on the Island that directly constructs and manages affordable housing units, and hopes to remain this way for many years to come. Many interviewees see HN continuing its mission of supplying affordable housing to those of low and middle incomes and who reside year round on Nantucket in both the rental and homeownership sections.

Roles of the Board of Directors and Executive Director

HN operational members include eleven Board members and three full-time paid staff members - an executive director, an administrative assistant, and a financial manager. In our interviews, we asked both staff and Board what they look for in a new Board member and also what were the distinct duties of the Board versus the executive director.

From our interviews, we concluded that HN requires potential Board members to possess a valid and extensive knowledge in specific areas necessary for their operations, such as in law, construction, finances, real estate, and now the tenant perspective. They must not only have this expertise, but also possess the willingness to take initiative to participate in the conversation. These individuals must be able to cooperate well with other Board members while still maintaining the integrity and initiative to oppose and propose changes when needed. It is also noted that HN does not also have a set succession plan for many of the members should they step down. As noted at the MACDC conference's Succession Planning seminar, this is a common dilemma among many organizations. As Board members step down, organizations must find another member who can replace the gap of expertise left behind. However, unlike corporations where there are other employees who can rise to the position, many smaller organizations lack this pool of potential Board members. It is thus one of our recommendations that HN forms a succession plan that will allow for adequate planning and eventual replacement of such key members. The Plan, which may be included with the overall strategic plan, must contain criteria for choosing new Board members in addition to how such Board members should be recruited. This may include asking the resigning and remaining Board members or other affordable housing organizations to recommend those who they believe to be suitable for the position. These potential members must also be able to volunteer time beyond the 90 minutes required of the monthly Board meeting. In addition to a recruitment and selection process, many believe that there should be an orientation seminar for those who have or are considering joining the Board that will adequately explain their duties and roles in the organization.

Another question that arose in our research was what defines the role of an executive director versus that of a Board member in Housing Nantucket. Ideally, according the Center for Nonprofit Excellence, "The Board of directors is responsible for the governance of the nonprofit and for establishing key policies... The executive director is the key leadership staff whose main responsibility is to implement the vision of the organization." The Board provides oversight to the executive director's activities, and should be able to maintain buoyancy should the executive director step down. However, as noted in several interviews, HN's Board would

have severe difficulty operating the organization should the executive director resign or be otherwise incapable of performing the required duties. As one HN operational member reported HN would “survive, but it'd awkward and a struggle.” Another interviewee responded to the question ‘If the executive director were to leave, is the Board well equipped to operate by itself?’ With “The [Board] could keep things going... in terms of actually growing the organization, absolutely not.” The weight of the executive director’s daily duties cannot be managed by the Board efficiently. These duties include but are not limited to

- Grant writing
- Development construction projects
- Policy lobbying
- Public relations (i.e. social media management, advertising organization, etc.)

HN also does not have an executive director succession plan. This is another issue HN must address in its succession and strategic plan to ensure not only a smooth transition of leadership but also the continued operation of the organization itself. To alleviate this dilemma, two suggestions repeatedly arose in the interviews: the Board should become more proactive in its duties and that when hiring a project administrator, to include in the job description grant writing and also website and Facebook page management. Many expressed interest in the later suggestion of hiring more staff, but added the caveat that more funding may be required. At the moment, HN is exploring the latter option more so than the former.

Tenant Involvement

During the process of reviewing the CDC and CIP applications, our team noted that there was strong emphasis on tenant involvement with the organizational management of the CDC. In literature reviewed (i.e. CIPs, CDC websites, etc.), examples of tenant involvement included tenant membership in the Board, tenant/community subcommittees, and tenant/community run social and fundraising events. As noted in the **Background**, a CDC’s Board membership must reflect the racial and ethnic composition of the service area. It must also adequately represent the low to moderate income via appointed elected representatives of low income organizations or through those residing low to moderate income neighborhoods. Recently, HN has introduced three new tenant Board members who will not only allow for better representation of the community that they serve, but also introduce new perspectives to the Board.

In our interviews, we asked the Board members and staff if they believed more tenant representation would be beneficial to HN, such as organizing an annual tenant meeting or a

tenant association. The majority of those interviewed supported an annual tenant meeting that would allow HN's tenants to acquaint themselves with each other and also to be informed of HN's progress over the year. However, in regards to more tenant involvement in organizational management, several did not approve a tenant association as they believed that tenants were not informed enough about property management and other organizational topics to contribute meaningfully. However, one suggestion that was received well was to have one Board member act as the tenant representative whom tenants could contact to voice their opinions and any other problems that they may not feel comfortable discussing with HN's staff. This would allow for tenant opinions to be introduced and relayed to the Board in a streamlined and confidential process.

Investments and Improvements

Over the course of this IQP, our team asked the question of where the CITC donations should be invested. A variety of opinions arose; nevertheless, three main areas of investments repeatedly emerged in our interviews: staffing, outreach, and rental unit construction.

Currently, HN has three paid staff positions: the executive director, the financial manager, and the administrative assistant. One concern that has arisen from these interviews is that with the ongoing expansion of HN's services and projects, more staff would be needed. Thus one of our recommendations is to utilize CITC donations (which can provide up to \$300,000 of funding) toward creating additional staff positions such as a property manager and/or financing an expanded staff position such project manager, since this is an allowed expenditure unlike with grants. Many CIPs have also sought this route and have used their CIPs to invest in new staff such as event coordinators.

Another area of investment suggested was outreach to funders and tenants. As noted in several interviews, HN relies mostly on grants and monthly rent rolls as its main source of income. HN does not actively seek out private donations except in cases where funding is requested from home recycling donors to also pay for the home move itself. In order to receive the highest amount of CITCs available to one CDC and also ensure another source of income, many interviewees and pieces of literature suggest HN pursue a strong private donation campaign. Ideas for the campaign include a yearly gala, Board members networking, forming new sponsorship partnerships, etc. HN has already begun already improving their outreach materials with the reception of the Community Foundation of Nantucket grant, which will be used to update their website in addition to hiring a public relations specialist.

Finally, it was brought to our attention that out of all the possible types of housing units, there is a great need of *rental* units on the Island. Despite new developments (i.e. Richmond Company's newest project of 150-180 40B rental units), the demand for rentals has been and will continue to be high due to the shift on the Island from year round to seasonal rentals. According to Milen Tsvetkov, HN's financial manager, "Since 2010... We've have 100% occupancy for the past 5 years." Abby Poulin, the administrative assistant, noted that "As of September 7th, 2015, there are 46 households active on the rental unit waitlist". With this in mind, we would like to recommend that part the CITC funds be directed to increasing the number of rental units HN maintains. This would not only allow HN to help more families, but also increase its income via rent per months.

Future of HN

Over the last 20 years, HN has substantially increased the number of affordable housing units on Nantucket to include 58 covenant homes and 30 rental units but this remains a small fraction of total demand. Many of HN's members would like to see the organization continue its work to add more affordable covenant homes to the market and to expand the number of affordable rental units. However, as noted in the Civic League Forum, it was proposed that HN expand its services to also target seasonal workforce housing. Some see HN accommodating the seasonal workers of the Island by acting as a clearinghouse for rental matchups by creating an online platform such as Facebook or separate website. However, this is only possible with staff and funding increase that would allow a member of the staff can also manage the website in addition to screening applications and rental units. Nevertheless, all those interviewed see HN continuing its mission to provide Nantucket affordable housing for many years to come.

5. Conclusion and Recommendations

5.1 Conclusion:

In the face of the growing housing crisis, HN has provided affordable housing to the Island of Nantucket for over twenty years with no signs of stagnation. Those who have benefitted from their efforts, such as HN's tenants, generally agree that HN provides fair rent, sound homes, and very effective services overall. Despite the minor maintenance issues (mainly doors and window fixtures) with their homes, HN's tenants strongly expressed the desire to be more involved in the organization, through community events or meetings. They all exhibited a strong sense of gratitude toward HN for providing more than just housing, but a new sense of security.

Due to HN's strong commitment to affordable housing, shown not only by HN 59 covenant homes and 30 rentals but also by the adamantly supportive and thankful tenant base, HN plays a central role in addressing the ever growing housing crisis on Nantucket. In order to address the future needs of the Nantucket community, HN may need to expand its role to accommodate affordable housing not only for year round residents, but also seasonal. As mentioned, one such way it may do so is to become the clearing house for seasonal rentals. To accommodate its expansion, HN could potentially attract more funding and expand its community role by becoming a CDC and applying for CITCs. Nevertheless, the organization must still do substantial work immediately in order to create a successful application. Successful CDCs consist of extensive community engagement, diverse and engaged boards, and innovative business and investment plans. HN must seek to emulate these same characteristics in their application. However, we strongly believe that should HN follow these recommendations, the organization can become a strong candidate for CDC certification and better impact the Nantucket community.

5.2. Recommendations

From the conclusions above, our team strongly proposes that HN attempt CDC certification at this time. After reviewing the CDC application guidelines and also HN's services, we believe that HN is qualified to entire the noncompetitive certification process. However, we do not suggest HN pursue CITC allocation immediately, due to the discrepancies between HN's directives and those of

the MACDC. With this in mind, we recommend HN re-evaluate its position as an organization, beyond just affordable housing, especially in three main areas. HN must first seek to create greater community involvement and volunteer activities that may not only act as public outreach opportunities, but also serve to satisfy the strong desire of the HN tenants to give back. Another area of concern is that HN must develop and maintain a diversified board through board development, training, and succession planning in order to ensure HN continued leadership in the affordable housing sector. Finally, HN must consult with various stakeholders beyond those within the HN community to explore potential roles as a clearing house for seasonal and year-round rentals. Once these three directives have been accomplished, HN will be able to develop a comprehensive strategic and/or community investment plan, which will serve as guidance to HN's ongoing purposes and also as a basis on which HN may compose their CITC application on. In *Section 5.2.1* and *Appendix 6*, our team has provided HN with an outline to the CDC application and the CIP respectively, each of which includes in depth suggestions beyond those mentioned in this section. With these recommendations, we believe HN will continue to lead Nantucket toward a future with more residential affordable housing.

5.2.1 CDC Application

Defining Community Development

CDCs implement programs that expand economic opportunities to low-income and moderate-income populations that advance their common mission of “building communities, improving places, and transforming lives” (MACDC, n.d.). Community development is recognized by the MACDC consists of physical development such as affordable housing, asset development such as financial education and homeownership assistance, community planning pertaining to economic development, and economic development including business assistance.

How does HN support Community Development?

HN has an expansive affordable housing program that has virtually impacted over 100 families. This endeavor falls under the category of physical development programming in the community, and it has *improved the island of Nantucket* by maintaining the historic character of housing units that would otherwise be left vacant and renting or selling them at affordable rates. HN also provides homeownership classes which fall under the category of asset development programming. These classes are pivotal learning experiences for the participants, since homeownership is a socially, emotionally, and financially *transformative opportunity*. Overall, HN performs two of the four main community development functions and thereby promotes two of the three main pillars of the CDC mission. Since HN has partnerships with several other

organizations and has conducted the RKG needs assessment, they have proved that they understand the needs and dynamics of Nantucket. Also, because HN just added new Board members who bring diverse viewpoints to the Board, and allow the Board to match Nantucket's demographic breakdown, HN now satisfies the requirements of a CDC. Therefore, we encourage HN to apply for the certification.

Why Become CDC?

The main benefit of CDC certification is participation in the CITC program. CDC certification is more a code of values than a means of doing things. In that individual's organization, the majority of CTICs go toward filling gaps in funding rather than entire projects. If increasing funding is the primary goal of HN's pursuit of CDC certification then CDC certification may not be the most desirable since HN would need to make a number of changes to fully embody the character of Massachusetts CDCs.

Adjustments to become a CDC

Before applying for CDC certification, HN should consider cultivating tenant involvement. Aside from being a requirement on the application, we found that in addition to representation on the Board, most other CDCs have focus groups, or meetings in which stakeholders can have a say in the direction of their CDCs. HN's covenant home and rental programs are complex. They require a Board member to have significant background and contextual to contribute effectively to their management. Tenant involvement in this process would be ineffective so unlike other CDCs, tenant focus groups are not applicable to HN's operations. Therefore, we suggest that HN start annual tenant meetings as a way for HN to update its tenants, and for HN's tenants to share their experiences. The meetings would be a simple way for HN to evaluate how effectively they are addressing the needs of their tenants. Ideally, a working relationship between HN and its tenants would form. Then if HN were to expand the breadth of the services that they offer, they would have a receptive sounding Board, and supportive network. Since the MACDC would like to see CDCs to be accessible, the annual tenant meetings would allow for just that, therefore bolstering HN's chance of certification.

The most extensive change that HN should plan to make in order to increase its chances to qualify for CDC certification is to create new community programs. HN's primary work is providing affordable housing units, and although that is certainly a CDC venture, other CDC's with affordable housing focuses have supplemental programming. For example, HAP Housing connected residents to jobs through the Secure Jobs Initiative and assisted over 100 residents in

obtaining a GED. HN may not have the staffing capabilities or resources necessary to develop successful, new programs, even if it received CITCs. Additionally, there is a considerable amount of administrative duties involved in maintaining the CDC status and CIP funds. The DHCD requires a yearly update and annual report and a new CIP must be drafted every three years. Also, recertification as a CDC takes place every four to five years. These updates may become tedious. Overall, it is possible that time and money could be better invested in other initiatives. Instead of expending resources shift its priorities in order to receive one source of funding, HN could search for more fitting methods that do not require HN to change. HN already operates like a community land trust so researching the benefits of that certification may be more worthwhile than the CDC certification.

5.2.2 CIP Recommendations

The CIP is meant to serve as the CDC's business and investment plan over the next 3-5 years. After HN receives CDC certification and also adjusts its strategic plan to better fit the principles proposed by the DHCD, it is strongly recommended that HN create a CIP. The CIP outline in *Appendix 6* serves as the framework for a high quality CIP and/or potential strategic plan, which HN should adopt regardless of whether or not it pursues CDC status. The outline consists of 9 sections and notes what information should be included in each section in addition to suggestions of what actions HN must take in order to apply for CITC funding. Such suggestions include creating more community volunteer opportunities, expanding its funding pool to include private donations, and creating and/or advocating more local educational seminars. In addition, *Appendix 7* also contains the preliminary outline to key member and staff succession. We note that these suggestions must be adjusted when HN does pursue CITC allotment.

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7. Appendices.

Appendix 1: CITC Allocation for 2015

[CITC website, Mass.gov, 2015]

CDC Recipients	2015 Allocation
Allston Brighton CDC	\$150,000
Asian CDC	\$100,000
CDC of Southern Berkshires	\$100,000
Coalition for a Better Acre	\$150,000
Codman Square NDC	\$150,000
Community Development Partnership	\$100,000
Community ECD of Southeastern MA	\$75,000
Community Teamwork, Inc.	\$100,000
Dorchester Bay EDC	\$100,000
Dudley Neighbors, Inc.	\$100,000
Fenway CDC	\$150,000
Franklin County CDC	\$150,000
HAP Housing	\$150,000

HAC Cape Cod	\$75,000
Harborlight Community Partners	\$110,000
Housing Corp of Arlington	\$50,000
Hilltown CDC	\$60,000
Island Housing	\$150,000
Jamaica Plain NDC	\$150,000
Just-A-Start	\$100,000
Lawrence Community Works	\$100,000
Metro West CDC	\$75,000
Madison Park CDC	\$150,000
Main South CDC	\$150,000
NeighborWorks Southern MA	\$100,000
NOAH	\$150,000
North Shore CD Coalition	\$100,000
Nuestra Comunidad Development Corp	\$60,000
Oak Hill CDC	\$150,000
Quaboag Valley CDC	\$150,000
Somerville Community Corp	\$150,000
South Boston NDC	\$100,000
South Middlesex Opportunity Council	\$150,000
Southwest Boston CDC	\$75,000
The Neighborhood Developers	\$150,000
Twin Cities CDC	\$150,000
Urban Edge	\$150,000
Valley CDC	\$100,000
VietAID	\$100,000

Watch CDC	\$75,000
Waterfront Historic Area League	\$100,000
Worcester Common Ground	\$75,000
CSO Recipients	2015 Allocation
LISC	\$150,000
MACDC	\$150,000

Appendix 2: Original DHCD Scoring Tool for CIPs

Section	Points
Community or Constituency(ies) to be served by the organization	7
Involvement of community residents and stakeholders	20
Plan goals	7
Activities to be undertaken	7
How success will be measured and/or evaluated	10
Collaborative efforts to support implementation	10
Integration of activities/consistency with community strategy and vision	7
Financing strategy	12
History, track record and sustainable development	20

Appendix 3: Materials for Interviews

A. General Preamble

(The preamble will be modified for each interviewee.)

We are students for Worcester Polytechnic Institute from Worcester Massachusetts. [Insert short introduction of each interviewer] We are conducting this interview to learn more about the CDC and CITC application process here in Massachusetts. We would hope to use our research to help Housing Nantucket, a nonprofit working to provide more affordable housing in Nantucket, understand the [insert what specific areas we would like to ask interviewee questions on]

Participation in this interview is completely voluntary. You may withdraw at any time. You may choose to remain anonymous. If so, no names or other identifying information will appear on any of this project's publications (such as our final report, questionnaires, etc.). All answers will be kept confidential.

Thank you for your time on behalf of our team and Housing Nantucket. If interested, a copy of our results can be provided at the conclusion of this study.

B. Interview Questions with CDCs

[Please read interview preamble before starting this interview transcript]

- Question 1: Please tell us a little about the CDC you work with, such as what you do, and who do you target your services at.
- Question 2: Why did you choose to become a CDC? What has becoming a CDC allowed you to do?
- Question 3: What are some challenges you have faced after becoming a CDC? Have you had any challenges increasing the diversity of your Board of Directors?
- Question 4: I understand you became a CDC in [insert year]. Were there any challenges you faced when applying? How did you resolve them?
- Question 5: During your application did you face any problems with diversifying your Board of Directors?
 - How did you address it?
 - Where did you look for potential Board candidates?
 - What kind of process did you use to select new Board members?
 - What kind of effects did changing your Board have?
 - What kind of accommodations did you Board make for the new members?
 - Does the change appear to be working well for the long term?
- Question 6: I understand you also have a Community Investment Plan, and have received CITCs because of it. What did you consider when drafting the CIP?
- Question 7: How have your CITCs been used for? How effective were they in gaining donors?
- Question 8: How has becoming a CDC and receiving CITCs changed the way you impacted your communities, if it has at all?
- Question 9: Thank you for your time. Do you have any questions for us?

C. Interview with Housing Nantucket's Board Members and Staff

[Please read interview preamble before starting this interview transcript]

- Question 1: Please tell us a little about yourself. How long have you've been on the Board?

- Question 2: How did you first hear about Housing Nantucket? How did you come to join it?
- Question 3: What is Housing Nantucket's role in Nantucket's affordable housing sector? What sets it apart from other affordable housing agencies?
- Question 4: Tells us about the role of Board Members in the administering of Housing Nantucket. What are the expectations of an exemplary Board member?
- Question 5: Would you be willing to make the Board meetings more accessible to new members? If so how? (i.e. changing meeting times)
- Question 6: Have you heard about the Community Development Corporation and Community Investment Tax Credit program? [if not, interviewer please describe both programs to interviewee]
- Question 7: What are your opinions on these programs?
- Question 8: Should Housing Nantucket receive CITCs, what would you think should be Housing Nantucket's first priority to invest those donations in? Why?
- Question 9: Where do you see Housing Nantucket in 3 to 5 years?
 - Do you see a possibility of HN to expand its services to beyond year-rounders and focus more on seasonal workforce housing?
 - Do you believe that HN should focus more on rental or covenant homes? Why?
 - Henry Sanford suggested that HN create a Land Trust. Do you believe that this is a feasible idea? If so, when do you believe that HN could put this into action?
 - Do you believe that HN must make any drastic improvements to the way it operates?
- Question 10: Thank you for your time. Do you have any questions for us?

D. Interview with Tenants

[Please read interview preamble before starting this interview transcript]

- Question 1: Please tell us a little about yourself - what is your occupation, etc.?
- Question 2: How did you find about Housing Nantucket? How long have you been involved with Housing Nantucket Housing?
- Question 3: Why did you decide to participate with Housing Nantucket's rental program? What other housing options did you consider?
- Question 4: What do you believe is the reason why affordable housing is so hard to find on Nantucket?
- Question 5: What do you think could be done to improve this situation? Do you believe the town or the employers should do more to retain housing for their workforce?
- Question 6: Do you feel Housing Nantucket is doing a good enough job to address the affordable housing crisis?
- Question 4: Are there any improvements you think the association could make? [please stress here that their confidentiality will be strictly adhered to]
 - How is the condition of your home? Are there any maintenance issues you would like to discuss, for instance windows, doors, etc.? Was it initially in that condition when you first moved in?
 - Are you satisfied with Housing Nantucket's administrative duties (responding to contact quickly)? And their maintenance response?

- Do you believe that there should be more tenant involvement with the operational decisions in Housing Nantucket?
- Question 5: Are there any other programs you have heard that have been sponsored by Housing Nantucket? Would you be interested in attending or participating in them?
- Question 6: Do you hope to own a home in the future or remain with rental housing?
- Question 7: Are there any community programs you would like Housing Nantucket to host (Community service event like a Neighborhood fix up day)?
- Question 8: Thank you for your time. Do you have any questions for us?

E. Survey with Tenants

i. Preamble Introduction:

Hello, we are students from Worcester Polytechnic Institute. Your opinion is very important to Housing Nantucket, and so we are collecting information to help Housing Nantucket improve their services and better accommodate their tenant's needs. All answers will remain confidential and answering all questions is optional. Thank you for your time.

Survey Questions

a. Page 1

- i. How long have you lived in your current Housing Nantucket property?
 - <1 year
 - 1 to 2 years
 - 2 to 5 years
 - 5 to 10 years
 - >10 years
- ii. How did you hear about Housing Nantucket?
 - Through a realtor
 - Through a friend
 - Radio ad
 - Online
 - Nantucket Housing Association
 - Other
- iii. Where is your current housing unit located?
 - Miacomet
 - Surfside
 - Tom Nevers
 - Other

b. Page 2

- i. Are there any maintenance or functional problems with your house?
 - There are no current maintenance or functional problems with my house
 - Yes, there are current maintenance or functional problems with my house

- c. Page 3
- i. Please rate the condition of the following elements of your house on a scale from 1 to 5, where 1 is “Good condition (need no repairs)” and 5 is “Need major repairs or replacement”.
 - Windows
 - Doors
 - Heating/air conditioning system
 - Plumbing system
 - Hot water system
 - Electric
 - Siding
 - Roofing
 - Landscaping
 - ii. Are there any other maintenance problems at your home that Housing Nantucket should address?
- d. Page 4
- i. Do you have any complaints or concerns about living in your neighborhood?
 - I have no complaints or concerns about my neighborhood [Please go to *Page 6*]
 - Yes, I have complaints and concerns about my neighborhood [Please go to *Page 5*]
- e. Page 5
- i. Please indicate how strongly you feel about the follow statements. Please rate the quality on a scale of 1 to 5, where 1 is “Strongly Agree” and 5 is a “Strongly disagree”. All answers will remain confidential and answering all questions is optional.
 - The neighborhood is very noisy
 - I live too far from work
 - I live too far from shops (i.e. grocery stores, pharmacy, convenience stores, etc.)
 - There is too much vehicle traffic in my neighborhood
 - My neighborhood is too crowded
 - Sometimes I feel unsafe in my neighborhood
 - There is too much litter in my neighborhood
 - ii. What other concerns do you have about your neighborhood?
- f. Page 6
- i. In comparison to the cost of other housing options on Nantucket, how do you feel about the cost of your rent?
 - 1 [my rent is fair]
 - 2
 - 3 [my rent is much too high]
 - ii. Would you like to have your lawn mowed for you from April to October? (Your rent would increase approximately \$50 per month for the service)
 - Yes

- No
- iii. If your yard was improved with a garden or irrigation system, would you be willing to maintain it?
 - Yes
 - No

g. Page 7

- i. How do you prefer to contact Housing Nantucket?
 - Phone
 - Email
 - In person
 - Other
- ii. How quickly does Housing Nantucket staff respond to your phone call or email requests?
 - 1 [Very slowly]
 - 2
 - 3
 - 4
 - 5 [Very quickly]
- iii. How often does Housing Nantucket respond to your maintenance e requests in a time fashion?
 - 1 [Seldom]
 - 2
 - 3
 - 4
 - 5 [All the time]
- iv. How often are the repairs completed to your satisfaction?
 - 1 [Seldom]
 - 2
 - 3
 - 4
 - 5 [All the time]
- v. Does Housing Nantucket treat you with courtesy and respect?
 - 1 [Rarely]
 - 2
 - 3
 - 4
 - 5 [All the time]

h. Page 8

- i. Which of the following best represents your future housing plans
 - I expect to always rent
 - I plan to eventually buy a house or apartment
 - I am unsure
- ii. Have you attended Housing Nantucket's home buyer education program?
 - Yes

- No
- i. Page 9
 - i. Please indicate why you have not yet been able to attend Housing Nantucket's home buyer education program?
 - I was not aware of the program
 - I did not have time
 - I was not interested
 - Other
- j. Page 10
 - i. Would you be willing to volunteer if Housing Nantucket were to host a community service even (e.g. community cleanup day)?
 - Yes
 - No
 - Maybe
- k. Page 11
 - i. Would you be willing to talk further about these topics with the WPI students conducting this survey?
 1. If so please leave your name, and phone number or email. We will contact you soon to set up a convenient time for the interview. Please be assured that your contact information will NOT be used in the analysis of the survey responses nor reported to Housing Nantucket. All your answers will remain confidential.
- Link to Tenant's survey:
https://docs.google.com/forms/d/1TECvFsgD_RuHaK0Ly0XfigSYbi34j4gRf7tLKYPp1IU/viewform?usp=send_form



Housing Nantucket Tenant Survey

Hello, we are students from Worcester Polytechnic Institute. Your opinion is very important to Housing Nantucket, and so we are collecting information to help Housing Nantucket improve their services and better accommodate their tenant's needs. All answers will remain confidential and answering all questions is optional. Thank you for your time.

How long have you lived in your current Housing Nantucket property?

- < 1 year
- 1 to 2 years
- 2 to 5 years
- 5 to 10 years
- > 10 years

How did you first hear about Housing Nantucket?

- Through a realtor
- Through a friend
- Radio ad
- Online
- Nantucket Housing Association
- Other:

Where is your current housing unit located?

- Miacomet
- Surfside
- Tom Nevers
- Other:

[Continue »](#)

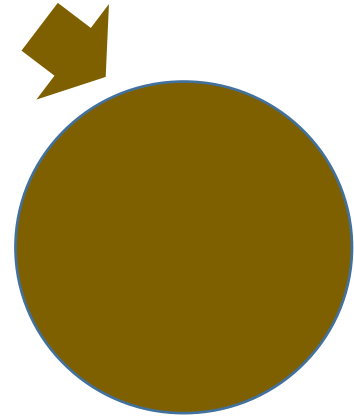
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Figure 6 Sample



page from the Google Survey

Appendix 4: CITC Infographic



Appendix 5: The Commonwealth's Sustainable Development Principles

Sustainable Development Principles

The Commonwealth of Massachusetts shall care for the built and natural environment by promoting sustainable development through integrated energy and environment, housing and economic development, transportation and other policies, programs, investments, and regulations. The Commonwealth will encourage the coordination and cooperation of all agencies, invest public funds wisely in smart growth and equitable development, give priority to investments that will deliver good jobs and good wages, transit access, housing, and open space, in accordance with the following sustainable development principles. Furthermore, the

CITC Donation Process:

The Community Investment Tax Credit (CITC) program is a program through which donors who give to a Community Development Corporation (CDC) can receive Massachusetts tax credit equal to half of their donation amount. Any tax credit not used towards the donor's tax liability is refunded to the donor in the form of a check from the State.

Donations can only be in cash. The minimum donation amount is \$2000.00 and the maximum is \$2,000,000.00.

The instance depicted on the above is based off an example shown on the Massachusetts Association of Community Development Center's website.

Commonwealth shall seek to advance these principles in partnership with regional and municipal governments, non-profit organizations, business, and other stakeholders.

1. Concentrate Development and Mix Uses

Support the revitalization of city and town centers and neighborhoods by promoting development that is compact, conserves land, protects historic resources, and integrates uses. Encourage remediation and reuse of existing sites, structures, and infrastructure rather than new construction in undeveloped areas. Create pedestrian friendly districts and neighborhoods that mix commercial, civic, cultural, educational, and recreational activities with open spaces and homes.

2. Advance Equity

Promote equitable sharing of the benefits and burdens of development. Provide technical and strategic support for inclusive community planning and decision making to ensure social, economic, and environmental justice. Ensure that the interests of future generations are not compromised by today's decisions.

3. Make Efficient Decisions

Make regulatory and permitting processes for development clear, predictable, coordinated, and timely in accordance with smart growth and environmental stewardship.

4. Protect Land and Ecosystems

Protect and restore environmentally sensitive lands, natural resources, agricultural lands, critical habitats, wetlands and water resources, and cultural and historic landscapes. Increase the quantity, quality and accessibility of open spaces and recreational opportunities.

5. Use Natural Resources Wisely

Construct and promote developments, buildings, and infrastructure that conserve natural resources by reducing waste and pollution through efficient use of land, energy, water, and materials.

6. Expand Housing Opportunities

Support the construction and rehabilitation of homes to meet the needs of people of all abilities, income levels, and household types. Build homes near jobs, transit, and where services are available. Foster the development of housing, particularly multifamily and smaller single-family homes, in a way that is compatible with a community's character and vision and with providing new housing choices for people of all means.

7. Provide Transportation Choice

Maintain and expand transportation options that maximize mobility, reduce congestion, conserve fuel and improve air quality. Prioritize rail, bus, boat, rapid and surface transit, shared-vehicle and shared-ride services, bicycling, and walking. Invest strategically in existing and new passenger and freight transportation infrastructure that supports sound economic development consistent with smart growth objectives.

8. Increase Job and Business Opportunities

Attract businesses and jobs to locations near housing, infrastructure, and transportation options. Promote economic development in industry clusters. Expand access to education, training, and

entrepreneurial opportunities. Support the growth of local businesses, including sustainable natural resource-based businesses, such as agriculture, forestry, clean energy technology, and fisheries.

9. Promote Clean Energy

Maximize energy efficiency and renewable energy opportunities. Support energy conservation strategies, local clean power generation, distributed generation technologies, and innovative industries. Reduce greenhouse gas emissions and consumption of fossil fuels.

10. Plan Regionally

Support the development and implementation of local and regional, state and interstate plans that have broad public support and are consistent with these principles. Foster development projects, land and water conservation, transportation and housing that have a regional or multi-community benefit. Consider the long-term costs and benefits to the Commonwealth.

Appendix 6: CIP Outline for Housing Nantucket

A. CIP Recommendations

The CIP is meant to serve as the CDC's business plan over the next 3-5 years. The CIP outline below serves as the framework for a high quality CIP and/or potential strategic plan, which HN should adopt regardless of whether or not it pursues CDC status. The outline consists of 9 sections and notes what information should be included in each section in addition to suggestions of what actions HN must take in order to apply for CITC funding. In addition *Appendix 8* also contains a rough outline to Board Member and Executive Direction succession selection. Please note that these suggests must be adjusted when HN does pursue CITC allotment.

i. Section 1: Community or Constituency (ies) to be served by the organization

Housing Nantucket targets the low to moderate income residents of Nantucket, rather than just focusing on one specific ethnic group and or neighborhood. However, HN's property locations in both the covenant home and affordable rental programs center in three main areas: Tom Nevers, Surfside, and Miacomet. Mention of how these areas were chosen, in addition to their demographic information of residents of the Island, as well as residents of these housing units, would prove to be beneficial to HN's CIP. Demographic information of the population served should consist of, but is not limited to:

- Age range
- Income ranges
- Ethnicity (i.e. minority)
- Home prices of each area served

This information can easily be gathered from the HN server and or most recent census data to be put in the report.

ii. Section 2: Involvement of community residents and stakeholders

In this section, Housing Nantucket must demonstrate evidence of resident and stakeholder engagement in the organization and the Plan. Information to include consists of activities, events, participation figures, and other measures of success. In this area, Housing Nantucket has included tenants in their Board of Directors recently. HN has also formed many partnerships and relationships with numerous organizations on Nantucket also, many of which should be reserved to be mentioned in Sections 6 and 7.

However, beyond this Housing Nantucket does not demonstrate enough involvement of the community residents or stakeholders beyond advocacy and local outreach. In order to change this, a number of suggestions have been introduced. The most viable option for HN is to create an annual tenant meeting that would allow HN to update the tenants about the work and changes that have occurred in the past year. This annual meeting will also facilitate a space through which tenants can familiarize themselves with each other and form a new sense of community. In addition, one area of the CIP calls for beautification of the community. As proven through our tenant survey, a 77.8% of tenants expressed interest in participating in a community service event. Housing Nantucket has expressed the possibility of partnering with Dutra Designs, a local landscaping agency, to provide discarded by still viable flowers and vegetation to the rental units. A possible event may allow for volunteers to transport and plant these flowers in affordable rental units or even covenant homes. Other proposed community events include partnering with Nantucket Ice, the local ice rink, to host a community ice skating event and partnering with the local High School to offer community service events that will allow for students to satisfy their community service requirements. However, although these plans can be speculated as part of the CIP's future plans, we believe that these plans should be enacted before applying for CITCs in order to validate HN's record of community involvement.

iii. Section 3: Plan Goals

As noted, this section of the CIP must clarify the goals of the CIP and identify how such goals will impact the target community. In this regard, we would like to suggest that HN invests their CITC donations across 4 areas:

- Increasing outreach/fundraising
- Construction Projects
- Increasing tenant outreach
- Expanding permanent staff

These goals may be adjusted to include current projects at the time of submission and each goal should include explanations detailing how they will not only benefit HN but the wider community over the next 3-5 years.

iv. Section 4: Activities to be undertaken

In this section, HN must detail how it expects to accomplish the above goals. In order to aid the reader, it is our suggestion that this section be structured much like Section 3. This not only allows reinstatement of the goals, but also logical flow and organization that will allow easier and quicker review.

- Increasing outreach/fundraising
 - Increasing private donor pool who will contribute to the CITC program through events i.e. Gala, community service events, partnering with new corporate sponsors, and campaigning
 - Update and maintain website, Google search entry, and Facebook to include news about the organization's events and changes.
- Construction Projects
 - Current and future construction projects (please include exact location, type of housing unit, and predicted number of homes)
 - Should concentrate on creating more rental units
 - Also will maintain current housing units
 - Will explore the possibility of beginning a community land trust
- Increasing tenant outreach
 - Funding an annual community service event
 - Organizing and maintaining tenant annual meeting
 - Implement more surveys and other feedback mechanisms
 - Organize other educational classes and seminars
 - Will update and improve the tenant monthly newsletter with property maintenance tips as well as updates about HN's operations
- Expanding permanent staff
 - Create a part time property manager position that will relieve other staff from performing maintenance duties
 - Expand the role of the administrative assistant to that of a program administrator who will manage the HN website and other social media outlets

These are but a few of the numerous ways HN can execute their four goals. Actions and initiatives that will be undertaken to accomplish these goals beyond those listed here should also be included in this outline.

v. Section 5: How success will be measured and/or evaluated

HN must be able to ascertain that they have reached their goals in the annual CIP review submitted to the DHCD. To do so, in the CIP itself, methods of measuring and evaluating success must be noted in this section. Success must be defined in terms impact and quantified deliverables. Below are suggested measures of success for the goals put forth in the previous sections.

- Increasing outreach/fundraising
 - Set a fundraising monetary goal
 - Set a goal for how many sponsors HN should acquire (i.e. local banks and businesses)
 - Survey website users to gauge their opinions about the new site
- Construction Projects
 - Set quantitative measures of how many housing units HN hopes to have completed by a certain time point
 - Have a set of recommendations as to whether or not HN should pursue the Land Trust initiative
 - Survey tenants to gauge continued maintenance issues
- Increasing tenant outreach
 - Successful reception of new seminar classes - how many people participated, end of seminar surveys
 - Yearly survey to gauge tenant satisfaction
 - With newsletter
 - With rental units
 - With annual meeting
- Expanding permanent staff
 - Success measured in the effectiveness of the staff members' duties
 - Have the website and Facebook pages been kept up to date?
 - Have office inquiries been answered in a timely and professional fashion?

- Have the maintenance issues been addressed in a timely fashion and completed to satisfactory standards?

Other measures of success may be implemented beyond those suggested. Since the CITC program proceeds over the course of three years, having quantitative measures in place allows for the CDC to compare its progress year to year. Many of these plans should have already been implemented beforehand, and can be noted here that the CITC donations will be used to continue them. For instance, construction projects, tenant surveys and meetings, and website updating should all be in place by the time HN applies for CDC certification to ensure a greater chance of success.

vi. Section 6: Collaborative efforts to support implementation

HN has participated in and maintained numerous partnerships over the last several years with a variety of agencies, both private and municipal. Listed below are some of the partnerships HN maintains:

- *Affordable Housing Trust Fund* - HN attends AHTF meetings and provides feedback on AHTF initiatives as a member of the public. Also AHTF provides funding to HN.
- *The Nantucket Community Foundation* - HN attends the NCF's housing forums and also receives funding from them
- *ReMain* - HN has partnered with ReMain to lobby the Town to release Town owned land for the development of affordable housing. Re Main is also a source of funding to HN.
- *The Land Bank* - HN has been collaborating with the Land Bank to adopt the Affordable Housing Policy (to be passed by the end of 2015). The Land Bank will allow for "wells and/or septic systems to be sited on land it will acquire provided that their presence on the conservation land will be low-impact and invisible or nearly invisible." (Nantucket Land Bank Affordable Housing Policy) They also will decline to prioritize land in the Town Overlay district where existing infrastructure and townscape make that area more sensible towards affordable housing.
- *Bike and Build* - for the last two years, Bike and Build, a national nonprofit dedicated affordable housing, consists of a team of cyclists who travel throughout the United States in order to raise awareness and money for

affordable housing causes. On their 2015 trip, they spent two nights on island to aid with the construction of 75 Old South Road.

Additional partnerships which exist with local businesses should also be included in the report. Each partnership should be tied into the goals of the CIP in order to demonstrate their significance in the Plan.

vii. Section 7: Integration of activities/ consistency with community strategy and vision

Affordable housing has become an extremely pertinent issue on Nantucket as the lack of year round rentals and workforce housing continues to dwindle. Due to the public outcry, Nantucket as a community has begun several initiatives, forums, and discussions to combat this growing trend. In reaction to this shift, HN itself has partnered with many of these municipal organizations to not only assess the affordable housing need, but also act upon it. In this section of the CIP HN must outline these efforts and accomplishments and also illustrate how they run parallel with the community needs and plans. Such policies and plans include

- Workforce Housing Needs Assessment (2015)
- Housing Needs Action Plan (2002)
- Land Bank Affordable Housing Policy (2015)
- Town affordable housing plan

HN must demonstrate not only how do these partnerships benefit the Plan, but also how does the CIP support the overarching goals of the greater Nantucket community. Additional community assessments and plans should be mentioned beyond those listed.

viii. Section 8: Financing strategy

In this section, Housing Nantucket should list its most current finances. This can be taken directly from its audit and be place in table form. Things to highlight include a strong donor pool, a variety of income sources, and stable sources of income. HN must adequately demonstrate they will be able to sell most if not all of the CITC allocated to them by indicating possible known donors.

- HN must build a strong corporate and private donor pool before pursuing CITC application, since if they do not sell most of their CITCs, then the DHCD may not allocate to them CITCs in the subsequent years.
- HN must also provide greater detail about grants they receive, detailing which organizations have granted them what amounts.

- Other sources of income, such as rent rolls, recycled homes turnover fees, and etc. must also be included
- Also any way HN receives services and goods a lower than market price (i.e. lower priced land)

It should also be noted in this section

- i.e. How refinancing several of the mortgages amounts to savings around \$50,000 per year
- It would be most beneficial for HN to organize all information concerning their expenses and income in a chart.

ix. Section 9: History, Track Record and Sustainable Development

Section 9 outlines the past history in affordable housing and community service of the CDC. In this section HN must illustrate its strong history of over 20 years of experience housing Nantucket. Areas to mention include history, services, and finally examples of sustainable development.

History

- Beginnings as an offshoot of the NHA
- Services
 - Nantucket Housing Needs Covenants
 - Affordable Rental Program
 - Relocatable Dwellings
 - First Time Home Buyer Education course
 - Lottery Monitor
- Sustainable Development
 - Under this area, please see the previous WPI IQP on installing solar panels 2012

Much of this section can be taken and modified from the Board of Director Manual as well as other previous grant applications. Should Housing Nantucket also introduce seasonal housing services at the time of submission, this should also be included. However, this section should not include proposed projects that HN hopes to pursue, as this should exhibit HN's past endeavors rather than its future ones.

Appendix 7: Key Personnel Succession Planning

As noted, one major barrier HN must overcome to ensure its longevity is succession planning for its key members in both staff and Board positions. At our sponsor's request, we have

created a preliminary outline through which HN can use to choose its future leaders. As noted, succession planning is a discussion that *both* the executive director and the Board of directors must have. Despite the discomfort that this topic may cause, it is a topic that HN must acknowledge to ensure the continued existence and impact on the community. We have created four main steps through which HN can follow as shown below.

Step 1: Identify key roles that benefit succession planning

The first step HN must accomplish in creating a succession plan is to identify key roles in the organization that would most benefit from succession planning. These roles can be prioritized based on the necessity of each position for the continued operation of the organization. Due to the size of HN's staff and Board, it can be determined that all such organizational members are necessary for the performance of HN. However, the necessity of each position is a topic that HN must itself address and form. Areas of importance include the necessity to daily operations, necessity to the organization's governmental operations (i.e. passing motions), and necessity to the expansion and improvement of the organization.

Step 2: Define key qualities and characteristics that is required to fill such roles

As mentioned in our Board member and staff interviews, what HN seeks in a potential new team member are the skills and expertise that will allow HN to progress. A conglomerate of different perspectives allows for a variety of inputs and resources that in turn facilitates discussion and action. The three main areas of expertise that HN seeks to fill in their Board are finance, property/real estate, construction, legal advice, and tenant/community outreach. Each area must have at least two members at a time to ensure continued support should one member not be available. Each area should have determined areas of knowledge within itself and should be determined via discussions with each current Board member in the respective areas. However, beyond these simple qualifications of comprehension, a qualified candidate for these positions much also have personal characteristics that enable them to not only accomplish tasks independently but also perform well in a group setting enough to contribute meaningfully to the discussion. These qualities apply to potential Board members *and* staff members.

Step 3: Identify pool of potential members/staff

After the necessary requirements for each area of membership have been set, HN should identify a pool of potential candidates. Unlike a company or corporation, HN does not have a reservoir of potential candidates formed by lower ranked staff. To alleviate this dilemma, HN may seek to identify community leaders that may fit this position. One way to do this is to ask for

recommendations for potential replacements from the member stepping down. Another method, which have been used by CDCs, is to ask other local organizations if one of their members would be willing to fill the gap and become involved. This allows not only for shared interests and communication between organizations, but facilitated efforts to create partnerships. Finally, another route for finding potential Board members is to advertise the position to the general public. All potential members who have expressed interests should be screened and interviewed as per professional standards. Afterwards, each applicant must be matched and compared to the title description which must be filled. Should they be suitable for the position, they must be briefed with the exact expectations and duties which they must fulfill before accepting them into the position in question.

Step 4: Induction/training of new staff

Once the new positions are filled, adequate training and instruction is required. Before the position is filled, the gap in knowledge and experiences must be distinctly defined base on the new hire's qualifications and what is demanded by the position. After such areas are defined, the former staff member must determine what are the best methods to acquainting new members with their duties and responsibilities. They may require an orientation via seminars and certification or through mentorships conducted by the former position holder. The new member may require extensive training by other members of staff and or their peers. Due to the varied positions that each member of HN plays, the new member should become knowledgeable in several underlying terms and laws that arise in conversation and meetings. This may require on the spot training and explanation in which remaining members must accommodate the newer members. Many problems and incidents may arise during the transition period, even after the new member has been formally introduced to their post. Thus it is a suggestion that the former mentor still be available for help and advice long after their departure and form a student-teacher relationship with their successor.