



The Oak Bluffs concept — a proposal

I propose that the GBAHTF explore the possibility of creating “small house” developments on town lots, purchased or otherwise acquired by the GBAHTF. The Trust would own the property and make it available (long term lease or similar arrangement) to income qualified potential homeowners.

Depending on zoning, up to 8 units could be put on a single lot. All 8 units would be built at the same time, to save on construction costs and create a cohesive look. The cohesive look I have in mind would be based on the Cottages in the Oak Bluffs Campground (photos attached).

All 8 units would need to be under contract before construction begins. The homeowners will be able to purchase the houses at an affordable price, using a standard bank loan. A permanent deed restriction would be placed on the houses, linking the sales price to the AMI. (If the AMI goes up 5% the house price can go up by 5%). The goal is to keep the house permanently affordable. The town will use the deed restricted price for the real estate tax assessment. The land would not be taxed because it is owned by the AHTF (the town, essentially).

Even with this deed restriction, this is a path to wealth building for the homeowner, because they will be building equity every month. There is also the tax benefit of home ownership, which will make the housing even more affordable.

All of the units will be built by one contractor, but each unit will be paid for by the homeowner. While there should be a cohesive look to the entire development, homeowners will be able to choose from several basic designs and make modifications to suit their individual budget.

Cost breakdown

All of the homes will be between 600 and 900 sq. ft. Size of the building and/or down payment assistance can be adjusted to fit individual budgets. I've used 750 sq. ft. in this example.

Land is owned by the AHTF/Town

750 square foot house X \$300 per square foot to build = \$225,000

Down payment \$15,000 (from AHTF)

Loan amount = \$210,000

30 year fixed rate mortgage @ 7.25% = \$1,433/month

Taxes, insurance, etc. (building only) = \$536/month

Total monthly expenses = \$1,969

Two person AMI = \$81,200 ÷ 12 = \$6,766 x 30% = \$2,030

