

TOWN OF EASTHAM, MASSACHUSETTS

HOUSING PRODUCTION PLAN



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Prepared for the Eastham Board of Selectmen

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TOWN OF EASTHAM HOUSING PRODUCTION PLAN

I. EXECUTIVE SUMMARY

A. Introduction

Eastham is primarily a residential community with a year-round population of about 5,000 residents. The town is particularly challenged during the summer months when the combination of seasonal residents and visitors, drawn to the town by its stunning natural beauty and wide-ranging recreational opportunities, can increase the population more than five-fold. These visitors bolster Eastham's predominant economy, the tourist industry, but also place enormous pressures on local services and the housing market.

In tandem with growing numbers of seasonal units and second homes, now up to 60% of all units, dramatic demographic shifts have been occurring. Not only is Eastham losing population, but it is also experiencing losses of younger residents simultaneously to substantial gains in older ones. These demographic changes are projected to continue and likely change the character of the community given substantial losses in population diversity, significant shifts away from families and workers, and an extended retirement focus. Rising housing costs are exacerbating the situation, leading to wider affordability gaps and severe cost burdens for local individuals and families. This situation is not unique to Eastham as it is a trend throughout the Lower Cape. Nevertheless, planning needs to focus on strategies to attract younger residents to the community and the provision of affordable housing in tandem with economic development measures are essential ingredients.

B. Summary of Housing Needs Assessment

A summary of key community demographic and household characteristics in comparison to Barnstable County and the state is included in Table I-1 and highlighted below.

- *Declining population*

Like Barnstable County as a whole, Eastham has been losing population, albeit at a faster rate with a 10% rate of loss as compared to 3.2% for the county according to 2014 census estimates, and now down to 4,932 residents from 5,453 in 2000. Town records suggest a somewhat lower rate of loss at 5.7% with 5,140 residents but down to 4,954 by May 2015. Population projections for 2030 suggest even greater population losses down to 3,512 residents according to MAPC estimates and as low as 2,872 residents based on UMass' Donahue Institute calculations, including further dramatic demographic shifts that involve losses in all age groups with the exception of those 65 years of age or older that are projected to grow to almost two-thirds of all residents.

- Loss of younger residents and substantial gains in older ones*

Demographic shifts have resulted in far fewer children, from 19.3% to 11.2% of residents under age 20 between 2000 and 2014, and substantially more older residents with an increase of 26.0% to 32.0% of those 65 years of age or older. This is reflected in the increase in the median age to 57.8 years compared to 50.8 and 39.3 years for the county and state, respectively. It is also reflected in increasing numbers of those with special needs as Eastham with 13.3% of all residents claiming a disability instead of 11.3% for the state.

The relatively high cost of living in Eastham, the lack of affordable housing, and limited employment opportunities in particular, are creating barriers for younger age groups and making it increasingly more likely that those who were raised in Eastham will be less able to raise their own families locally without housing subsidies or help from their families. The ability to retain and attract new residents, particularly young professionals and families who can contribute to the community’s employment base, must be a priority issue for the Town in the years ahead, a daunting challenge given the limited supply of good paying jobs.

Table I-1: Summary of Demographic Characteristics for Eastham, Barnstable County and the State

Demographic Characteristics	Eastham		Barnstable County		Massachusetts	
	2000	2014	2000	2014	2000	2014
Total population	5,453	4,932 5,140 Town records	222,230	215,167	6,349,097	6,657,291
% less than 20 years	19.3	11.2%	22.1%	18.7%	26.4%	24.2%
% 20 to 34 years	12.7%	13.1%	13.2%	13.3%	21.0%	20.7%
% 35 to 44 years	14.3%	7.6%	15.3%	9.7%	16.7%	12.9%
% 45 to 54 years	15.1%	14.0%	14.8%	15.1%	13.8%	15.1%
% 55 to 64 years	12.6%	22.4%	11.5%	16.8%	8.6%	12.8%
% 65 years or more	26.0%	32.0%	23.1%	26.4%	13.5%	14.4%
Median age	47.6 years	57.8 years	44.6 years	50.8 years	36.5 years	39.3 years
% family households	68.2%	67.6%	64.0%	61.6%	64.0%	63.6%
% non-families	31.8%	32.4%	36.0%	38.4%	36.0%	36.4%
Average household Size	2.24 persons	2.21 persons	2.28 Persons	2.24 persons	2.51 persons	2.53 persons
Median hh income	\$42,618	\$62,452	\$45,933	\$61,597	\$50,502	\$67,846
Individuals in poverty	5.5%	5.1%	7.0%	9.7%	9%	11.6%
% earning <\$25,000	22.0%	14.0%	24.6%	28.3%	24.6%	20.0%
% > \$100,000	10.2%	25.7%	12.4%	27.0%	17.7%	33.2%

Source: U.S. Census, 2000 and American Community Survey 5-Year Estimates, 2010-2014.

- Modest losses of families*

There has been a small decline in the percentage of families, from 68.2% to 67.6% between 2000 and 2014. The county has also experienced some loss of families but the proportion of families is still higher in Eastham than the county and state despite the considerable loss of children and decrease in average household size.
- Lower levels of both lower-income households and those earning above \$100,000*

The median household income increased from \$42,618 to \$62,452 between 2000 and 2014 with a median higher than Barnstable County at \$61,597 by 2014, but significantly lower than the state level of \$67,846. The percentage of those earning less than \$25,000 is lower in Eastham, at 14.0% compared to 28.3% and 20.0% for the county and state. On the other hand, the percentage of households earning more than \$100,000 is also lower at 27.5% compared to 27.0% and 33.2% for the county and state, respectively.
- Declining poverty*

The proportion of those living in poverty declined from 5.5% to 5.1% between 2000 and 2014 while increasing for the county and state. Additionally, Eastham’s poverty rate is about half county and state levels.

Table I-2 provides a comparative summary of housing characteristics with the following major trends:

Table I-2: Summary of Housing Characteristics for Eastham, Barnstable County and the State

Housing Characteristics	Eastham		Barnstable County		Massachusetts	
	2000	2014	2000	2014	2000	2014
Total housing units	5,535	5,778	147,083	160,953	2,621,989	2,816,875
% occupied housing (year-round units)	43.3%	38.5%	64.5%	58.6%	93.2%	90.1%
% seasonal or occasional use	52.3%	60.2%	32.0%	37.2%	3.6%	4.3%
% owner-occupied	82.3%	84.4%	77.8%	78.7%	61.7%	62.3%
% renter-occupied	17.7%	15.9%	22.2%	21.3%	38.3%	37.7%
% single-family, detached structures	94.9%	95.2%	82.9%	81.4%	52.4%	52.2%
Median sales price Banker & Tradesman 2000/October 2015	\$192,300	\$393,000	\$178,800	\$350,000	\$185,000	\$340,000
Housing growth 2000 to 2014	4.4%		9.4%		7.4%	
Housing density 2000 to 2014	203.4 to 212.3 units per square mile		371.6 to 406.7 units per square mile		334.5 to 359.4 units Per square mile	

Source: U.S. Census, 2000 and American Community Survey 5-Year Estimates, 2010-2014.

- *Slower housing growth*
Despite a decrease in the population of year-round residents, net new housing units increased by 243 units or 4.4% between 2000 and 2014 according to census data, but still lower than county and state housing growth rates. This growth rate is considerably lower than the boom years of housing construction with a 22.6% rate of growth in the 1980s for example. It also reflects increases in seasonal units and second homes as opposed to year-round housing.
- *Relatively low housing density*
Eastham's housing density was significantly lower than the county and the state at about 212 per square mile as opposed to 407 and 359, respectively. This is largely reflective of the considerable amount of preserved open space in town, including the National Seashore. In fact, about one-third of the town's land area is part of the National Seashore and about another 500 acres owned by the Town and also protected. This significant reserve of open space, as well as other undevelopable natural resources, has helped make Eastham a particularly appealing place to live or visit, attracting tourists, retirees and second-home owners. Nevertheless, such large amounts of protected land, puts substantial development pressures on those very limited parcels that remain undeveloped.
- *High and growing seasonal housing pressures*
Housing in Eastham involves two distinct markets, the year-round housing stock and the seasonal or second home market now comprising 60% of all dwellings compared to 37% for Barnstable County as a whole and only 4.3% statewide. In the summer months Eastham's resident population increases to almost 30,000, putting enormous pressure on Town services and the long-term, permanent population.
- *Loss of rental units*
Census estimates suggest that Eastham has lost 124 rental units since 1990, further eroding an already short supply of 346 rental units or almost 16% of the community's housing stock compared to about 21% and 38% for the county and state, respectively. This relative shortage of rentals is further reflected in a zero vacancy rate according to census estimates.
- *High housing costs*
The median single-family house price was higher than the county and state, \$393,000 as of October 2015 versus \$362,800 and \$329,900, respectively. While these medians have not reached pre-recession levels, housing prices have been rebounding over the past few years.

Additionally, while the rental housing stock is small, rents are high of at least \$1,200 for a two-bedroom year-round unit without the added costs of utilities. Leasing

requirements of a first and last month's rent plus a security deposit create further financial barriers for renters.

- *High cost burdens*
The 2014 census estimates suggest that 788 households or 35% of all Eastham year-round households were living in housing that is by common definition beyond their means and unaffordable. A special HUD report further indicates that of the almost 1,000 households earning at or below 80% of area median income, 519 or more than half were overspending and one-quarter had severe cost burdens as they were spending more than half of their income on housing. Moreover, there were 170 households earning at or below 30% of area median income, referred to by HUD as extremely low-income households, almost all of whom were experiencing severe cost burdens.
- *Scarce supply of affordable housing*
The supply of housing for working families is dwindling as homes that were priced reasonably in the past have almost doubled in value, largely driven by the demand from the seasonal, second home and retirement market. Moreover, based on the state's most recent data on the Chapter 40B Subsidized Housing Inventory (SHI), Eastham had 2,632 year-round housing units, of which 50 can be counted as affordable, representing 1.9% of the year-round housing stock. Potential project activity could bring this percentage up to over 8% however.

C. Summary of Development Challenges

Undertaking a more proactive housing agenda to promote affordable housing will be a significant challenge in Eastham given the following issues:

- *The Town's resources for absorbing growth are limited given significant physical constraints.* For example, Eastham has had no sewer and water services, making denser development more costly and difficult, although water services are in the process of being added along Route 6. Moreover, Route 6, while serving as the gateway to the National Seashore, also directs substantial traffic through what is effectively Eastham's main thoroughfare.
- *One-third of Eastham's land area is part of the National Seashore where development is extremely limited.* This large area, as well as the western coastline along Cape Cod Bay, includes substantial marshland, tidelands, wetlands, and other ecosystems that are important shellfish and other wildlife habitats. These natural amenities attract thousands if not millions of visitors annually and provide highly valued opportunities for a wide range of recreational activities that need to be protected to the greatest extent possible. Additionally, the Town has a very limited supply of land still available for development and owns relatively little property on which it can develop in support of public needs, including affordable housing.

- *Eastham's population increases five-fold during the summer season* as visitors are attracted by the town's wide-ranging recreational opportunities and natural beauty. This surge of population puts enormous pressures on existing Town services and infrastructure and presents other challenges for the community such as how to house seasonal workers and maintain sufficient affordable housing for year-round workers.
- Like most localities in the Commonwealth, *Eastham's Zoning By-law embraces large-lot zoning of at least 40,000 square feet per unit, largely in consideration of Title 5 regulations and limits the types of housing that can be built.* While the Town has incorporated several measures to promote affordable housing and smart growth development, low housing density still constrains the construction of affordable housing by severely reducing opportunities for economies of scale in development.
- Besides approving the Community Preservation Act (CPA) and establishing the Eastham Affordable Housing Trust to promote affordable housing, *the Town still has limited resources to subsidize new development and affordability gaps and cost burdens are widening.*

Due to the relatively high costs of housing, whether for homeownership or rentals, some residents are still finding it difficult to afford to remain in Eastham. Children who grew up in the town continue to face the possibility that they may not be able to find sufficient employment opportunities that will allow them to afford to raise their own families locally. Long-term residents, especially the elderly, are finding themselves less able to maintain their homes and keep up with high expenses, but are unable to find alternative housing in town that better meets their current life styles including housing that is handicapped-accessible and has supportive services. Seniors are in fact a substantially increasing segment of the population, and the Town will need to focus on their growing housing needs. Families are finding it more difficult to afford to live in town and are spending too much of their income on housing costs. Municipal employees and employees of local businesses are increasingly hard pressed to find housing that is affordable in Eastham and are confronted with long commutes. Clearly more housing options are required to meet diverse local needs and produce Eastham's fair share of regional needs.

D. Summary of Priority Housing Needs

Based on the Housing Needs Assessment (see Section III), there are a number of key indicators that suggest there are significant local needs for affordable housing that go well beyond what is required to meet the 10% state affordability goal including:

1. Households with Very Limited Incomes

Despite increasing household wealth, 311 or 14% of all households were earning less than \$25,000, substantially more than the 50 subsidized units available. Given Eastham's tight

housing market, it can be expected that many lower income residents are struggling to afford to remain in the community as evidenced by high cost burdens.

***Priority Need #1:** Given the high costs of housing, more subsidized rental housing is necessary to make living in Eastham more affordable, particularly for those with very limited financial means. The need for rentals is further demonstrated by a zero (0) vacancy rate and importance of replacing some of the rentals that have been lost in recent years.*

2. Affordability Gaps

A traditional rule of thumb is that housing is affordable if it costs no more than 2.5 times the buyer's household income. By this measure, the median income household earning \$62,452 in Eastham could afford a house of approximately \$156,130, 40% the median house price of \$393,000 as of October 2015. *This implies that the household in the middle of the town's income range faced an "affordability gap" of \$236,870.*

Additionally, the gap between median household income and the median single-family house price widened. While incomes doubled between 1990 and 2014, the median single-family house price almost tripled based on 2014 *Banker & Tradesman* data. In 1990 the median income was 23% of the median house price but decreased to 15.8% by 2014. *Moreover, the gap between income and house value was \$103,661 in 1990 but more than tripled to \$332,548 by 2014.*¹

The declining numbers of younger residents, who are likely confronting problems associated with high living costs and limited job opportunities, suggests the need to further diversify the housing stock in order to better address their needs and pocketbooks.

***Priority Need #2:** A wider range of affordable housing options is needed, including first-time homeownership opportunities, particularly for younger households entering the job market and forming their own families as well as for empty nesters.*

3. Special Needs Households

Eastham has a higher level of residents with disabilities than the state as a whole, at 13.3% of all residents instead of 11.3%. This level of disability, plus an increasingly aging population, points to significant special needs within the Eastham community. Additionally, there were only eight (8) units of special needs housing available (Department of Mental Health group homes), no subsidized housing units available solely for the elderly, and no assisted living units in the community.

¹ These gaps would have been even wider if the 2014 census estimate of \$454,900 was used in the analysis instead of the *Banker & Tradesman* figure.

Priority Need #3: *Some amount of new housing should be built handicapped-adaptable or accessible to the disabled, including seniors, and more supportive housing services should also be integrated into new development – goal of 10% of all new units created, 20% for seniors.*

4. Existing Housing Conditions

About 56% of Eastham’s housing stock was built prior to 1980 and as such are more likely to have traces of lead-based paint, posing safety hazards to children, as well as problems concerning aging system and structural conditions. Also, because most properties rely on septic systems, some existing systems are likely failing or in disrepair. There are also very long wait lists for the Town’s CDBG-funded Housing Rehabilitation Program.

Priority Need #4: *Programs to support necessary home improvements, including deleading and septic repairs for units occupied by low- and moderate-income households, particularly the elderly living on fixed incomes, and including investor-owned properties tenanted by qualifying households.*

This Housing Plan suggests that the Town of Eastham establish targeted affordable housing production goals based on priority housing needs over the long-term to fill the approximate 250-unit gap between the existing supply of affordable units included in the SHI and 10% of the Town’s year-round housing stock, also with some consideration of future housing growth. These goals are summarized in Table I-3.

**Table I-3: Summary of Priority Housing Needs and Targeted Production Goals
Longer-term/Five-Year Goals**

Type of Housing	Seniors and Non-elderly Single Persons/ One Bedrooms (@20%)	Small Families/ 2 Bedrooms (@70%)	Large Families/ 3+ Bedrooms (@10%)	Total Longer-term/ 5-Year
Rental (@80%)	40/10	140/35	20/5	200/50
Ownership (@20%)	10/3	35/10	5/2	50/15
Total	50/13	175/45	25/7	250/65
Special Needs*	10/3	17/4	3/1	30/8

Source: HUD SOCDs CHAS, 2012 and Eastham Assessor’s Office

* Represents approximately 10% of all units created in family housing and 20% in senior and single-person housing and includes handicapped accessibility and/or supportive services.

Of the 250 affordable units to be built over the long-term and 65 units in the short-term (based on annual housing production goals of 13 units), approximately 20% are targeted to single persons or seniors, 70% to small families and the remaining 10% to

larger families requiring at least three (3) bedrooms.² The goals also assume a predominance of rental units (at least 80% of all new units created) and that a certain percentage of new units will be built adaptable to the handicapped and/or include supportive services based on special needs – 10% in case of family housing and 20% for units directed to seniors or single-persons.

E. Summary of Production Goals

The state administers the Housing Production Program that enables cities and towns to adopt an affordable housing plan that demonstrates production of .50% over one year or 1.0% over two-years of its year-round housing stock eligible for inclusion in the Subsidized Housing Inventory. Eastham would have to produce at least 13 affordable units annually to meet these production goals, a formidable challenge, and housing growth will continue to drive-up the 10% affordability goal under Chapter 40B. If the state certifies that the locality has complied with its annual production goals, the Town's Zoning Board of Appeals may be able to deny comprehensive permit applications without the developer's ability to appeal.³ Production goals over the next five (5) years include the creation of 200 affordable units and 130 workforce units⁴ or other units that are not eligible for inclusion in the SHI but still serve local housing needs, and 350 total housing units (see Tale V-1 for details).

F. Summary of Housing Strategies

This Housing Production Plan identifies that significant progress has been made in implementing the Plan that was approved in 2010 including the introduction of mixed-use zoning, housing initiatives to preserve and produce affordable housing, and ongoing professional support through a housing consultant. The strategies listed below build on this progress and are categorized according to continuing development and outreach activities or

² The state's housing agencies have entered into an Interagency Agreement that establishes a 10% requirement of three-bedroom units in developments that are not age-restricted.

³ If a community has achieved certification within 15 days of the opening of the local hearing for the comprehensive permit, the ZBA shall provide written notice to the applicant, with a copy to DHCD, that it considers that a denial of the permit or the imposition of conditions or requirements would be consistent with local needs, the grounds that it believes have been met, and the factual basis for that position, including any necessary supportive documentation. If the applicant wishes to challenge the ZBA's assertion, it must do so by providing written notice to DHCD, with a copy to the ZBA, within 15 days of its receipt of the ZBA's notice, including any documentation to support its position. DHCD shall review the materials provided by both parties and issue a decision within 30 days of its receipt of all materials. The ZBA shall have the burden of proving satisfaction of the grounds for asserting that a denial or approval with conditions would be consistent local needs, provided, however, that any failure of the DHCD to issue a timely decision shall be deemed a determination in favor of the municipality. This procedure shall toll the requirement to terminate the hearing within 180 days.

⁴ Workforce units are defined in this Plan as those earning between 80% and 120% of area median income who are still largely priced out of the existing housing market.

longer-term zoning changes. The strategies also reflect state requirements that ask communities to address a number of major categories of housing production approaches.⁵ A summary of these actions is included in Appendix 1.

It is important to note that these strategies are presented as a package for the Town to prioritize and process, each through the appropriate regulatory channels. It should be noted that while a major goal of this Plan is to eventually meet the state's 10% goal under Chapter 40B, another important goal is to serve the range of local housing needs, and there are instances where housing initiatives might be promoted to meet these needs that will not necessarily result in the inclusion of units in the Subsidized Housing Inventory.

1. *Development and Outreach Strategies (Short-term)*

To accomplish the actions included in this Housing Plan and meet production goals, it will be essential for the Town of Eastham to continue to reach out to the development community and sources of public and private financing to secure the necessary technical and financial resources. While some of the units produced may rely on the participation of existing property owners, most of the production will continue to focus on joint ventures with developers – for profit and non-profit – to create affordable units, which the Town has been actively pursuing over the past few years.

- *Continue to make publicly-owned land available for affordable housing*
Conduct necessary feasibility studies to determine the feasibility of publicly-owned properties for affordable housing and convey suitable properties to selected developers through Requests for Proposals based on the Town's terms and conditions for development and state Local Initiative Program (LIP) requirements.
- *Continue to partner with developers*
Continue to work collaboratively with area non-profit and for profit developers on new development opportunities that include the use of local zoning provisions and "friendly" comprehensive permits through the state's Local Initiative Program (LIP).
- *Continue to partner with non-profit organizations on local housing programs*
Continue to work collaboratively with area non-profit housing organizations on special programs to promote affordable rental units and make essential improvements to the existing housing stock.
- *Continue to conduct ongoing community outreach*
Continue to engage the community in discussions on affordable housing to present information on the issue needed to dispel myths and negative

⁵ Massachusetts General Law Chapter 40B, 760 CMR 56.03.4.

stereotypes and to help galvanize local support, political and financial, for new production. Information and referrals for qualifying residents to provide assistance in making necessary home improvements, purchasing their first home, avoiding foreclosure, etc. can also be made available through greater community education and outreach.

2. *Zoning Strategies (Longer-term)*

Housing production is contingent not only on actual development projects but on the regulatory tools that enable localities to make well informed decisions to strategically invest limited public and private resources on housing creation. To most effectively and efficiently execute the strategies included in this Plan and meet production goals, greater flexibility will be needed in the Town's Zoning Bylaw, and new tools will be required to capture more affordable units and better guide new development to specific "smarter" locations. The Town of Eastham should consider the following zoning-related strategies to provide appropriate incentives and guidance to promote the creation of additional affordable units.

- *Integrate affordable housing in the Open Space Residential Subdivision Development (OSRSD) bylaw*

Eastham's zoning includes an Open Space Residential Subdivision Development (OSRSD) bylaw that requires part of the development parcel be set-aside and regulated as permanent open space when such plan is preferable to a conventional residential subdivision in the Residential A district. This provision promotes a "smarter" and more compact development pattern as units are built in a cluster instead of the conventional grid pattern, allowing higher density on a portion of the site and creating permanently restricted open space as well. The bylaw, however, has not been used to date, and the Town should revisit these provisions and determine what measures may better promote its use including density bonuses for the integration of some amount of affordable housing and the extension of the provisions to other zoning districts.

- *Adopt inclusionary zoning*

Adopt inclusionary zoning *with incentives* to ensure that any new residential development in Eastham provides a percentage of affordable units or cash in-lieu of units to be invested in the Town's Housing Trust Fund.

- *Explore rezoning to convert motels to mixed-income housing*

Modify zoning to enable the Town to proactively provide support for this type of redevelopment activity instead of reacting to proposals to convert such properties that do not integrate affordability and other public benefits that meet local needs and priorities. Eastham has a number of properties that might benefit from this type of rezoning, including older motels and small cottage colonies.

II. INTRODUCTION

A. Background and Purpose

Eastham is a coastal resort and residential community, nestled between the Atlantic Ocean on the east and Cape Cod Bay on the west, Wellfleet to the north and Orleans to the south, on the forearm of the Lower Cape. The town of about 5,000 year-round residents and is removed from major employment centers as it is approximately 25 miles east of Hyannis, 92 miles southeast of Boston, and 96 miles east of Providence.

Eastham has approximately fourteen and one-quarter (14.25) square miles of upland, translating into about 9,120 acres, of which nearly one-third, or 3,000 acres, lies within the Cape Cod National Seashore. Eastham has the distinction of being the gateway to this important national treasure that attracts millions annually. It also has an important historic role as the place where the Pilgrims first landed in 1620, the exact location which continues to be called to this day “First Encounter Beach”. Several decades later, in 1651, the town, which had been referred to as “Nawsett,” became known as Eastham.

In reflection of this significant history, the Local Comprehensive Plan, which was prepared in 2002 and updated in 2010, states, “The Nauset Indians walked these grounds many years ago. Our forefathers, the Pilgrims, followed suit. We, who are presently entrusted with formulating plans for the future of Eastham, must do our best to preserve the essence of these grounds. We will be judged for the courage we demonstrate in our comprehensive planning.”⁶ While the “maintenance of community character” is presented as the Town’s overriding planning goal, an introduction to the Plan also includes these words, “Eastham is, and will continue to be, a caring community as evidenced by a strong interest in affordable housing for all residents in our Town who have such need, and by the continued strong support given to human services.”⁷

These historical and recreational features, as well as Eastham’s small town character, have continued to lure visitors over the years – some who arrive for short or extended periods in the summer, others who have decided to purchase second homes, and those searching for a place to retire. But like most communities on the Cape, living in Eastham has become expensive. While house prices declined during the relatively recent recession, median housing prices for single-family homes are almost \$400,000 and rents are at least \$1,200, not including utility costs.

Population and housing growth are presented in Figure II-1 through 2010. This chart shows the number of new housing units and new residents in Eastham between particular timeframes. Of particular note is the substantial growth in new units and population between 1960 and

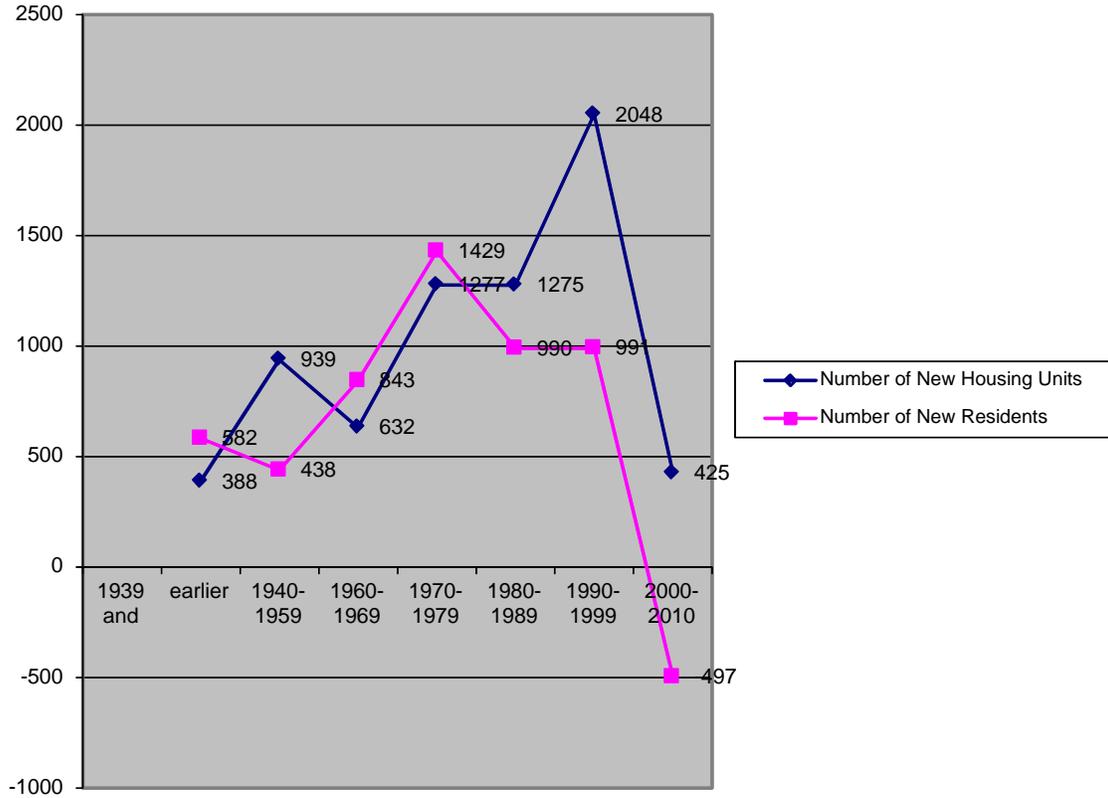
⁶ Town of Eastham, 2002 Local Comprehensive Plan (draft update in 2010) Committee Statement, page iii.

⁷ Ibid.

1980 and then the continued increase in new housing units through 2000 followed by considerable declines in both housing and population growth rates after that.

Figure II-1

Housing and Population Growth



The number of housing units was actually higher than the number of residents, 5,453 and 5,536 in 2000 and 5,960 and 4,956 by 2010, respectively, reflective of the fact that so many of the new housing units are seasonal or second homes, not occupied by year-round residents.

This Housing Production Plan represents an update of the Plan that was completed and approved in 2010, presenting a snapshot of current conditions and trends as well as an outlook on the future. It also analyzes the existing gaps between what housing is available to serve local residents and what is required to meet community needs, including a review of local, regional and state programs and resources to address unmet housing needs.

B. Definition of Affordable Housing

There are a number of definitions of affordable housing as federal and state programs offer various criteria. For example, the U.S. Department of Housing and Urban Development (HUD) generally identifies units as affordable if gross rent (including costs of utilities borne by the tenant) is no more than 30% of a household’s income (with a small deduction for each

dependent, for child care, for extraordinary medical expenses, etc.) or if the carrying costs of purchasing a home (mortgage, homeowners association fees, property taxes and insurance) is not more than typically 30% of income. If households are paying more than these amounts, they are described as experiencing housing affordability problems; and if they are paying 50% or more for housing, they have severe housing affordability problems and severe cost burdens.

Housing subsidy programs are often targeted to particular income ranges depending upon programmatic goals. Extremely low-income housing is directed to households with incomes at or below 30% of area median income as defined by HUD (up to \$23,650 for a family of three for the Barnstable County area) and very low-income is defined as households with incomes between 30% and 50% of area median income (up to \$39,400 for a family of three). Low- and moderate-income generally refers to the range between 50% and 80% of area median income (up to \$59,250 for a family of three at the 80% level). These income levels are summarized in Table II-1.

Table II-1: HUD AREA INCOME LEVELS FOR BARNSTABLE COUNTY, 2015

# Persons in Household	30% of Median Income	50% of Median Income	80% of Median Income
1	\$18,400	\$30,650	\$46,100
2	21,000	35,000	52,650
3	23,650	39,400	59,250
4	26,250	43,750	65,800
5	28,350	47,250	71,100
6	30,450	50,750	76,350
7	32,550	54,250	81,600
8+	34,650	57,750	86,900

2015 Median Household Income for the Barnstable Metropolitan Statistical Area (MSA) = \$80,500

Most state-supported housing assistance programs are targeted to households earning no more than 80% of area median income, however many rental programs are directed to those earning at lower income thresholds. For example, the Low Income Housing Tax Credit Program that subsidizes rental units are targeted to households earning up to 60% of area median income, also with some even lower income requirements. First-time homebuyer programs typically apply income limits of up to 80% of area median income. *It is worth noting that according to a special HUD report, approximately 1,000 households or about 20% of Eastham's total households would be income-eligible for affordable housing using the 80% of area median income criterion without consideration of financial assets.*

The Community Preservation Act allows Community Preservation funding to be directed to those within a somewhat higher income range - 100% of area median income - now commonly referred to as "community housing". Additionally, some housing developments incorporate

several income tiers. For example, one project could combine units for those earning at or below 80% of area median income, moderate-income “workforce” units for those earning between 80% and 120% of median income, and even some market rate units to help cross-subsidize the more affordable ones. A rental project might include a couple of tiers below the 60% level in addition to community and/or market rate units. It should be noted, however, that those units that involve occupants with incomes higher than 80% of area median income, while still serving local housing needs, will not count as part of the Subsidized Housing Inventory (SHI) and help the Town reach its 10% affordability goal or annual housing production goals unless they are part of a Chapter 40B rental development where 100% of the units would qualify for inclusion in the SHI if at least 25% meet 40B guidelines.⁸

The state established legislation for promoting affordable housing under Chapter 774 of the Acts of 1969, creating the Massachusetts Comprehensive Permit Law (Massachusetts General Laws Chapter 40B).⁹ This legislation allows developers to override local zoning if the project meets certain requirements and the municipality has less than 10% of its year-round housing stock defined as affordable under the 40B Subsidized Housing Inventory. In calculating a community’s progress toward the 10% Chapter 40B goal, the state counts a housing unit as affordable if it is created by state or federal programs that support low- and moderate-income households earning at or below 80% of area median income.

**FOR THE PURPOSES OF CHAPTER 40B,
AFFORDABLE HOUSING IS GENERALLY DEFINED
AS HOUSING UNITS THAT ARE:**

1. Subsidized by an eligible state or federal program.
2. Subject to a long-term deed restriction limiting occupancy to income eligible households for a specified period of time.
3. Subject to an Affirmative Fair Housing Marketing Plan.

Based on the Massachusetts Department of Housing and Community Development’s most recent data on Eastham’s supply of affordable housing included in the state’s Subsidized

⁸ At least 25% of the units must be targeted to those earning at or below 80% of area median income (AMI) or 20% targeted to those equal to or below 50% AMI.

⁹ Chapter 774 of the Acts of 1969 established the Massachusetts Comprehensive Permit Law (Massachusetts General Laws Chapter 40B) to facilitate the development of affordable housing for low- and moderate-income households (defined as any housing subsidized by the federal or state government under any program to assist in the construction of low- or moderate-income housing for those earning less than 80% of median income) by permitting the state to override local zoning and other restrictions in communities where less than 10% of the year-round housing is subsidized for low- and moderate-income households.

Housing Inventory (SHI), the town had 2,632 year-round housing units of which 50 were counted by the state as affordable, representing 1.9% of the year-round housing stock. Potential development could push Eastham beyond the 8% threshold. Assuming future housing growth, this 10% figure is a moving target and ultimately the required minimum number of year-round units will increase over time.

C. Housing Goals and Guiding Principles

This Housing Production Plan incorporates the goals that were established as part of the Housing Section of the Local Comprehensive Plan that was approved by the Town in 2002 and updated as a draft in 2010 including:

- Promote the provision of fair, decent, safe, affordable housing for rental or purchase that meets the needs of present and future Eastham residents.
- Promote equal opportunity in housing and give special consideration to meeting the housing needs of the most vulnerable segments of Eastham's population including, but not limited to very low income (50% of area median income), single female heads of households, racial minorities, people with AIDS, the elderly, the homeless, disabled, and others with special needs.
- Seek out, provide support and encourage the development of innovative strategies designed to address the housing needs of Eastham, with particular attention to the needs of low- and moderate-income renters.
- Develop and promote strategies, plans, policies, and actions, which integrate the development of affordable housing with protection of Eastham's environment.

Eastham's Affordable Housing Trust and the Board of Selectmen also adopted the following guiding principles for pursuing affordable housing opportunities in May and August 2015, respectively:

1. Increase housing opportunities to those who live and/or work in the community, by prioritizing opportunities that support its local citizenry and that serve a range of local housing needs – even if the units may not be eligible for inclusion in the state Subsidized Housing Inventory (SHI).
2. Develop year-round affordable rental units to serve Eastham's most financially vulnerable residents including it service workers.
3. Identify properties that have reduced or nominal acquisition costs.
4. Support the subsidization of rental housing and the subsidization of infrastructure and utilities for new housing developments.
5. Maximize opportunities within Eastham's built environment by prioritizing projects that convert existing housing into affordable units (accessory apartments, small in-fill developments, buy-down initiatives).
6. Develop projects that serve a wide range of housing needs including families, single occupants, seniors and special needs populations.

7. Encourage a diversity of housing types including clustered mixed-income and scattered single and multi-family units.

Eastham's Community Preservation Committee also established the following community housing goals as part of its preparation of the Community Preservation Plan in 2014:

1. Create affordable units that will serve Eastham's housing needs and will count on the state's Subsidized Housing Inventory.
2. Convert market rate homes to permanently affordable rental units for low-income households with incomes up to 80% of the area median income (AMI).
3. Continue to support the work of the Eastham Affordable Housing Trust including providing needed staffing support and affordable housing expertise.
4. Support development through new construction of affordable housing for households with incomes up to 80% AMI, including housing for seniors and particularly on sites that can accommodate creation of outdoor recreation facilities.
5. Preserve affordable rental units through physical improvements (as enabled within the limitations of the CPA statute) and rehabilitate community housing that was created with CPA funds.
6. Foster first-time homebuyer initiatives to buy-down the cost of mortgages and/or provide downpayment assistance for households with incomes up to 100% AMI.

This Housing Production Plan builds on these previous planning efforts and important goals and guiding principles, provides updated and additional information on the housing dynamic in Eastham, and identifies a responsive set of strategies can be further developed to address housing needs and meet production goals.

III. HOUSING NEEDS ASSESSMENT

This Housing Needs Assessment presents an overview of the current housing situation in the town of Eastham, providing details on demographic and housing characteristics and trends, analyses of market conditions and affordability gaps, and priority housing needs. In the context of a declining population, decreasing numbers of younger residents, a rapidly aging population, limited affordable housing, and rising housing costs despite the relatively recent recession; it will be important for the Town to step-up the pace of producing additional affordable units, rentals for the Community’s most financially vulnerable residents in particular.

A. Demographic and Economic Profile

Eastham is experiencing significant demographic shifts with a declining population, fewer children, an aging population, and greater numbers of smaller households. More affordable housing options in tandem with better paying jobs might help forestall the exodus of young families from the Lower Cape, a daunting challenge however.

1. *Population Growth – Recent declines in population with further projected population loss*

During World War II, the population in Eastham was only 582, a point in time when the town was still primarily a fishing and agricultural village. After the war, Eastham began to experience a surge in population growth, particularly between 1970 and 2000 when the population increased by 3,410 residents, from 2,043 to 5,453, with an increase of almost 2,000 residents between 1980 and 2000 alone as presented in Tables III-1 and visually presented in Figure III-1. This growth put significant pressures on the town, local services and the housing market in particular.

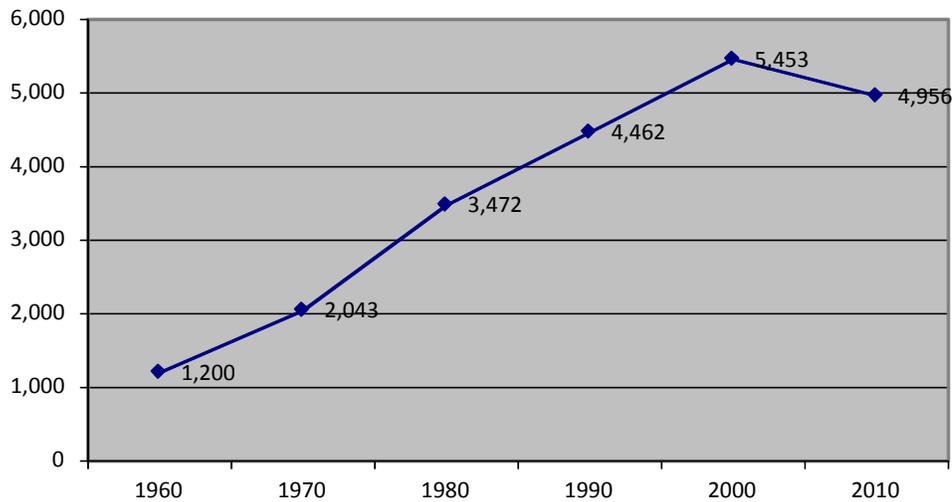
Table III-1: Population Growth: 1940 to 2014

Year	Total Number of Residents	Change Over Previous Decade	Percentage Change Over Previous Decade	Median Age
1940	582	--	--	--
1950	860	98	16.8%	--
1960	1,200	340	39.5%	37.5 years +/-
1970	2,043	843	70.2%	41.1 years
1980	3,472	1,429	70.0%	39.1 years
1990	4,462	990	28.5%	41.7 years
2000	5,453	991	22.2%	47.6 years
2010	4,956	-497	-9.1%	56.6 years
2014	4,932 Census Estimates 5,140 Town Census	-24 80	-0.5 1.6%	57.8 years

Sources: U.S. Census Bureau and Town Records as of the end of 2014.

After 2000, Eastham has experienced some population loss, down to 4,956 full-time residents by 2010 and about the same at 4,932 in 2014 according to U.S. Census Bureau’s American Community Survey estimates. Town records indicate that as of the end of 2014, the population was 5,140 and thus higher than the 2014 census estimates, then down to 4,954 by May 2015 and comparable to the 2014 census figure.

Figure III-1: Eastham Population Change 1960 to 2010



The Metropolitan Area Planning Council (MAPC) has calculated population growth projections, summarized by age range in Table III-4, which suggest that the population will rather dramatically continue to decrease to 4,307 by 2020 and still further to 3,512 by 2030. This represents a loss of 29% since 2010 when the population was 4,956. On the other hand, population projections from the State Data Center at the University of Massachusetts’ Donahue Institute suggest an even more dramatic decrease in the Town’s population to 4,047 by 2020, down still further to 2,872 by 2030 and 2,791 by 2035, representing a 43.7% decrease since 2010 as summarized in Table III-5.

2. Age Distribution – Significant decreases in younger residents and major gains in older adults

As Table III-2 and Figure III-2 both demonstrate, Eastham is experiencing substantial demographic shifts. For example, while the overall population increased by 42% between 1980 and 2014, those *children* under the age of 18 decreased by 38.4% according to census estimates, representing a decreasing portion of the population – from 22.3% in 1980 to 9.7% by 2014.

There were also significant declines in *young adults* between the ages of 18 and 34 who would be entering the labor market and forming their own families, thus reducing the pool of entry-level workers and service employees. In 1980 this group comprised about 24.1% of Eastham’s residents, but by 2000 the percentage had dropped to only 14.4% of all residents. The 2014 census estimates suggest a similar level at 14.6%. This trend is happening throughout most

communities of the Cape, where the combination of fewer job opportunities, particularly those outside of the retail and service sectors that pay well, and high living expenses are increasingly forcing this group to relocate further away. Clearly more subsidized rental options would be extremely helpful in housing this dwindling but important population group. This trend also suggests the need for not only workforce development efforts, but more first-time homebuyer opportunities as starter homes in the private housing market have virtually disappeared in Eastham.

Table III-2: Age Distribution, 1980 to 2014

Age Range	1980		1990		2000		2014	
	#	%	#	%	#	%	#	%
Under 5 Years	181	5.2	255	5.7	208	3.8	172	3.5
5 - 17 Years	595	17.1	654	14.7	757	13.9	306	6.2
18 - 24 Years	311	9.0	303	6.8	270	5.0	375	7.6
25 - 34 Years	523	15.1	596	13.4	514	9.4	345	7.0
35 - 44 Years	288	8.3	639	14.3	778	14.3	375	7.6
45 - 54 Years	379	10.9	397	8.9	822	15.1	690	14.0
55 - 64 Years	501	14.4	562	12.6	685	12.6	1,105	22.4
65 - 74 Years	495	14.2	702	15.7	790	14.5	873	17.7
75 - 84 Years	155	4.5	273	6.1	624	9.6	488	9.9
85+ Years	45	1.3	81	1.8	106	1.9	217	4.4
Total	3,473	100.0	4,462	100.0	5,453	100.0	4,932	100.0
Under 18	776	22.3	909	20.4	965	17.7	478	9.7
Age 65+	695	20.0	1,056	23.7	1,520	27.9	1,578	32.0

Source: U.S. Census Bureau, 1980, *1980, 1990, and 2000; 2014 American Community Survey 5-Year Estimates

Another significant population shift is reflected fluctuations in *younger middle-aged residents* between the ages of 35 and 54, who made up 19.2% of Eastham residents in 1980, then up to 29.4% in 2000, and finally back to 19.2% by 2014.

The aging of the town's population is striking in the *older age categories* as the baby boom generation ages and the area continues to be a retirement destination. For example, residents between the ages of 55 and 64 comprised 14.4% of the population in 1980, decreased to 12.6% by 2000, and then increased to 22.4% by 2014. *The population of those 65 years of age or older has increased substantially over the past several decades* as they comprised 20.0% of the population in 1980, increased to 27.9% by 2000, and by 2014 included almost one-third of the Town's residents. Even those seniors over 75 years increased as a percentage of the population from 5.8% in 1980, to 11.5% in 2000, and then to 14.3% by 2014, from 200 to 705 residents.

The aging trend is also revealed in the increasing median age in Eastham, from 39.1 years in 1980, to 47.6 years in 2000, and 57.8 years by 2014 as presented in Table III-1. This level is high in comparison to 37.1 years and 31.1 years for the county and state in 1980, respectively; 44.6

years and 36.5 years, respectively, in 2000; and 50.8 and 39.3 years by 2014. *The aging of residents also suggests that the Town should address the housing needs of this burgeoning population, offering more housing options for seniors, including those with handicapped-accessibility and support services.*

Figure III-2: Changes in Age Distribution: 1990 to 2014

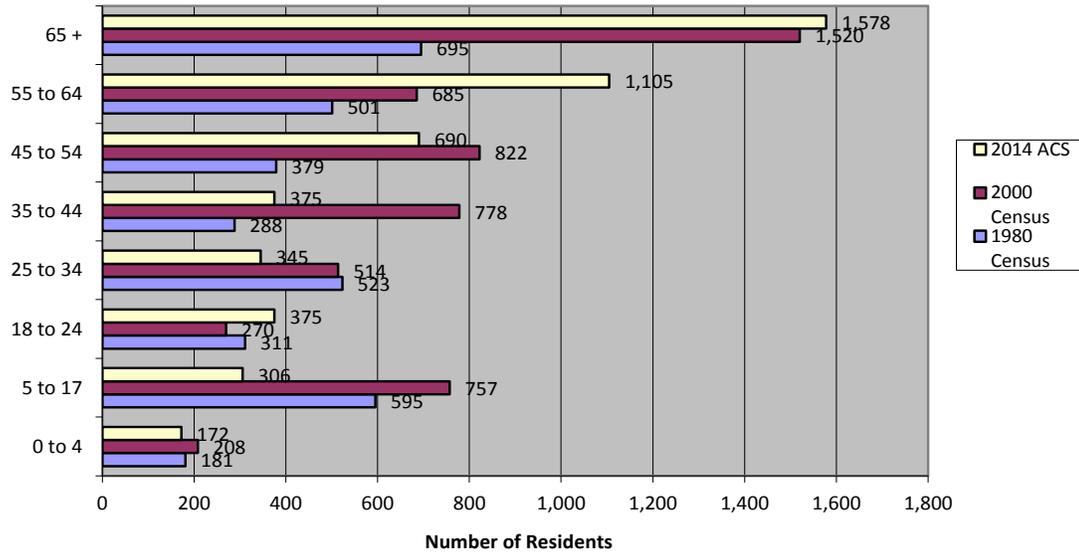


Table III-3 provides comparative information for Barnstable County and the state, which highlights the trends described above with continued trends towards fewer children, more middle-aged residents and a somewhat higher level of seniors. Eastham and Barnstable County had a significantly lower percentage of children than the state in 2014, 9.7% and 16.5%, respectively, as opposed to 21.1%.

Table III-3: Comparative Age Distribution Data, 2010 and 2014

Age Range	Eastham		Barnstable County		Massachusetts	
	% 2010	% 2014	% 2010	% 2014	% 2010	% 2014
Under 18	12.6	9.7	17.3	16.5	21.7	21.1
18 to 34	11.3	14.6	14.8	15.5	23.1	23.7
35 to 44	9.1	7.6	10.6	9.7	13.6	12.9
45 to 54	14.6	14.0	15.9	15.1	15.5	15.1
55 to 64	19.9	22.4	16.6	16.8	12.3	12.8
Age 65+	32.4	32.0	25.0	26.4	13.8	14.4
Median Age	56.6/57.8 years		49.9/50.8 years		39.1/39.3 years	

Source: U.S. Census Bureau, 2010 and American Community Survey, 2010-2014 5-Year Estimates for Eastham and 1-Year 2014 Estimates for the County and State.

Table III-4 presents population projections by age range through 2020 and 2030, prepared by the Metropolitan Area Planning Council (MAPC). These projections suggest a continuation of

population trends with declines in younger residents and substantial increases in seniors. For example, those older adults aged 65 years or more are projected to increase from about one-third to almost two-thirds of the population by 2030. There are considerable reductions in all other age categories with those under age 35 dwindling to only 8.7% of the population.

Table III-4: MAPC Population Projections for 2020 and 2030

Age Range	2010 Census		2020 Projections		2030 Projections	
	#	%	#	%	#	%
Less than 5 years	141	2.8	101	2.3	43	1.2
5 to 19 years	565	11.4	335	7.8	208	5.9
20 to 34 years	482	9.7	221	5.1	55	1.6
35 to 64 years	2,161	43.6	1,561	36.2	910	25.9
65+ years	1,607	32.4	2,089	48.5	2,296	65.4
Total	4,956	100.0	4,307	100.0	3,512	100.0

Source: Metropolitan Area Planning Council (MAPC), Massachusetts Housing Data Portal, January 2014.

Table III-5 provides projections of the age distribution in Eastham through 2030 from the State Data Center at the University of Massachusetts’ Donahue Institute. This data suggests an even greater population loss than the MAPC projections to 2,872 residents by 2030. It also provides some additional confirmation of dramatic demographic shifts that involve decreases in all age groups with the exception of those 65 years of age or older.

Such demographic changes would significantly change the character of the community given substantial losses in population diversity, significant shifts away from families and workers, and an extended retirement focus. This situation is not unique to Eastham as it is a trend throughout the Lower Cape. Nevertheless, planning needs to focus on strategies to attract younger residents to the community, and the provision of affordable housing in tandem with economic development measures are essential ingredients.

Table III-5: Projected Age Distribution through 2030

Age Range	2010 Census		2015 Projections		2020 Projections		2030 Projections	
	#	%	#	%	#	%	#	%
Less than 5	141	2.8	126	2.8	106	2.6	70	2.4
5 to 19 years	565	11.4	467	10.2	398	9.8	294	10.2
20 to 34 years	482	9.7	415	9.1	255	6.3	107	3.7
35 to 64 years	2,161	43.6	1,805	39.4	1,457	36.0	484	16.9
65+ years	1,607	32.4	1,763	38.5	1,831	45.2	1,917	66.7
Total	4,956	100.0	4,576	100.0	4,047	100.0	2,872	100.0

Source: University of Massachusetts, Donahue Institute, State Data Center.

3. Race – Limited racial diversity

The population has remained predominately White as shown in Table III-6. While minority residents steadily increased in number and in proportion to the total population between 1980 and 2000, from 11 residents or 0.3% of all residents in 1980 to 201 or 3.7% in 2000, there has been a subsequent decrease to 71 residents or 1.4% of the population as of 2014. Almost all of these residents were either Asian or Native American.

Table III-6: Population and Household Characteristics, 1980-2014

	1980		1990		2000		2014	
	#	%	#	%	#	%	#	%
Population	3,473	100.0	4,462	100.0	5,453	100.0	4,932	100.0
Minority Population*	11	0.3	52	1.2	201	3.7	71	1.4
Households	1,400	100.0	1,908	100.0	2,396	100.0	2,222	100.0
Families**	1,048	74.9	1,344	70.4	1,635	68.2	1,503	67.6
Non-families**	352	25.1	564	29.6	761	31.8	719	32.4
Female Headed Families with Children <18**	59	4.2	116	6.1	129	5.4	61	2.7
Ave. Household Size	Not Available		2.34 persons		2.24 persons		2.21 persons	

Source: U.S. Census Bureau, Census 1980, 1990 and 2000 Summary File 1; 2010-2014 American Community Survey 5-Year Estimates *Percent of total population ** Percent of all households

3. Household Characteristics – Increases in smaller, non-family households

As Table III-6 shows, smaller, non-family households are becoming a larger segment of Eastham, more than doubling in number between 1980 and 2014, and growing as a percentage of all households from 25.1% in 1980 to almost one-third by 2014.¹⁰ While the number of families increased substantially from 1980 to 2000, from 1,048 to 1,635 households, they decreased in proportion of all households from about 74.9% to 68.2%. The 2014 census estimates suggest some further loss of families, however, down to 67.6%. The average household size correspondingly decreased somewhat from 2.34 persons in 1990 to 2.21 persons in 2014, reflective of the growth in smaller, non-family households and significant number of retirees.

This trend towards smaller households is part of a demographic shift that is occurring throughout the state and country, albeit on a somewhat smaller scale. For example, the percentage of non-family households grew in both Barnstable County and the state as a whole from 33% in 1990 to 36% and 38%, respectively, by 2014, compared to 32% for Eastham.

¹⁰ Non-family households include individuals who are living alone and unrelated household members without children.

Table III-7 provides a breakdown of household size by household type, comparing 2014 census estimates for Eastham to Barnstable County as a whole. This information indicates that there were proportionately fewer persons living alone in Eastham, at about one-quarter of all households compared to almost one-third countywide. Proportionately, there were more two-person households living in Eastham, at about half of all households compared to 45% for the County. Eastham also had more three-person households but proportionately not as many larger families in comparison to the County. It is not surprising that the average household size is somewhat smaller in Eastham at 2.21 persons compared to 2.24 for the County with average family size at 2.58 persons compared to 2.83.

Table III-7: Types of Households by Size for Eastham and Barnstable County, 2014

Households by Type and Size	Eastham		Barnstable County	
	#	%	#	%
Family Households	1,503	67.6	58,136	61.6
2-person household	1,010	45.5	33,250	40.5
3-person household	306	13.8	10,970	11.6
4-person household	131	5.9	9,067	9.6
5-person household	19	0.9	3,308	3.5
6-person household	11	0.5	998	1.1
7 or more person household	26	1.2	543	0.6
Non-family Households	719	32.4	36,235	38.4
1-person household	572	25.7	30,929	32.8
2-person household	114	5.1	4,742	5.0
3-person household	33	1.5	396	0.4
4-person household	0	0.0	140	0.1
5-person household	0	0.0	14	0.01
6-person household	0	0.0	14	0.01
7 or more person household	0	0.0	0	0.0
Total	2,222	100.0	94,371	100.0

Source: U.S. Census Bureau, 2010-2014 American Community Survey 5-Year Estimates.

5. Income – Comparable income to other Cape communities but growing income disparities
 Eastham has gained increasingly more affluent residents over the past several decades as have many communities on Cape Cod and in the Boston region, with median income levels rising from \$15,392 in 1979, more than doubling to \$31,339 in 1989, and up to \$42,618 by 1999, during a time of significant population growth when the number of households grew 70%. Population growth has slowed since then, but the median household income has increased to \$62,452 based on 2014 census estimates. This 2014 median household income level is fairly comparable to

those of neighboring communities with Brewster, Chatham and Harwich somewhat higher as shown in Table III-8.

Table III-8: Comparison of Median Household Incomes for Eastham and Neighboring Communities, 2000 and 2014

Community	2000 Median Income	2014 Median Income
Brewster	\$49,276	\$66,306
Chatham	\$45,519	\$63,299
Dennis	\$41,598	\$50,860
Eastham	\$42,618	\$62,452
Harwich	\$41,552	\$67,332
Orleans	\$42,594	\$58,235
Truro	\$42,981	\$58,060
Wellfleet	\$43,558	\$45,746
Barnstable County	\$45,933	\$61,597

Source: U.S. Census Bureau, 2000 Census, Summary File 3, and 2010-2014 American Community Survey 5-Year Estimates.

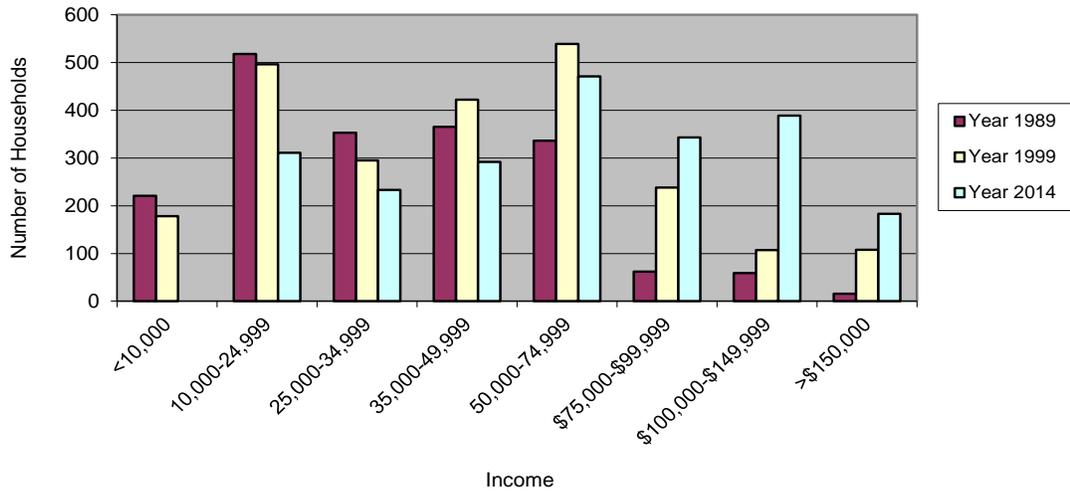
Table III-9 presents income data based on the 1979, 1989 and 1999 census counts and 2014 census estimates, also visually presented in the chart in Figure III-3. Those earning more than \$75,000 increased from only 15 households in 1979, to 137 in 1989, to 453 in 1999 or almost 20% of all households, then more than doubling to 915 or 41.1% of all households by 2014. In 1979 only 3.4% of households were earning between \$50,000 and \$74,999, but by 2014 this level was 21.2%, a substantial increase. While it is to be expected that the incomes of longer-term residents would increase over time, the influx of new residents with higher income levels has boosted the town’s income levels.

Table III-9: Income Distribution by Household, 1979-2014

Income Range	1979		1989		1999		2014	
	#	%	#	%	#	%	#	%
Under \$10,000	388	27.7	221	11.4	178	7.5	0	0.0
10,000-24,999	731	52.2	518	26.8	496	20.8	311	14.0
25,000-34,999	170	12.1	353	18.3	295	12.4	233	10.5
35,000-49,999	49	3.5	365	18.9	422	17.7	292	13.1
50,000-74,999	47	3.4	336	17.4	539	22.6	471	21.2
75,000-99,999	15	1.1	62	3.2	238	10.0	343	15.4
100,000-149,999			59	3.1	107	4.5	389	17.5
150,000 +			16	0.8	108	4.5	183	8.2
Total	1,400	100.0	1,930	100.0	2,383	100.0	2,222	100.0

Source: U.S. Census Bureau, Census 1980, 1990 and 2000 Summary File 3; 2010-2014 American Community Survey 5-Year Estimates

Figure III-3: Income Distribution by Census



Despite this increasing household wealth, there were substantial numbers of households with incomes below \$25,000, including 674 households or more than 28% of all households, based on 1999 census data, and then down to 311 households or 14.0% of all households by 2014. There are substantially more of these limited income households than subsidized units available (50 units), and they are challenged to compete in Eastham’s tight housing market. It is likely that many of the households in the lower income ranges may in fact be long-term residents who own their homes, which are now worth a considerable amount of money. As such they are cash poor but equity rich. Nevertheless, continued increases in taxes, insurance and energy bills as well as health-related issues, may drive at least some of these households out of the community given the limited supply of affordable units for seniors and relative lack of service-enriched housing alternatives in Eastham for both seniors and special needs individuals.

As documented in Table III-10 incomes for *Eastham residents were on average somewhat higher than the Cape as a whole* with 2014 median household income levels of \$62,452 and \$61,597, respectively, a reversal of the 2000 medians of \$42,618 and \$45,933, respectively. The county proportionately had higher levels of households earning below \$25,000 and above \$100,000 with Eastham having higher proportions of those earning between this income range.

Table III-10: Income Distribution for Barnstable County and Eastham, 1999 and 2014

Income Range	Barnstable County				Eastham			
	1999		2014		1999		2014	
	#	%	#	%	#	%	#	%
Under \$10,000	6,478	6.8	4,530	4.8	178	7.5	0	0.0
\$10,000-24,999	16,843	17.8	14,156	15.0	496	20.8	311	14.0
\$25,000-34,999	12,148	12.8	8,022	8.5	295	12.4	233	10.5
\$35,000-49,999	15,935	16.8	11,985	12.7	422	17.7	292	13.1
\$50,000-74,999	20,425	21.5	17,553	18.6	539	22.6	471	21.2
\$75,000-99,999	11,243	11.9	12,646	13.4	238	10.0	343	15.4
\$100,000-149,999	7,605	8.0	14,911	15.8	107	4.5	389	17.5
\$150,000 or more	4,168	4.4	10,570	11.2	108	4.5	183	8.2
Total	94,845	100.0	94,371	100.0	2,383	100.0	2,222	100.0
Median income	\$45,933		\$61,597		\$42,618		\$62,452	

Source: U.S. Census Bureau, 2000 and 2010-2014 American Community Survey 5-Year Estimates

As presented in Table III-11, there are considerable income disparities based on the type of household with significantly higher median income levels for families, homeowners, households with middle-aged heads, and male workers, a pattern that is typical in most communities.

Table III-11: Median Income by Household Type, 2014

Type of Household/Householder	Median Income
Individual/per capita	\$37,009
Households	\$62,452
Families	\$72,533
Nonfamilies	\$31,386
Renters	\$44,079
Homeowners	\$69,048
Householder less than age 25	*
Householder age 25 to 44	\$64,539
Householder age 45 to 64	\$76,222
Householder age 65 or more	\$57,005
Male full-time, year-round workers	\$55,104
Female full-time, year-round workers	\$40,603

* Figure not provided given insufficient sample size.

Source: U.S. Census Bureau, 2010-2014 American Community Survey 5-Year Estimates

Table III-12 presents a comparison of income levels for owners and renters. About 46% of renters earned within \$35,000 compared to only 20% of homeowners. On the other hand, about 30% of the homeowners earned more than \$75,000 compared to only 13% of the renter households. The income disparity between owners and renters is also reflected in median income levels of \$69,048 and \$44,079, respectively, based on 2014 census estimates.

Table III-12: Income Distribution by Tenure, 2014

Income Range	Homeowners		Renters	
	#	%	#	%
Under \$10,000	0	0.0	0	0.0
\$10,000–24,999	219	11.7	92	26.6
\$25,000–34,999	164	8.7	69	19.9
\$35,000–49,999	273	14.6	19	5.5
\$50,000–74,999	350	18.7	121	35.0
\$75,000–99,999	320	17.1	23	6.6
\$100,000–149,999	367	19.6	22	6.4
\$150,000 +	183	9.8	0	0.0
Total	1,876	100.0	346	100.0

Source: U.S. Census Bureau, American Community Survey 5-Year Estimates, 2010–2014

These income figures are also based on the Town's year-round population, not those who live in town for only part of the year. Many in this group of occasional residents, who occupy about 60% of Eastham's housing units, are likely to have significantly higher average incomes in order to afford the high costs of seasonal units or second homes, thus further widening income disparities within the community.

6. Poverty – Declining and zero for families and children

Table III-13 presents poverty levels in Eastham over the past several decades.¹¹ Overall poverty not only decreased but has surprisingly been reduced to zero for families and children based on 2014 census estimates. Estimates suggest that there are 252 persons or 5.1% of all residents who were still living below the poverty level that included 25 individuals who were 65 years of age or older. This level, however, was significantly lower than those for the county and state at 9.7% and 11.0%, respectively.

These startling declines in poverty may relate to high living costs and a lack of jobs that have likely forced some to leave Eastham, particularly families, in search of more affordable living conditions elsewhere. Others may have successfully improved their economic situations and have been boosted out of poverty. Given increases in housing prices since 2000, with few new rental units developed, it is likely that the financial situation of many of these households has only worsened.

¹¹ The federal poverty levels for 2015 were \$11,770 for a single individual and \$20,090 for a family of three (3).

Table III-13: Poverty Status, 1979-2014

	1979		1989		1999		2014	
	#	%	#	%	#	%	#	%
Individuals *	360	10.4	383	8.6	378	7.0	252	5.1
Families **	88	8.4	93	6.9	74	4.5	0	0.0
Related Children Under 18 Years***	127	16.4	159	17.5	61	6.5	0	0.0
Individuals 65 and Over****	39	5.6	25	2.4	104	7.3	25	1.6

Source: U.S. Census Bureau, Census 1980, 1990 and 2000 Summary File 3; 2010-2014 American Community Survey 5-Year Estimates. * Percentage of total population

** Percentage of all families *** Percentage of all related children under 18 years **** Percentage of all individuals age 65+

7. Employment – Reliance on service industry with significant seasonal shifts

Eastham is located in the Lower Cape and approximately 95 miles away from the major population and job centers of Boston and Providence and about 25 miles away from Hyannis. The 2014 census estimates indicate that 27.5% of Eastham’s workers were involved in management or professional occupations, and 65.7% were employed in the lesser paying retail and service-oriented jobs that support the local economy including construction (13.2%), sales and office occupations (25.0%), and service occupations (27.5%). While 62.5% were salaried and wage earners, another 17.9% were government workers and 19.6% were self-employed.

It should also be noted that most workers drove alone to work, 80.8%, another 9.5% carpooled. The average commuting time was 24.4 minutes, likely suggesting employment in Barnstable Village, Hyannis or Provincetown.

Table III-14 provides comparative 2007 and 2014 data about those who were employed in Eastham from the state’s Department of Labor and Workforce Development. This data shows a relatively stable average employment of 1,258 and 1,265 workers, respectively, down from 2,251 in 2000. The data also confirms the concentration of lower-paying jobs in the retail and service sectors. All industries with an average of 50 employees and average weekly wages of less than \$800 are highlighted in the table. As a point of comparison, the average weekly wage for Eastham was \$683 in 2014, up from \$575 in 2007, and about 40% of Boston’s at \$1,703. Additionally, the average weekly wage was \$870 and \$936 for the Upper Cape communities of Bourne and Falmouth, respectively, and \$855, \$900 and \$922 for New Bedford, Plymouth and Attleborough, respectively, for example.

State labor statistics project an unemployment rate in Eastham as of October 2015 of 5.2%, with 129 Eastham residents unemployed. This is down considerably from 10.9% in 2010. As another point of comparison, the unemployment level in October 2015 was somewhat lower at 4.3% for

Boston.

It should also be noted that Eastham's resort economy causes fluctuations in the job force with increases in the summer months to serve seasonal needs. For example, there were 2,670 workers employed in July 2015 compared to 2,366 by October, with unemployment increasing from 4.3% to 5.2% between August and October. At this point there are relatively few housing options in Eastham to accommodate these lower paid seasonal workers, and the Town should continue to explore what other communities are doing with respect to providing temporary housing opportunities for this important labor force.

Table III-14: Average Employment and Wages by Industry in Eastham, 2007/2014

Industry	# Establishments	Total Wages	Average Employment	Average Weekly Wage
Construction	54/43	\$8,091,698/\$10,532,822	197/228	\$790/\$888
Wholesale trade	7/9	\$1,086,929/\$1,806,973	21/41	\$995/\$848
Retail trade	21/22	\$3,200,097/\$2,782,227	153/107	\$402/\$500
Transportation and warehousing	4/6	\$1,240,484/\$2,036,926	34/43	\$702/\$911
Information	0/3	0/\$677,114	0/13	0/\$1,002
Finance & insurance	4/3	\$1,158,413/\$1,398,656	19/22	\$1,172/\$1,223
Real estate, rental and leasing	9/6	\$478,455/\$1,157,931	16/30	\$575/\$742
Professional and technical services	16/14	\$2,341,624/\$2,416,678	63/56	\$715/\$830
Administrative and waste services	15/21	\$2,142,829/\$2,971,615	63/85	\$654/\$672
Health care and social assistance	9/14	\$2,632,685/\$2,196,903	109/101	\$464/\$418
Arts, entertainment and recreation	6/0	\$1,918,976/0	130/0	\$284/0
Accommodation and food services	30/33	\$5,110,369/\$5,897,389	250/270	\$393/\$420
Other services, Exec., Public administration	16/11	\$961,760/\$1,287,188	41/50	\$451/\$495
TOTAL	207/203	\$37,590,352/44,922,818	1,258/1,265	\$575/\$683

Source: Massachusetts Executive Office of Labor and Workforce Development, 2008 and 2014 (as of December 15, 2015). Shaded areas include industries with average weekly wages below \$800 and 50 or more employees.

8. Education – Higher educational attainment and declining enrollments

The educational attainment of Eastham residents has improved over the last couple of decades.

In 2000, 93.4% of those 25 years and older had a high school diploma or higher and 35.3% had a Bachelor's degree or higher, up a bit from the 1990 figure of 31.7% with a college degree, also higher than the 2000 figure of 33.6% for the County. Based on 2014 census estimates, these attainment levels have increased to 96.4% with at least a high school degree and 42.9% with a college degree or higher.

Those enrolled in school (nursery through graduate school) in 2000 totaled 988 residents or 18.1% of the population, and those enrolled in kindergarten through high school totaled 812 students, 82% of those who are enrolled in school and representing 14.9% of the total population. By 2014, there were 640 residents enrolled in nursery school through graduate school, representing a lower percentage of the population at 13% of all residents.

Public school enrollments also reflect decreasing numbers of children. For example, those children enrolled at the Eastham Elementary School decreased from 286 students in the 2000-2001 school year to 182 by 2014-2015. Comparably, enrollments at the Nauset Regional Schools (Middle School and High School) - that include students from Brewster, Orleans, Wellfleet and Eastham - decreased from 1,790 in 2000-2001 to 1,515 by 2014-2015. These declines are reflective of the substantial demographic shift towards fewer younger residents and increasing numbers and proportions of older ones that is occurring throughout the Cape but is particularly worrisome for the Lower Cape.

9. *Disability Status – Increasing numbers of residents with special needs*

Eastham has a higher level of residents with disabilities than the state as a whole, with 653 residents claiming a disability representing 13.3% of all residents instead of 11.3% based on 2014 census estimates. Of the 2014 population under age 18, only 25 or 5.3% reported a disability compared to 342 residents or 21.7% of all residents 65 years of age or older. There were also 286 residents age 18 to 64 that reported some type of disability. These levels of disability, plus an increasingly aging population, indicate that there are significant special needs within the Eastham community. They further suggest that Eastham integrate special needs housing units that are handicapped accessible and/or with supportive services into future affordable housing development.

B. Housing Profile

Housing in Eastham involves two distinct markets, the year-round housing stock and the seasonal or second home market now comprising 60% of all dwellings. This seasonal usage, the burgeoning interest in second homes by affluent baby boomers, and the attractiveness of the Cape for retirement, in addition to regional market pressures, has resulted in high housing prices despite the recession of a few years ago. While housing prices have not yet reached pre-recession levels, they nevertheless put a strain on the year-round population's ability to stay in the community, including essential workers. There are also few if any housing options for seasonal workers who are required to sustain Eastham's significant resort and tourist economy.

1. Housing Growth – Declining growth

Most housing development took place between 1960 and 1990 when 56.3% of all units were built. Like many communities on the Cape, this was a time when development was largely targeted to the higher-priced market based on the growing demand for second homes and places to retire on or near the seashore. Since 1990, residential building activity has slowed down considerably from a growth rate of 22.6% between 1980 and 1990 to a bit above 10% in the subsequent decades as shown in Table III-15. The 2010 census counted a total of 5,960 units, which suggests there was a loss of 182 units as the 2014 census estimates counted 5,778 total units. Town Assessor’s data suggests a total of 5,803 housing units, fairly comparable to the 2014 census estimate.

Table III-15: Housing Units in 2014 by Year Structure Was Built

Time Period	#	%
2000 to 2009	615	10.6
1990 to 2000	627	10.9
1980 to 1989	1,304	22.6
1970 to 1979	1,016	17.6
1960 to 1969	932	16.1
1950 to 1959	607	10.5
1940 to 1949	377	6.5
1939 or earlier	300	5.2
Total	5,778	

Source: U.S. Census Bureau, American Community Survey 5-Year Estimates, 2010-2014

Table III-16 also documents the decreasing amount of residential building activity, from a high of 94 units in 2000, to 51 units in both 2005 and 2007 before the financial crisis, to a low of 11 units in 2009, directly following the “bursting of the housing bubble”, then up to 22 units in 2014. These figures do not reflect *teardown activity that involve about half of all new housing units*. Taking demolition and replacement activity into consideration, brings the net new unit production down to 40 units between 2011 and 2014 instead of 82. Also, the value per unit rose dramatically in recent years, from \$182,553 in 2000, to a high of \$364,143 in 2011, and down somewhat to \$253,612 in 2014.

In regard to the future, the buildout analysis that was included in the Local Comprehensive Plan projected that the town of Eastham might support 6,000 total housing units at the time when all of the town’s developable property has been built on, based on current zoning as summarized in Table III-17. This implies that the Town is in fact getting very close to buildout based on these rather outdated calculations.

Table III-16: Residential Building Permits, 2000 through 2014

Year	# Building Permits for New Units*	Average Cost/Unit
2000	94	\$182,553
2001	52	\$167,900
2002	47	\$208,270
2003	40	\$222,420
2004	37	\$219,050
2005	52	\$224,081
2006	33	\$312,079
2007	52 5 two-family = 10 units	\$228,085 \$102,000
2008	12 1 two-family = 2 units	\$316,250 \$200,000
2009	11	\$197,500
2010	14	\$330,143
2011	14	\$364,143
2012	22	\$229,961
2013	24	\$245,806
2014	22	\$253,612
Total	538	--

Source: University of Massachusetts, Donahue Institute, State Data Center

*Figures are for single-family homes unless otherwise noted. Figures do not reflect net new residential units as they do not document situations where a previous unit was demolished on site.

Table III-17: Buildout Projections

Impacts	2000 Data 52%/48%*	Buildout 40%/60%*	Buildout 100%**
Population (based on 2.24 persons/household)	5,453	7,168	12,544
Households	2,396	3,200	5,600
Year-round housing units	2,396	3,600	6,000
School children (14% of population)	763	1,085	1,900
Gallons of water per day	240,000	360,000	600,000

Sources: U.S. Census Bureau, 2000; Town of Eastham Local Comprehensive Plan, 2002 with an updated draft dated 2010.

* Indicates percentage of seasonal or occasional units/percentage of year-round units.

** Indicates all year-round units.

2. Housing Types and Occupancy – Some net loss of rental units and increases in seasonal housing or second homes at almost 60% of all units

Table III-18 includes a summary of housing occupancy characteristics from 1980 through 2014. Out of the estimated 5,778 total housing units in 2014, Eastham had 2,331 year-round units (2,632 in 2010) of which 2,222 were occupied.

Table III-18: Housing Occupancy Characteristics, 1980-2014

Housing Characteristics	1980		1990		2000		2014	
	#	%	#	%	#	%	#	%
Total units	3,640	100.0	4,863	100.0	5,535	100.0	5,778	100.0
Occupied units*	1,406	38.6	1,908	39.2	2,396	43.3	2,222	38.5
Vacant units/ Seasonal, and occasional use*	2,234/ 2,082	61.4/ 57.2	2,955/ 2,655	60.8/ 54.6	3,139/ 2,893	56.7/ 52.3	3,556/ 3,447	61.5 /59.7
Occupied owner units**	1,131	80.4	1,438	75.4	1,972	82.3	1,876	84.4
Occupied rental units**	275	19.6	470	24.6	424	17.7	346	15.6
Average House-Hold Size of Owner-occupied Unit	2.50 persons		2.34 persons		2.27 persons		2.23 persons	
Average House-Hold Size of Renter-occupied Unit	2.58 persons		2.35 persons		2.14 persons		2.14 persons	

Source: U.S. Census Bureau 1990, 2000 and 2010 and American Community Survey 5-Year Estimates 2010-2014

* Percentage of total housing units ** Percentage of occupied housing units

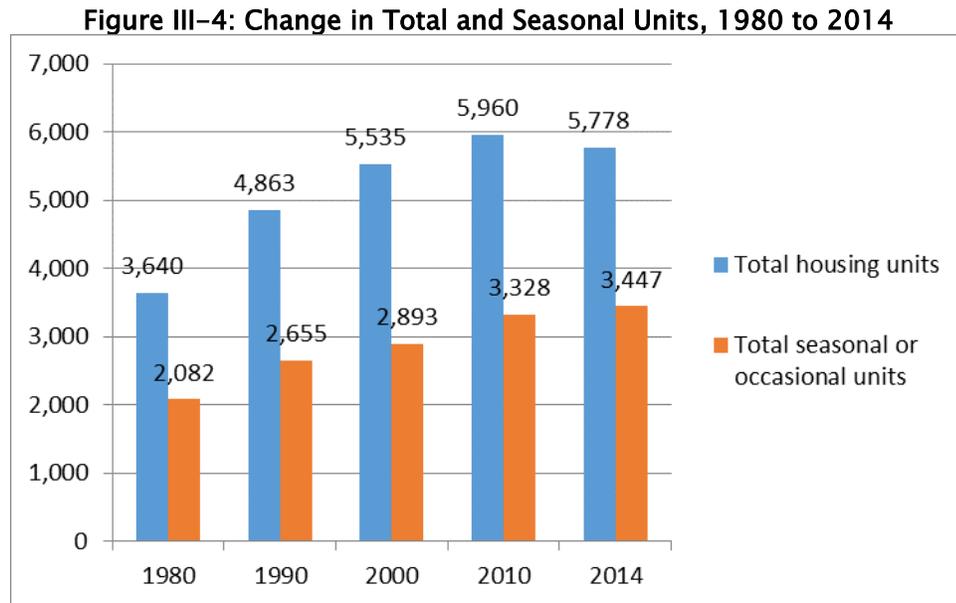
Of the occupied, year-round units, 1,876 or 84.4% were owner-occupied units, up from 82.3% in 2000. The remaining 346 or 15.6% were renter-occupied. These figures represent a somewhat higher level of owner-occupancy in 2014 than that of Barnstable County where 78.7% of the units were owner-occupied. Particularly noteworthy is the high level of seasonal units and second homes, representing almost 60% of all housing units in 2014 as shown in Figure III-4.

In reviewing changes in the housing stock since 1980, the following important trends become apparent:

- *Loss of rental units:* After the addition of 195 rental units between 1980 and 1990, increasing the rental housing supply by 71%, Eastham lost 46 rental units from 1990 to 2000, most likely related to the conversion of rentals to homeownership. Since 2000 the

community lost another 78 rental units to 346 total units from a high of 470 in 1990. No new rental apartments have been permitted in Eastham for decades with the exception of seven (7) units created through the Town’s Rental Expansion Program and an accessory apartment as of the end of 2015. As presented in Table III-21, Eastham’s rental units are also predominantly located in single-family or two-family units, with only 24 units in three- or four-family structures, and thus mostly indistinguishable from owner-occupied units.

- Seasonal or occasional units are increasing:* The absolute numbers of seasonal units or second homes increased from 2,082 units in 1980, to 2,893 in 2000, and then to 3,447 by 2014. This represents an increase 1,365 such units during this timeframe that involved 64% of all new unit creation. The comparison of total housing units to seasonal or occasional units is visually presented in Figure III-4. This figure also shows an increase in these units between 2010 and 2014 despite an overall loss of total housing units.



Because of this very high level of seasonal housing, during the summer months Eastham’s population increases substantially, putting high demands on local services but bolstering the town’s economy. However, having almost 60% of all homes unavailable for year-round occupancy, further limits the supply of affordable housing for year-round residents.

- Decrease in persons per unit:* The average number of persons per unit declined between 1980 and 2014 from 2.50 persons to 2.23 persons for owner-occupied units and from 2.58 persons to 2.14 persons for rental units. This decrease reflects local, regional and national trends towards smaller households and relates to the change in the average household size in Eastham from 2.34 persons in 1990 to 2.21 by 2014.

- *Declining vacancy rates:* The homeowner vacancy rate was 4.5% in 1990 and has since decreased, down to 1.3% by 2014 as shown in Table III-19. The change in the homeowner rate is relatively insignificant as any level below 5% is considered to represent tight market conditions and the rate remains well below that of the state and nation as a whole.

The rental vacancy level was very high in 1990 and 2000, at 19.0% and 17.3%, respectively, but according to 2014 census estimates has been reduced to zero (0). Given the natural turnover of units this rate is surprising, but nevertheless signals very tight market conditions in Eastham and the need for additional rentals.

Table III-19: Vacancy Rates, 1990, 2000 and 2014

Vacancy Rates by Tenure					
	1990	2000	2014	County 2014	MA 2014
Rental	19.0%	17.3%	0.0%	8.6%	4.6%
Homeowner	4.5%	1.7%	1.3%	2.3%	1.3%

Source: U.S. Census Bureau, 1990 and 2000, and American Community Survey 5-Year Estimates, 2010-2014.

- *Little diversity in types of housing:* As shown in Table III-20, almost all of Eastham’s housing units were single-family detached homes, significantly higher than the county’s level at 81.1% as well as the state where more than half of all units were in single-family detached dwellings. There was actually an increase of 950 such units between 1990 and 2014. The table also shows that the town has no units in larger multi-family structures with a loss of 32 units in structures of five to ten units. Mobile homes have also disappeared since 1990. There does remain a very small segment of the housing stock, 4.9%, that is comprised of single-family attached units and smaller multi-family dwellings.

Table III-20: Units in Structure, 1990 to 2014

Type of Structure	1990		2000		2014	
	#	%	#	%	#	%
1 Unit Detached	4,549	93.5	5,254	94.9	5,499	95.2
1 Unit Attached	78	1.6	93	1.7	57	1.0
2 to 4 Units	191	3.9	156	2.8	222	3.9
5 to 9 Units	8	0.2	32	0.6	0	0.0
10 or More Units	1	0.02	0	0.0	0	0.0
Mobile homes	36	0.7	0	0.0	0	0.0
Total	4,863	100.0	5,535	100.0	5,778	100.0

Source: U.S. Census Bureau, American Community Survey 5-Year Estimates, 2010-2014

Almost two-thirds of all rental units were also in single-family units, detached and attached, likely not easily recognizable from owner-occupied ones. The remaining portion of rental units, 35.5%, was located in small multi-family structures of two to four units as indicated in Table III-21. The 5,499 figure for single-family detached homes is significantly higher than the Eastham Assessor's total for single-family homes of 5,109.

Table III-21: Tenure by Units in Structure, 2014

Type of Structure	Owner-occupied Units		Renter-occupied Units	
	#	%	#	%
1 Unit Detached	1,792	95.5	204	59.0
1 Unit Attached	38	2.0	19	5.5
2 to 4 Units	46	2.5	123	35.5
5 to 9 Units	0	0.0	0	0.0
10 or More Units	0	0.0	0	0.0
Other	0	0.0	0	0.0
Total	1,876	100.0	346	100.0

Source: U.S. Census Bureau, 2000 and American Community Survey 5-Year Estimates, 2010-2014

- Moderately-sized housing stock on average:* The median number of rooms per housing unit was 5.6, indicating that the average home was medium-sized with three bedrooms. The number of rooms per dwelling ranged from three (3) rooms or less in 467 units (8.1%) to nine (9) rooms or more in 196 dwellings (3.4%), representing a relatively small number of very large residential units.

3. Housing Costs – Prices rising but still below pre-recession levels

Ownership

Census data also provides information on housing values for homeownership and rental units. Table III-22 offers a comparison of the distribution of housing values for owner-occupied properties for 2000 and 2014. The data shows the dramatic increase in housing values during this period with the median more than doubling, from \$192,300 in 2000 to \$454,900 by 2014. The census data also indicated that only 81 owner-occupied homes or 4.4% were valued above \$500,000 in 2000, growing to 744 units or almost 40% of all such units by 2014. On the other end of the range, there were only 23 units valued at less than \$100,000 in 2000, and another 994, or 53.8% of the housing stock, valued between \$100,000 and \$200,000, still relatively affordable. By 2014, only 115 units, or 6.1% were valued below \$200,000. Surprisingly, there were 32 units valued below \$50,000 in 2014 while no such units existed in the price range in 2000.

Table III-22: Housing Values of Owner-occupied Properties, 2000 and 2014

Value	2000		2014	
	#	%	#	%
Less than \$50,000	0	0.0	54	2.9
\$50,000 to \$99,000	23	1.2	19	1.0
\$100,000 to \$149,000	324	17.5	11	0.6
\$150,000 to \$199,000	670	36.3	31	1.7
\$200,000 to \$299,999	535	29.0	172	9.2
\$300,000 to \$499,999	215	11.6	845	45.0
\$500,000 to \$999,999	52	2.8	627	33.4
\$1 million or more	29	1.6	117	6.2
Total	1,848	100.0	1,876	100.0
Median	\$192,300		\$454,900	

Source: U.S. Census Bureau, 2000 and the 2010-2014 American Community Survey, 5-Year Estimates

More updated and reliable market data is tracked by The Warren Group from Multiple Listing Service information based on actual sales. This market information since 1990 is summarized in Table III-23. The median sales price of a single-family home as of the end of 2006 was \$455,000, just prior to the financial crisis. As of the end of 2009 the median had dropped to \$385,000 and then dropped still further to \$381,000 as of the end of 2010, reflecting the continued softening of the housing market that resulted from the “bursting of the housing bubble”. Since then the market has been recovering with median prices climbing to \$405,000 in 2013 and then down a little to \$393,000 as of October 2015.

Condominiums are a relatively small segment of Eastham’s housing stock with approximately 275 units according to Town Assessor’s data. Values for these units however, did not follow a similar pre- and post-recession track. For example, in 2006 the median condo price was \$262,500, then climbed to \$299,000 and \$291,250 in 2008 and 2009, respectively, during the financial crisis. Values then decreased and the median as of October 2015 was \$251,000, showing some market improvement from \$162,500 in 2011. Median sales prices for condos have in fact risen dramatically through the years, from a low of \$25,750 in the depths of the early 1990s recession, due to new more traditional condos coming onto the market as opposed to the typical cottage-style condo conversions of the past.

Table III-23: Median Sales Prices, 1990 - October 2015

Year	Months	Single-family	Condo (#)	All Sales	# All Sales
2015	Jan - Oct	\$393,000	\$251,000 (12)	\$373,750	168
2014	Jan - Dec	\$395,000	\$250,000 (14)	\$370,000	175
2013	Jan - Dec	\$405,000	\$200,000 (15)	\$376,750	166
2012	Jan - Dec	\$386,750	\$220,500 (18)	\$357,000	197
2011	Jan - Dec	\$388,000	\$162,500 (13)	\$357,000	144
2010	Jan - Dec	\$381,000	\$170,700 (10)	\$372,500	136
2009	Jan - Dec	\$385,000	\$291,250 (12)	\$351,250	124
2008	Jan - Dec	\$425,000	\$299,000 (21)	\$384,250	154
2007	Jan - Dec	\$452,500	\$210,000 (29)	\$410,000	154
2006	Jan - Dec	\$455,000	\$262,500 (16)	\$420,000	168
2005	Jan - Dec	\$431,950	\$158,750 (30)	\$412,250	184
2004	Jan - Dec	\$446,250	\$231,250 (16)	\$429,000	195
2003	Jan - Dec	\$370,000	\$215,000 (8)	\$352,500	202
2002	Jan - Dec	\$333,000	\$153,552 (24)	\$279,000	212
2001	Jan - Dec	\$252,400	\$104,900 (7)	\$227,250	204
2000	Jan - Dec	\$227,500	\$122,000 (23)	\$188,250	244
1999	Jan - Dec	\$174,200	\$105,000 (19)	\$156,500	317
1998	Jan - Dec	\$155,000	\$70,000 (10)	\$146,500	268
1997	Jan - Dec	\$135,000	\$34,900 (5)	\$127,000	246
1996	Jan - Dec	\$133,000	\$52,750 (8)	\$107,000	207
1995	Jan - Dec	\$130,000	\$50,250 (10)	\$120,000	206
1994	Jan - Dec	\$132,250	\$40,000 (9)	\$119,000	188
1993	Jan - Dec	\$125,500	\$22,500 (9)	\$115,000	157
1992	Jan - Dec	\$130,000	\$31,000 (9)	\$125,000	141
1991	Jan - Dec	\$135,000	\$25,750 (18)	\$127,500	131
1990	Jan - Dec	\$135,000	\$31,500 (14)	\$130,000	140

Source: The Warren Group, *Banker & Tradesman*, December 20, 2015

A comparison of median values for Eastham and neighboring communities, as well as the Cape and state as a whole, is presented in Table III-24. This table presents the median single-family house price at pre-recession levels in 2006, post-recession levels in 2009, and the most current figure as of October 2015. The table also shows the percentage changes between these periods, demonstrating where prices have been the most volatile, and which communities have best recovered from the recession. This data is also visually presented in Figure III-5 for the 2006 and 2015 timeframes.

This information identifies the following market trends:

- While the median values of all neighboring communities fell between 2006 and 2009, the medians rebounded somewhat after that with the exception of Wellfleet.
- None of the communities' 2015 median prices have surpassed pre-recession levels, ranging from a -5.2% in Harwich to -21.8% in Wellfleet and with Eastham in the middle at -13.6%. This is not the case in other parts of the state, particularly those in the Metro West area of Greater Boston, where median prices surpassed pre-recession ones several years ago. This is reflected in the relatively small percentage change between 2006 and 2015 for the state of -1.4%.
- The median sales values in Eastham have been at about the middle of the range, at \$393,000 as of the end of October 2015, between a low of \$295,000 in Dennis, comparable to levels in Harwich and Brewster, but significantly lower than Chatham, Orleans and Truro.

Table III-24: Median Single-family House Price for Eastham and Neighboring Communities as of 2006, 2009, and October 2015

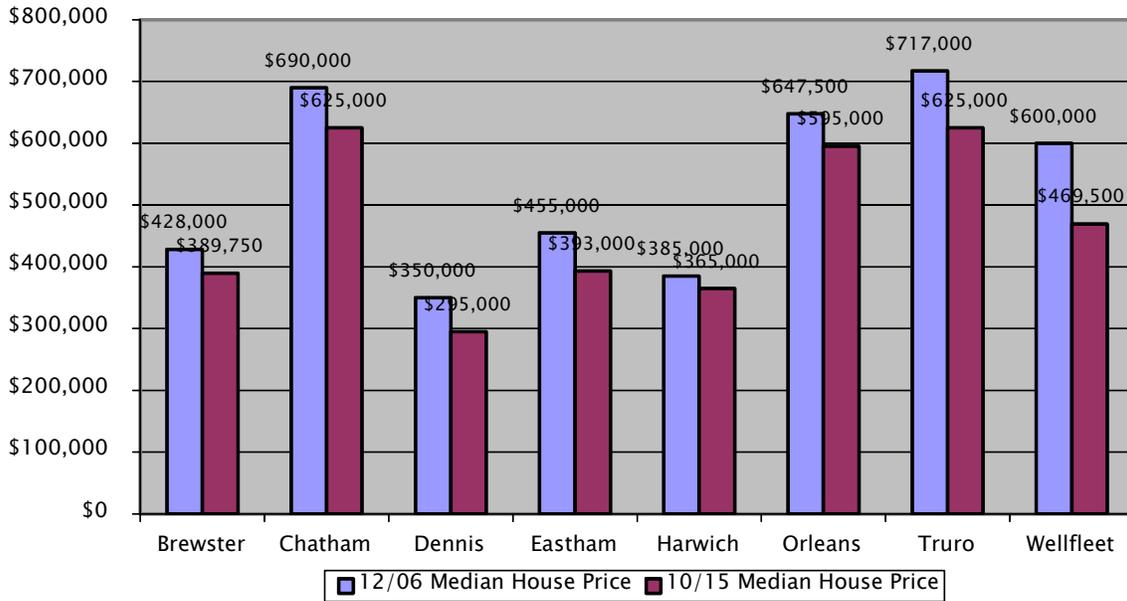
Place	Median Single-family House Price			% Change 2006 to 2009	% Change 2009 to 10/2015	% Change 2006 to 10/2015
	12/2006	12/2009	10/2015			
Brewster	\$428,000	\$364,000	\$389,750	-15.0%	+7.1%	-8.9%
Chatham	\$690,000	\$511,250	\$625,000	-29.3%	+22.2%	-10.4%
Dennis	\$350,000	\$288,700	\$295,000	-17.5%	+2.2%	-15.7%
Eastham	\$455,000	\$385,000	\$393,000	-15.4%	+2.1%	-13.6%
Harwich	\$385,000	\$324,400	\$365,000	-15.7%	+12.5%	-5.2%
Orleans	\$647,500	\$525,000	\$595,000	-18.9%	+11.8%	-8.1%
Truro	\$717,000	\$517,750	\$625,000	-27.8%	+20.7%	-12.8%
Wellfleet	\$600,000	\$482,950	\$469,500	-19.5%	-2.8%	-21.8%
County	\$387,000	\$315,000	\$350,000	-18.8%	+11.1%	-9.6%
State	\$345,000	\$285,000	\$340,000	-17.4%	+19.3%	-1.4%

Source: The Warren Group, Banker & Tradesman, December 20, 2015

Data based on single-family home sales of \$1,000 plus, excluding condominiums and foreclosure deeds.

Figure III-5

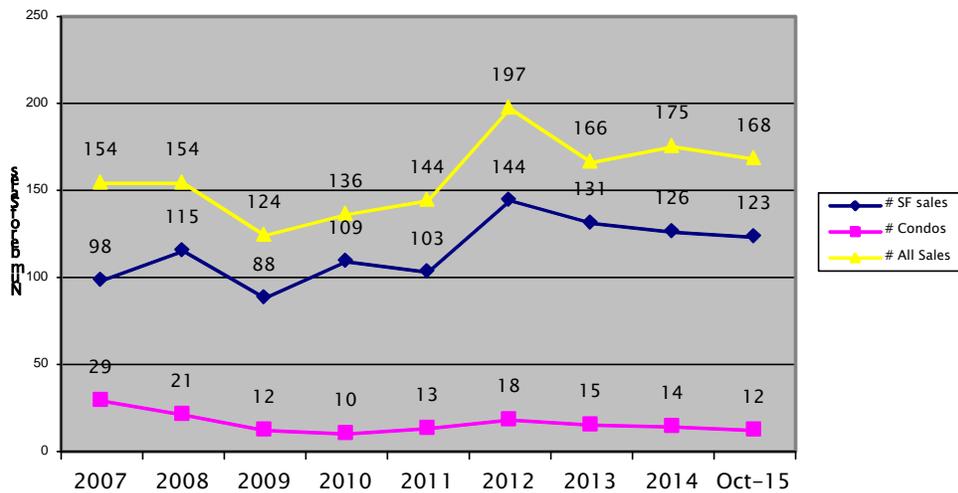
Median House Prices for Eastham and Neighboring Towns



The volume of sales – including single-family homes, condos and all sales – by year since 2007 – is presented in Figure III-6 from the *Banker & Tradesman* data included in Table III-22. In general, sales declined between 2007 and 2009, reflective of the recession, then increased to the highest volume in 2012, and tapered off a bit since then. The total number of single-family home sales in Eastham ranged from a low of 88 sales in 2009 to a high of 144 in 2012. This is still relatively low in comparison to 202 such sales in 1998.

Figure III-6

Sales Volume by Year



An analysis of more recent market data is presented in Table III-25, which breaks down sales data from the Multiple Listing Service as compiled by *Banker & Tradesman* for single-family homes and condominiums from January through December 21, 2015. Of the 133 single-family home sales, 15 would have been relatively affordable, selling for less than \$300,000, with 80% of the sales in the \$300,000 to \$600,000 range and more than half of these selling between \$300,000 and \$400,000.

Table III-25: Single-family House and Condo Sales, January through December 21, 2015

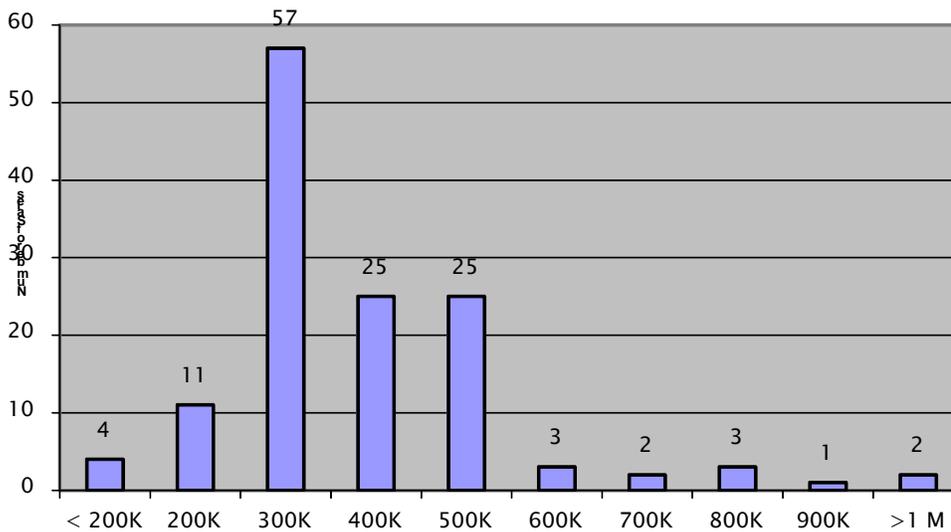
Price Range	Single-families		Condominiums		Total	
	#	%	#	%	#	%
Less than \$200,000	4	3.0	6	46.2	10	6.8
\$200,000-299,999	11	8.3	2	15.4	13	8.9
\$300,000-399,999	57	42.9	3	23.1	60	41.1
\$400,000-499,999	25	18.8	2	15.4	27	18.5
\$500,000-599,999	25	18.8	0	0.0	25	17.1
\$600,000-699,999	2	1.5	0	0.0	2	1.4
\$700,000-799,999	3	2.3	0	0.0	3	2.1
Over \$800,000	6	4.5	0	0.0	6	4.1
Total	133	100.0	13	100.0	146	100.0
Median	\$393,000		\$200,000		--	

Source: The Warren Group, *Banker & Tradesman*, December 21, 2015

A graphic representation of the distribution of single-family home sales for 2015 (through December 21, 2015) is included in Figure III-6.

Figure III-6

Sale Prices for Eastham Single-family Homes, 2015



Source: The Warren Group, *Banker & Tradesman*, December 21, 2015

There were only 13 condo sales, all selling for less than \$500,000 and almost half below \$200,000, demonstrating the relatively affordability of the condo market. Condominiums are a relatively small part of Eastham's housing stock, totaling 275 units, up from 255 in 2009. These condos primarily involve the conversion of small cottage communities, where the owner sells the individual cottages that had typically been rented during the summer season. The owner's cottage, that was used year-round, must continue to serve as a year-round residence, however the cottages continue to be more seasonal, not used during the winter months, and therefore do not adequately address local housing needs. Condo fees vary considerably based on what costs are included, from as low as \$30 per month to more than \$450.

Information from the Town Assessor on the distribution of the Fiscal year 2016 assessed values for residential properties in Eastham is presented in Table III-26. This data indicates that 5% of Eastham's housing stock (283 properties) was valued at less than \$200,000, but 89% of the properties in this price range are cottage condominiums that are vacated during the winter. There were only 31 single-family homes assessed below \$200,000, still relatively affordable to those earning at about 80% of area median income, but likely to be very small, "fixer-uppers".

Another 13% of the housing stock was valued between \$200,000 and \$300,000, still relatively affordable. About 94% of the properties in this range were single-family homes, involving 683 properties. Approximately 37% of the housing stock was assessed between \$300,000 and \$400,000, 95% of which were single-family homes. In fact about 60% of all properties in Eastham were assessed between \$300,000 and \$500,000 involving 3,359 properties.

On the other hand, 330 properties were assessed between \$700,000 and \$1 million, and still another 201 properties were valued at more than \$1 million, demonstrating a significant if not large luxury market in Eastham. The highest valued single-family property was assessed at more than \$3.5 million.

Multi-family structures also represent a very small segment of Eastham's housing stock, only about 244 properties according to Assessor's data (132 properties involving multiple houses on a single lot, 104 two-family homes, 6 three-family dwellings, and 3 four to eight-unit structures). Assessor's data indicated that most of the multi-unit dwellings were assessed between \$300,000 and \$500,000. Nevertheless, because these smaller multi-family properties offer an income stream, they are typically more affordable to purchasers, whether owner-occupants or absentee investors, and also tend to offer some more affordable rental units as well. Additionally, there were 23 mixed-use residential and commercial structures with values ranging from \$126,000 to \$970,700.

Table III-26: Assessed Values of Residential Properties, FY 2016

Range of Assessed Values	Single-family Dwellings		Condos		Multi-unit Dwellings*		Total Properties	
	#	%	#	%	#	%	#	%
0-\$199,999	31	0.6	251	91.3	1/0	0.8/0.0	283	5.0
\$200,000-299,999	683	13.4	16	5.8	14/17	10.6/15.2	730	13.0
\$300,000-399,999	1,980	38.8	7	2.5	34/59	25.8/52.7	2,080	37.0
\$400,000-499,999	1,230	24.1	0	0.0	30/19	22.7/17.0	1,279	22.7
\$500,000-599,999	454	8.9	1	0.4	14/5	10.6/4.5	474	8.4
\$600,000-699,999	237	4.6	0	0.0	10/4	7.6/3.4	251	4.5
\$700,000-799,999	144	2.8	0	0.0	7/3	5.3/2.7	154	2.7
\$800,000-899,999	91	1.8	0	0.0	5/1	3.8/0.9	97	1.7
\$900,000-999,999	72	1.4	0	0.0	6/1	4.5/0.9	79	1.4
Over \$1 million	187	3.7	0	0.0	11/3	8.3/2.7	201	35.7
Total	5,109	100.0	275	100.0	132/112	100/100	5,628	100

Source: Eastham Town Assessor, Fiscal Year 2016.

* Includes multiple dwellings on one lot/two-family, three-family, and 4-8 unit structures.

** Total for all multi-unit structures including multiple dwellings on one lot.

Assessor's data indicates a median single-family house value of \$392,600 which is comparable to the *Banker & Tradesman* median sales price of \$393,000 as of October 2015. The median condo value was \$206,200 for the same period, significantly lower than the *Banker & Tradesman* median sales price of \$251,000 (see Table III-23).

Rentals

Table III-27 summarizes census data for rental units from 1980 to 2014, indicating significant overall increases in rent levels. For example, the median rent in 1980 was \$292, which quadrupled to \$1,168 by 2014. Median rent levels, while more than doubling between 1980 and 1990, stayed relatively flat between 1990 and 2000.

Like housing values for homeownership units, rental levels tend to be underestimated in the census data, and actual market rents are typically much higher as verified by local realtors and listings. Realtors indicate that it is difficult to find a year-round rental of a two-bedroom unit for less than \$1,200, not including utilities that can add an additional \$150 to \$250 per month. Moreover, landlords more typically than not are requiring first and last month's rent plus a security deposit, representing substantial up-front cash requirements to enter into a lease.

Because most of the rentals involve single-family or two-family homes, information on rental opportunities is often passed by word of mouth and units are not formally listed.

Table III-27: Rental Costs, 1980 to 2014

Gross Rent	1990		2000		2010		2014	
	#	%	#	%	#	%	#	%
Under \$200	41	17.2	9	1.9	16	3.8	0	0.0
\$200-299	89	37.2	10	2.1	8	1.9	0	0.0
\$300-499	96	40.2	45	9.6	6	1.4	0	0.0
\$500-749	13	5.4	220	46.8	229	53.9	8	2.3
\$750-999			88	18.7	107	25.2	78	22.5
\$1,000-1,499			28	6.0	9	2.1	147	42.5
\$1,500 +					7	1.6	21	6.1
No Cash Rent	36	15.1	70	14.9	43	10.1	92	26.6
Total*	239	100.0	470	100.0	425	100.0	346	100.0
Median Rent	\$292		\$662		\$682		\$1,168	

Source: U.S. Census Bureau, Census 1980, 1990, and 2000 Summary File 3 and American Community Survey 5-Year Estimates, 2010-2014.

While Internet listings of rental properties in Eastham are scarce, the following were included in the December 2015 listings on Craig's List:

Year-round Rentals

- \$750 for a one-bedroom, 500 square foot apartment in North Eastham
- \$1,100 for a one-bedroom, 1,200 square foot basement apartment in North Eastham (listed as a year-round, monthly or seasonal rental)
- \$1,300 for a two-bedroom duplex unit with one bath
- \$1,500 for a small two-bedroom cottage in North Eastham
- \$1,800 for a three-bedroom unit with two baths

Winter Rentals

- \$1,400 for a four-bedroom, two-bath unit

These year-round market rents are generally higher than HUD 2015 Fair Market Rents (FMRs) at \$825 for an efficiency unit, \$920 for a one-bedroom unit, \$1,234 for a two-bedroom unit, \$1,614 for three bedrooms, and \$1,695 for four bedrooms. Fair Market Rents (FMRs) are the maximum rents allowed by HUD in the Section 8 Housing Choice Voucher Program. The maximum rents are updated and published annually and represent HUD's estimate of the actual market rent for an apartment in the conventional marketplace although they typically underestimate actual market conditions. HUD sets the FMRs by unit size (number of bedrooms) by region in each state, for Barnstable County in the case of Eastham. HUD will pay the landlord the difference between a percentage of a household's income and the FMR, but these vouchers, including the state's relatively comparable Massachusetts Rental Voucher Program (MRVP), are very limited. For a discussion on the methodology for calculating the FMRs, go to www.huduser.org/datasets.

Summer rentals, like most of this part of the Cape, are very pricey, especially near the water. In fact, realtors indicate the property owners can earn just as much renting a unit in the summer as they can year-round, without as much wear and tear and a formal lease.

While in the past available summer rental properties were largely already gobbled up or under agreement by the winter months, more recently there has been much more fluctuation regarding leasing periods. Rent-ups in 2015 were particularly slow with a great deal of late rentals due largely to the winter storms, an extended school year, and the Fourth of July falling on a Saturday, the turnover day for seasonal rentals. The 2015 seasonal rental market ended up being relatively good however, about even with 2014, but significantly better than years following the financial recession.

These trends reflect a more relaxed market where owners who are leasing their properties are more at the whim of those who are contemplating time on the Cape on a more spontaneous and last minute basis. Nevertheless, more expensive waterfront rentals, costing from \$2,300 to \$6,300 per week, have been booked solidly as have homes with water views and other amenities. Two-bedroom cottages have been more difficult to book and typically rent in the \$800 to \$900 range.

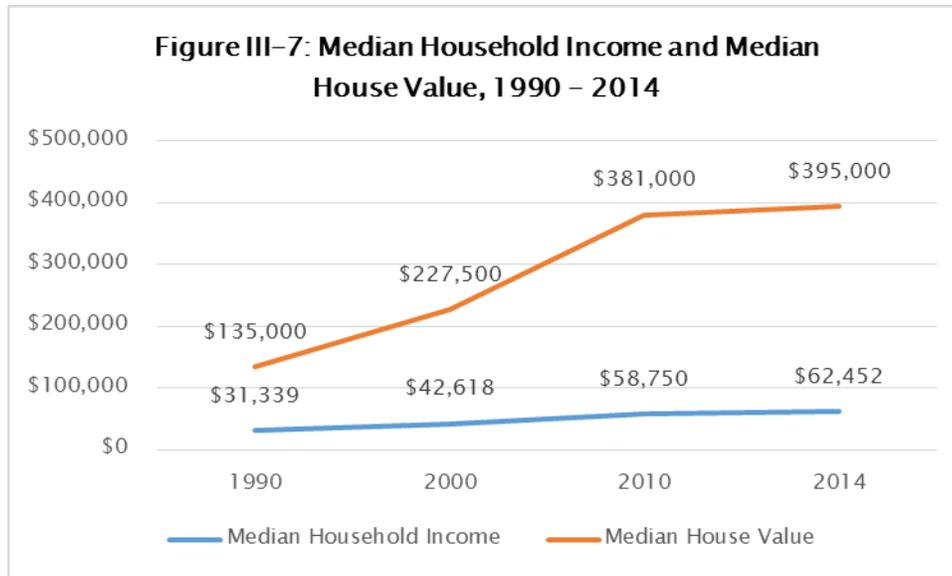
4. Affordability Analysis of Existing Market Conditions

Affordability Gaps – Homeownership

While it is useful to have a better understanding of past and current housing costs, it is also important to analyze the implications of these costs on residents' ability to afford them. A traditional rough rule of thumb is that housing is affordable if it costs no more than 2.5 times the buyer's household income. By this measure, the median income household earning \$62,452 in Eastham could afford a house of approximately \$156,130, 40% the median house price of \$393,000 as of October 2015. *This implies that the household in the middle of the town's income range faced an "affordability gap" of \$236,870.*

Housing prices have in fact risen faster than incomes, making housing less affordable as demonstrated in Figure III-7. As time went by, the gap between median household income and the median single-family house price widened. While incomes doubled between 1990 and 2014, the median single-family house price almost tripled based on 2014 *Banker & Tradesman* data. In 1990 the median income was 23% of the median house price but decreased to 15.8% by 2014. *Moreover, the gap between income and house value was \$103,661 in 1990 but more than tripled to \$332,548 by 2014.*¹²

¹² These gaps would have been even wider if the 2014 census estimate of \$454,900 was used in the analysis instead of the *Banker & Tradesman* figure.



Another way of calculating the affordability gap is to estimate the difference between the median priced house and what a median income earning household can afford to pay based on spending no more than 30% of income on housing costs.¹³ To afford the median sales price of a single-family home of \$393,000, based on *Banker & Tradesman* data as of October 2015, a household would have to earn an estimated \$86,500 with 95% financing.¹⁴ This income is much higher than the median household income for the Town per 2014 census estimates of \$62,452 and consequently there is an affordability gap. If the calculations were based on 80% financing with a 20% down payment, the income would be reduced to about \$75,250, still well above the town’s median household income in 2014.

The median income earning household could likely afford a single-family home of about \$275,000 based on 95% financing. *The affordability gap is then about \$118,000 – the difference between the price of the median priced single-family home (\$393,000) and what a median income household can afford (\$275,000).* In the case of 80% financing, requiring a 20% down payment, a purchaser would need to borrow less and therefore could afford a home of about \$316,000 and thus the affordability gap would decrease to \$77,000. *The affordability gaps would in fact be significantly greater if not for unprecedentedly low mortgage interest rates that have made housing more affordable in Eastham and throughout much of the country.*

For those earning at 80% of area median income limit (\$59,250 for a family of three), this gap is

¹³ Based on the 2014 census estimate of \$62,452 for median household income.

¹⁴ Figures based on 95% financing, interest of 4.0%, 30-year term, annual property tax rate of \$7.44 per thousand, and insurance costs of \$4 per \$1,000 for condominiums and \$6 per thousand for single-family homes). The calculations are also based on the purchaser spending no more than 30% of gross income on mortgage (principal and interest), taxes and insurance. It is also assumes the ability of the purchaser to qualify for subsidized mortgage financing from the ONE Mortgage Program or MassHousing mortgage offerings. Therefore, no private mortgage insurance (PMI) was included in the calculations.

of \$131,000, the difference between the maximum they could afford of \$262,000 and the median single-family house price of \$393,000. These figures are based on 95% financing, which can still be found through first-time homebuyers programs such as the state's One Mortgage Program or MassHousing's mortgage offerings.

There is a *small affordability gap of \$13,000 for condos* as the median condo price of \$251,000, as of October 2015 from *Banker & Tradesman*, is somewhat higher than the estimated price that a median income earning Eastham household can afford of about \$238,000 assuming a monthly condo fee of \$250.¹⁵ This gap widens to \$27,000 for those households earning at the 80% of area median income limit (\$59,250 for a household of three) who can afford a condo of about \$224,000.

Table III-28 provides a breakdown of the number of units existing within various affordability ranges. According to Assessor's data, 304 homes or 6% of the Eastham's *single-family homes* were affordable to households earning below 80% of area median income (\$59,250 for a household of three) in 2015. Almost half (48.8%) of the homes or 2,491 units were affordable to those earning between 80% of area median and area median income (\$80,300), however calculations in this income range were based on the purchasers having sufficient down payment and closing costs to support 80% mortgage financing, which is now more the norm than the exception. Nevertheless, these figures suggest some relative affordability of existing homes.

Condominiums are valued much more affordably with 158 or more than half (57.5%) of these units affordable to those earning at or below 80% of area median income based on a household size of three. Another 85 condos were also assessed within a relatively affordable range, likely affordable to those earning between 80% and 100% of area median income. Therefore, more than 88% of the condo market was potentially affordable to those earning within median income based on an estimated condo fee of \$250. Most condos, however, are not available on a year-round basis as they involved the conversion of small cottages to ownership that are used seasonally from about April through October.

¹⁵ Figures based on 95% financing, interest of 4.0%, 30-year term, annual property tax rate of \$7.44 per thousand, \$250 monthly condo fee, insurance costs of \$4 per \$1,000 for condominiums and \$6 per \$1,000 for single-family homes, and the purchaser spending no more than 30% of gross income on mortgage (principal and interest), taxes and insurance. It is also assumes the ability of the purchaser to qualify for subsidized mortgage financing from the ONE Mortgage Program or MassHousing mortgage offerings. Therefore, no private mortgage insurance (PMI) was included in the calculations.

Table III-28: Approximate Cost of Single-family Units in Eastham, 2015

Price Range Single-family/ Condo*	Income Range (based on HUD Area Median Income (AMI) Limits**	Single-family Homes Available in Price Range		Condominiums Available in Price Range	
		#	%	#	%
\$262,000/\$224,000	At or below 80% AMI (\$59,250)	304	6.0	158	57.5
\$262,001-406,000/ \$224,001-\$368,000	80% - 100% AMI (\$59,251 - \$80,300)	2,491	48.8	85	30.9
\$406,001-487,000/ \$368,001-\$451,000	100% - 120% AMI (\$80,301 - \$96,360)	1,008	19.7	22	8.0
More than 487,000/ more than \$451,000	More than 120% AMI (More than \$96,360)	1,306	25.6	10	3.6
Total		5,109	100.0	275	100.0

Source: Town of Eastham Assessor's Database for Fiscal Year 2015. Please note that as a standard practice, assessed value is assumed to be 93% of actual value or potential sale price. Figures based on a three-person household.

* Includes estimated condo fee of \$250 per month.

** Based on 95% financing given potential eligibility for subsidized mortgage programs such as the ONE Mortgage Program and MassHousing offerings. All other income ranges assume 80% financing.

It should also be noted that while Eastham's *multi-family housing* market is relatively small, about 132 properties, such housing may be more affordable as two and three-family dwellings often provide rental income. For example, the median valued two-family home in Eastham, based on Assessor's data, was \$362,800, and if owner-occupied with one rental unit would be affordable to a purchaser earning approximately \$52,000 (assuming rental income of \$1,000 of which 75% or \$750 is likely to be included in mortgage underwriting computations as well as 95% financing). This is low in comparison to a condo at the same price that would require an income of about \$89,500 given the additional computation of the condo fee (assuming \$250) and rental income.

Affordability Gaps - Rentals

In regard to rentals, the gross median rent of \$1,168, reported by the 2014 census estimates, requires an income of about \$53,720 assuming a monthly average utility allowance of \$175 and occupants paying no more than 30% of their income on housing. This median rent includes subsidized rentals and is therefore lower than market rents but still not affordable to about 57% of Eastham's renter households. It is therefore not surprising that so many renters are paying too much for their housing (see Table III-29).

Even rents in subsidized developments can be problematic. For example, Housing Authority units that apply HOME Program rents can be too high for target households earning at or below 60% AMI to afford. A one-bedroom rent of \$770 based on 2015 High HOME rents would be a struggle for someone earning \$25,000 to afford, certainly well more than someone earning the minimum

income can afford. On the other hand, a couple earning \$50,000 would be over income and not qualified for the unit. Recent news indicated that 63% of Americans are likely to encounter problems paying a \$500 bill outside their routine budget, such as a car repair or a medical bill.

Actual market rents are considerably higher. The average year-round rental listing was closer to \$1,500. A median income earning renter household (\$44,079) could afford a rent of approximately \$927 based on spending no more than 30% of income on housing and assuming monthly utility costs of \$175. Even the median income earning household in Eastham (\$62,452) would be hard-pressed to pay more than \$1,386 in rent. The very short supply of year-round market rentals, approximately 320 units, and seasonal rental prices further complicate the rental market dynamic, pushing up prices. It is no wonder that there are illegal apartments in town that operate under the radar.

It should also be noted that landlords typically require first and/or last months rent as well as a security deposit, which represents a substantial cash requirement for those looking for year-round rentals. This presents another significant obstacle for those lower income residents who are looking for an affordable place to live in the community.

Cost Burdens

The census also provides data on how much households spent on housing whether for ownership or rental. Such information is helpful in assessing how many households are overspending on housing or encountering housing affordability problems, defined as spending more than 30% of their income on housing. Based on 2014 census estimates, 146 homeowners in Eastham were spending between 30% and 34% of their income on housing and another 504 owners were spending more than 35% of their income on housing expenses, suggesting that almost 29% of homeowners were overspending on their housing. In regard to renters, no renters were spending between 30% and 34% of their income on housing but 138 or 40% of all renter households were spending too much on housing.

This census data suggests that 788 households or 35% of all Eastham year-round households were living in housing that is by common definition beyond their means and unaffordable.

HUD provides additional data on housing affordability problems through its CHAS report that identifies cost burdens by household type and whether they are renters or owners, offering a breakdown of households within specific income categories as summarized in Table III-29. This report, based on 2012 census data for Eastham (the latest report available), indicates that 764 households or about one-third of all households were spending too much on their housing with 279 households or 12% experiencing severe cost burdens as they were spending more than half of their income on housing costs. This data suggests somewhat lower cost burdens than the 2014 census estimates that indicated 35% of all households had housing cost burdens. Moreover, there were 170 households earning at or below 30% of area median income, referred to by HUD as extremely low-income households, almost all of whom were experiencing severe cost burdens.

In fact, of the almost 1,000 households earning at or below 80% of area median income, 519 or more than half were overspending and one-quarter had severe cost burdens.

Table III-29: Type of Households by Income Category and Cost Burdens,* 2012¹⁶

Type of Household	Households earning <30% MFI/# with cost burdens **	Households earning >30% to < 50% MFI/ # with cost burdens	Households earning >50% to < 80% MFI/# with cost burdens	Households earning >80% to < 100% MFI/# with cost burdens	Households Earning > 100% MFI/# with cost burdens	Total/# with cost burdens
Elderly Renters	0/0(0)	115/0(0)	0/0(0)	0/0(0)	10/0(10)	125/0(0)
Small Family Renters	0/0(0)	0/0(0)	95/75(10)	0/0(0)	25/0(0)	125/75(10)
Large Family Renters	0/0(0)	0/0(0)	0/0(0)	0/0(0)	25/0(0)	25/0(0)
Other Renters	20/0(20)	15/0(15)	25/0(25)	0/0(0)	10/0(0)	70/0(60)
Total Renters	20/0(20)	130/0(15)	120/75(35)	0/0(0)	70/0(0)	340/75(70)
Elderly Owners	70/0(60)	140/40(24)	240/60(15)	160/0(20)	495/40(10)	1,105/140 (129)
Small Family Owners	35/0(35)	65/25(0)	95/70(0)	65/20(0)	380/70(0)	640/185(35)
Large Family Owners	0/0(0)	0/0(0)	0/0(0)	0/0(0)	50/30(0)	50/30(0)
Other Owners	45/0(45)	15/0(0)	20/0(0)	20/20(0)	80/35(0)	180/55(45)
Total Owners	150/0(140)	220/65(24)	355/130(15)	245/40(20)	1,005/175 (10)	1,975/410 (209)
Total	170/0(160)	350/65(39)	475/205(50)	245/40(20)	1,075/175 (10)	2,315/485 (279)

Source: U. S. Department of Housing and Urban Development (HUD), SOCDs CHAS Data, and American Community Survey, 2012. ** First number is total number of households in each category/second is the number of households paying more than 30% of their income on housing (with cost burdens) – and third number includes those that are paying more than half of their income on housing expenses (with severe cost burdens). Small families have four (4) or fewer family members while larger families include five (5) or more members. Elderly are 62 years of age or older. “Other” renters or owners are non-elderly and non-family households.

Other major findings for this report include the following:

Renters

- More than 40% of all renter households, or 145 households, were spending more than 30% of their income on housing expenses with 70 spending more than half of their income on housing.
- The data suggests that only 10 of the 125 elderly renters had cost burdens.

¹⁶ Latest report available.

Draft 2-1-16

- There were 85, or more than two-thirds of the 125 small families, that were experiencing cost burdens.
- There were only 25 large families that were renting, none with cost burdens and none earning less than 100% AMI.
- Single non-elderly adults were experiencing the highest cost burdens with 60 of the 70 households in this category paying more than half of their income on housing. *This suggests that new rental unit construction should consider smaller affordable units for this population such as studios or one-bedroom apartments.*

Owners

- About 31% of all owners or 619 of such households were spending more than 30% of their income on housing and 209 or almost 11% of all owners were spending more than half their income on housing.
- Elderly owners were experiencing considerable cost burdens as 199 of the 450 such owners earning at or below 80% of median income were overspending with 99 or 22% spending more than half of their income on housing. Unfortunately, due to the build-up of equity for many of these owners, it is difficult for them to qualify for assisted housing.
- More than one-third of small families had cost burdens including 130 or 65% of the 199 who earned at or below 80% of median income.
- There were only 50 large families who were homeowners in Eastham, all earning above 100% of median income with 30 or 60% still overspending.
- All of the non-elderly single individuals who earned at or below 30% of median income had severe cost burdens, suggesting the need for including some small units in any new affordable condo developments.

Foreclosures

Also related to housing affordability is the issue of foreclosures, which has been a problem for many homeowners across the country since the “bursting of the housing bubble” more than half a decade ago. There has been some limited foreclosure activity in Eastham as shown in Table III-30. While there were no foreclosures prior to 2010, there have been a handful of combined foreclosure auctions and petitions since then with the highest level in 2015. Front page news from the September 12, 2015 edition of *The Boston Globe* was headlined, “Housing Crash Lingers in Mass.” The article stated that “about two-thirds of Massachusetts cities and towns have yet to climb back to the peak prices reached in 2005” and further offered, “Foreclosure activity in the state is just a fraction of what it was at the worst of the crisis in 2009 and 2010, but the surge of Massachusetts foreclosures in the last year was the 12th biggest in the nation.” The article then pointed out that much of the jump in foreclosure activity in 2015, which was also experienced in Eastham, relates to a backlog of cases that have been on hold pending court cases and the need to clarify new regulations.¹⁷

¹⁷ Woolhouse, Megan, *The Boston Globe*, September 12, 2015.

Table III-30: Foreclosure Activity, 2007 through 2015

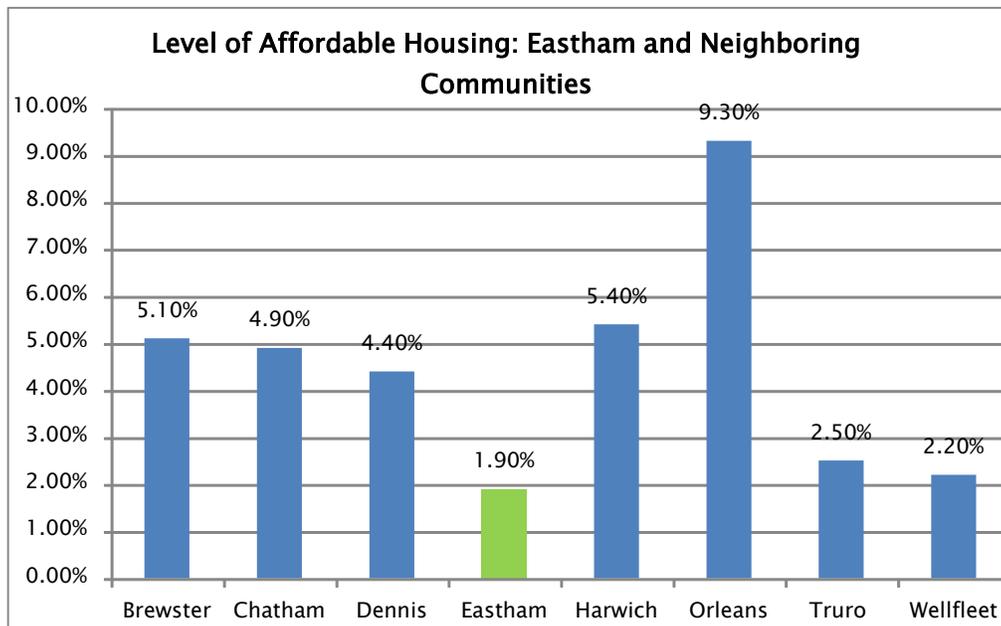
Year	Foreclosure Auctions	Petitions to Foreclose	Total
2015	4	4	8
2014	2	2	4
2013	3	1	4
2012	3	2	5
2011	0	1	1
2010	3	4	7
2009	0	0	0
2008	0	0	0
2007	0	0	0
Total	15	14	27

Source: The Warren Group, *Banker & Tradesman*, December 30, 2015.

5. Subsidized Housing Inventory (SHI)

The state currently lists 50 affordable housing units in Eastham’s state-approved Subsidized Housing Inventory (SHI), involving a net increase of only one (1) affordable unit since 2009. This translates into having 1.9% of the total year-round housing stock of 2,632 units. Therefore, the town needs to produce at least 213 more affordable units to reach the state’s 10% goal based on the existing year-round housing stock per Chapter 40B requirements, not taking into consideration additional housing growth. Most communities in the state are confronting challenges in boosting their relatively limited supply of affordable housing. Eastham’s neighbors also have affordable housing levels below the state target, as listed below and visually presented in Figure III-8.

Figure III-8



While none of Eastham’s neighboring towns have produced enough affordable units to meet the state’s 10% target, Orleans has made considerable progress at 9.3%. Four of the other communities are in the 4.4% and 5.4% range, with Eastham, Truro and Wellfleet below 2.5%.

To be counted as affordable under Chapter 40B, housing must be dedicated to long-term occupancy of income-eligible households through deed restrictions. Occupants of the affordable units must have incomes at or below 80% of HUD limits for the Barnstable area (see Table II-1 for these levels, adjusted by household size). See Section II.B for more information on affordability requirements.

Current Inventory

Table III-31 summarizes the units included in the Subsidized Housing Inventory (SHI) which is the list of affordable dwelling units that are eligible for counting towards Eastham’s 10% state affordability goal. The Inventory includes 22 homeownership units and 28 rental units, eight (8) of which include units in group homes sponsored by the Massachusetts Department of Mental Health (DMH). It should be noted that seven (7) additional units should be eligible for inclusion on the SHI including the Housing Authority’s Merrill House on Ballwic Avenue, two (2) rental units at 1475 State Highway, three (3) units that are part of the Rental Expansion Program but not part of the Brackett Landing development, and Habitat for Humanity’s unit on Rabbit Run. These additions would bring the total number of SHI units to 57 or 2.4%.

Table III-31: Eastham’s Subsidized Housing Inventory (SHI)

Project Name	# SHI Units	Project Type/ Subsidizing Agency	Use of a Comp Permit	Affordability Expiration Date
Nauset Road/Habitat for Humanity House	1	Ownership/DHCD	No	2019
Eastham Duplexes*	8	Rental/DHCD	No	Perpetuity
Foundations Project/HAC	2	Rental/DHCD	No	2037
Gull Cottages	5	Rental/DHCD	Yes	2020
State Highway Units*	4	Rental/DHCD	No	Perpetuity
Bay Meadows	10	Ownership/DHCD	Yes	Perpetuity
DMH Group Homes	8	Rental-Special Needs/DMH	No	NA
Nauset Rd.	1	Rental/DHCD	No	2056
Brackett Landing	9	Ownership/MassHousing	Yes	Perpetuity
Sandy Way/Habitat	2	Ownership/DHCD	No	Perpetuity
Total	50	28 rental units 22 ownership units	24 units with 40B permit	24 units affordable in perpetuity

Source: Massachusetts Department of Housing and Community Development, April 13, 2015.

*Eastham Housing Authority units

The *Eastham Housing Authority* owns eight (8) units as part of the Eastham Duplexes (includes two 1-bedroom units and two 2-bedroom units), four (4) units at 5960 State Highway (two duplex structures, each with two 2-bedroom units), and Merrill House on Ballwic Avenue. The

units are managed by the Orleans Housing Authority. None of the units are age restricted but there are numbers of seniors living in the one-bedroom units. Housing Authority units rarely turnover and there are at least five-year waits for the two-bedroom units and typical waits of more than six years for the one-bedrooms. Some existing tenants have lived in these units for as long as 15 years.

A number of the projects listed in Table III-31 involved the development of Town-owned property including Bay Meadows (“friendly” 40B), the Nauset Road rental home (managed by the Community Development Partnership), and several *Habitat for Humanity of Cape Cod* homes. Unfortunately, the deed restriction for the Habitat for Humanity house at Cross Cart Way was for 15 years, executed in 1994, and consequently that unit was eliminated from the SHI in 2009. Nevertheless, Habitat for Humanity has the right of first refusal to buy back the unit when the owner decides to sell, so it may likely be reinstated on the SHI at some point in the future. Habitat also created two affordable homes on Town-owned property at Sandy Way.

Another of the Town’s important development partners is the *Community Development Partnership (CDP)* which developed and manages eight (8) units of rental housing in Eastham as part of the following projects (also managing another seven (7) units under the Town’s Rental Expansion Program):

- *1475 State Highway*
This property involved the acquisition and rehabilitation of a duplex that was converted into two (2) affordable, two-bedroom, rental units for households earning up to 80% of area median income.
- *Gull Cottages*
Gull Cottages, at 885 State Highway, involved the conversion of a small cottage community into five (5) rentals, two (2) of which are affordable to those earning at or below 50% of area median income (AMI) and the remaining three (3) for households earning up to 60 % AMI. One of the units has a Project-based Section 8 subsidy.
- *1425 Nauset Road*
This project involved a house that was donated and moved to a Town-owned site next to the Council on Aging. The Town received grant funding to make the unit handicapped accessible and affordable as a two-bedroom rental unit. CDP manages the unit.

CDP is also managing the following programs:

- *Rental Expansion Program*
Since 2012, the Eastham Affordable Housing Trust has purchased properties and converted them to affordable rental units that are deed restricted in perpetuity. The

Housing Trust has used CPA funding to subsidize these units, typically making them affordable to tenants earning up to 80% of area median income while paying no more than 30% of their income on rents and utilities. One of the units is targeted to a moderate-income household earning between 80% and 120% AMI however. Thus far the Housing Trust has purchased the following seven (7) units:

- 95 Wampum Lane (two-bedroom unit)
- 95A Wampum Lane (a handicap accessible one-bedroom unit)
- 6 Dory Lane (one-bedroom unit)
- 17 Dory Lane (a handicap accessible one-bedroom unit)
- 4 Stellwagen Way (one-bedroom unit with a finished basement)
- 1195 Massasoit Road (three-bedroom unit)
- 60 Dory Lane (moderate-income unit)

The average purchase price has been about \$175,000, well below appraised and assessed values. All units have been developed in compliance with state Local Initiative Program (LIP) Guidelines (Local Action Units) that enable the units to be counted as part of the Subsidized Housing Inventory (SHI) with the exception of the moderate-income unit at 60 Dory Lane. The Housing Trust contracts with the Community Development Partnership for property management, and has begun to realize an income stream from the units beyond what is needed for property maintenance and reserves.

Four of the above units are part of the *Brackett Landing* development (three on Dory Lane plus 1195 Massasoit Road), that EAHT purchased and converted to rentals which are managed by CDP. Three (3) are directed to those earning at or below 80% AMI, and Massasoit Road is a moderate-income unit targeted to a household earning between 80% and 120% AMI. This project was developed through a “friendly 40B” comprehensive permit for a total of 28 condos (see photo below). Nine (9) of these units are listed as involving ownership in the SHI, which should be changed to reflect the four (4) Housing Trust rental units. Units include both detached single-family homes and townhouses and range from 960 to 1,700 square feet in size. Market units are priced from \$369,900 to \$419,000 and condo fees for the market units range from \$241 to \$479 based on the size of the unit.



- *Eastham Regional Housing Rehabilitation Program*

In conjunction with other nearby communities (target areas of Harwich Center and South Dennis as well as all of Eastham, Wellfleet, Truro, and Provincetown), the Town received Community Development Block Grant (CDBG) funding from the state to operate a Housing Rehabilitation Program, managed by the Community Development Partnership (CDP). Funding is provided as a 0%, deferred forgivable loan to make critical home repairs, including the correction of all code violations. The loan has a 15-year term with 1/15th amortized each year without payment unless the property is sold or transferred or the owner is in default of program terms and conditions. The entire loan is forgiven after 15 years. The maximum loan amount is \$30,000 with an additional \$5,000 for the removal of lead paint or asbestos, for improving handicapped accessibility, septic system replacement, or multiple energy efficiency improvements.

The program also provides technical assistance through a Rehabilitation Specialist to support the participating homeowner (income within 80% of area median income adjusted by household size) or investor-owner (if a majority of tenants have incomes within 80% AMI) in determining the work to be done and estimating costs. It is expected that the Program will accommodate an average of 12 properties per year with an average cost of about \$32,000. The program has a waitlist of qualified applicants with another 25 or so who have submitted pre-applications.

Another locally-sponsored program, the Rental Assistance Subsidy Program, is administered by Harwich Ecumenical Council for Housing (HECH).

- *Rental Assistance Subsidy Program*

In 2012, the Eastham Affordable Housing Trust initiated the Rental Assistance Subsidy Program to create additional affordable rental opportunities by “buying down” market rate rental units to make the monthly rent affordable to those earning at or below 60% of area median income. In 2015, Town Meeting approved \$153,500 in support of this program. While these subsidized rentals are not eligible for inclusion in the SHI, they nevertheless

serve a pressing local need for more affordable year-round rental units for limited income households.

The program mimics federal and state rental assistance programs by providing the subsidy directly to the landlord who must enter into year-round leases with the tenants. The subsidy is based on the difference between the Fair Market Rent (FMR) and 30% of the qualifying tenant's income with a maximum subsidy of \$350 per month. The program is meant to create 12 affordable rental units per year over a three-year period. The Housing Trust acknowledges that some of the families will move through the program in one or two years while others will require the full three-year commitment. The program also incorporates 1:1 budget counseling and planning with the goal of the tenant becoming self-sufficient.

Proposed Projects

The following affordable housing units that are in the conceptual or planning stages or under construction:

- *Governor Prentice Residences*
The Stratford Capital Group has been in discussion with local officials on a potential rental development through the state's Local Initiative Program (LIP), often referred to as the "friendly 40B" program. The site was a former driving range (T-Time) on Route 6 and within the Town's North Eastham Overlay District. Preliminary plans are to build 130 units in a combination of townhouse and garden apartment buildings, with 90% of the units affordable to those earning at or below 60% of area median income and the remainder at market. Because the development would be permitted through Chapter 40B, all units would count as part of the Subsidized Housing Inventory. In addition to early discussions with the Board of Selectmen, a group of local citizens has been established to provide additional input.
- *Habitat for Humanity's Rabbit Run Development*
Habitat for Humanity of Cape Cod is developing a housing unit on Rabbit Run, off of Route 6. The home will be a three-bedroom ranch. The property was donated by a private local citizen and the Town of Eastham provided \$45,000 in FY16 CPA funding. The build began in October 2015 and is expected to be completed in 2016.
- *Purcell Property*
The Town of Eastham purchased an 11.5-acre undeveloped parcel, the Purcell property, for the development of affordable housing. This site was intended to be developed within the context of the Town's major planning effort to create a traditional mixed-use village center, the North Eastham Overlay District, centered at the intersection of Route 6 and Brackett Road. The Town is committing CDBG funding to do predevelopment work before

it issues a Request for Proposals (RFP) to select a project developer. It is also included in the area designated for receiving water services.

RFP's have been issued previously without any response which is suggested to be largely a result of the lack of water service at the time and a prescribed density that was considered to be too low to be feasibly financed with typical rental program subsidies (such as the Low Income Housing Tax Credit). It is expected that the introduction of water services and a recommended project size of 36 units would attract a qualified developer and a project that was responsive to other local terms and conditions.

- *Ballwic Avenue*
The Town also owns a 21.87-acre vacant and undeveloped parcel in a residential neighborhood adjacent to The Children's Place, a non-profit resource, referral and education center for families with young children. The site is part of the first phase of work to add Town water services, which should be available by the fall of 2016.

If these projects reach completion, the town will likely be over the 8% affordability level, demonstrating impressive progress in producing affordable housing within the foreseeable future.

C. Priority Housing Needs

As the affordability analysis indicates in Section III.B above, significant gaps remain between what many current year-round residents can afford and the cost of housing that is available. Many long-term residents could not afford to purchase homes in Eastham based on current housing prices, and there still remains many residents of more limited means who are shut-out of the private housing market and struggling to afford to live in the community. For example, a recent study by the Cape Cod Young Professionals organization in conjunction with the Dukakis Center for Urban and Regional Policy at Northeastern University, that included a survey of 5,200 Cape residents between the ages of 25 and 44, concluded that 47% of respondents had considered leaving the Cape and about half had to supplement their income to afford to remain here.

A local survey conducted of residents in the summer of 2008 also documented some unmet housing needs. For example, slightly over 45% of those responding, who currently work but do not live in Eastham, would be interested in living in Eastham if it affordable housing was available.¹⁸

Another perspective on the gaps between what housing is available in Eastham and what residents can afford to pay is demonstrated in the following analysis for short and long-term planning purposes.

¹⁸ Prepared by the Community Development Partnership with assistance from Bailey Boyd Associates for the Town of Eastham as part of a Regional Economic Development Pilot Program grant.

1. Rental Housing Needs

The analysis included in Table III-32 projects a shortage of at least 155 rental units, including 145 for low- and moderate-income renters. This data, however, does not reflect pent-up regional need for additional rental opportunities, particularly in the context of a rental housing market that has seen extraordinary price increases over the past several decades. For rental units alone, the 2000 median rental of \$682 climbed to \$1,168 by 2010 and 2014 with market rents of more than \$1,200 based on limited year-round real estate listings. If Eastham wants to attract more young adults and service employees, it will have to make sure that it provides additional affordable rental opportunities to enable them to live in town as the current subsidized rental stock is inadequate to meet these needs. Opportunities for seniors to downsize could also be accommodated by new rental development, enabling their homes to become available to families.

Certainly affordable housing development has not kept-up with housing need as demonstrated by long waits for affordable rental units. Subsidized units rarely become available and typical waits for a vacant unit are longer than five or six years. *The need for rentals is further demonstrated by a zero (0) vacancy rate and importance of replacing some of the rentals that have been lost in recent years.*

Table III-32: Rental Unit Gap Analysis

Income Group	2015 Income Range*	Affordable Rent**	# Renter Households Earning < 80% AMI ***	# Existing Affordable Units	Deficit/ Surplus
Less than 30% of AMI	\$23,650 and less	Less than \$417	20	0	-20
30% to 50% AMI	\$23,651 to \$39,400	\$417 to \$810	130	115	-15
50% to 80% AMI	\$39,401 to \$59,250	\$811 to \$1,306	120	10	-110
More than 80% AMI	\$59,251+	\$1,307+	70	60	-10
Total			340	185	-155

Source: 2012 HUD SOCDs CHAS Data

* Based on 2015 HUD Income Levels for a three-person household.

** Assumes the household will spend no more than 30% of income on housing costs, including \$175 per month in utility bills.

The Director of the Eastham Council on Aging indicated that some Eastham seniors looking to downsize to housing still within their means have had to move to other communities. She further suggested that more seniors are moving out of town to be closer to their children in other communities due to the Eastham’s high cost of living and the need for a car. Quite a few seniors, particularly those who have lost spouses and have had their Social Security benefits cut

substantially, have relocated to the Tonset Woods or Rock Harbor senior housing developments in Orleans, owned and operated by the Orleans Housing Authority (with waits of at least two years), or other relatively affordable multi-family developments in other nearby communities as Eastham does not have any subsidized units that are directly targeted to seniors and there are no assisted living units in town. She further indicated that some of the affordable rents are still too high for area seniors on fixed incomes and that subsidies that pay the difference between the rent and a percentage of the household’s income, such as project-based Section 8 subsidies, are needed.

Based on the data included in Tables III-29 and III-32, this Housing Plan recommends that rental unit goals be largely distributed as summarized in Table III-33. The one-year goal is based on annual Housing Production goals of producing affordable housing equivalent to state requirements of 0.50% of the year-round housing stock or 13 units. This amount of rental housing would comprise about 80% of the Town’s unit production goals over the five (5) years of the Housing Production Plan. Additionally, this level of production will unlikely accommodate all of the pent-up regional demand for rental housing, but represents a reasonable local goal. There should also be some focus on the housing needs of seasonal workers.

**Table III-33: Projected Distribution of Rental Units
One-year and Five-Year Goals**

Target Renter Households	Target Unit Size	Proportion of Need	# Rental Units 1-Year/5-Year Goals
Seniors/individuals/ those with special needs	One bedroom	20%	2/10
Small Families	Two bedrooms	70%	7/35
Large Families	Three+ bedrooms	10%	1/5
Total		100%	10/50

Source: HUD SOCDs CHAS Data, 2012

2. Homeownership Needs

Table III-34 demonstrates that there is an insufficient supply of affordably priced ownership units, single-family or condos, to meet the existing need of those resident owners earning at or below 80% of area median income. However, there is more than an adequate stock of homeownership units for those earning above this threshold. This Housing Production Plan therefore recommends that first-time homeownership opportunities also be included in the town’s affordable housing agenda but at a lower priority than rentals.

This Housing Needs Assessment has documented the exodus of young residents, including families with children, out of the community and the Cape as a whole. Jobs in tandem with affordable housing opportunities are key to retaining this population, maintaining Eastham’s community character, vitality and social and economic diversity. Additionally, empty nesters

looking to downsize from their existing single-family homes should be able to find accessible and affordable condominiums in Eastham as opposed to having to relocate elsewhere. However, given state requirements regarding assets (such as not having more than \$200,000 in net equity from a previous house or an additional \$75,000 in financial assets) puts many seniors out of the running for affordable housing that can be counted as part of the Subsidized Housing Inventory. Nevertheless, such housing does serve an important need for local seniors who want to afford to live independently in Eastham. Some service-enriched housing for seniors should also be considered including handicapped-accessible units. As noted earlier, only those units that are occupied by those earning at or below 80% of area median income can be counted as part of the Subsidized Housing Inventory.

Table III-34: Homeownership Affordability Analysis

Income Group	Income Range*	Affordable Sales Prices ¹⁹ Single-family/ Condo	# Owner Households	# Existing Units # Single-family/ Condos	Deficit or Surplus
Less than 80% of AMI	Less than \$59,250	Less than \$262,000/less than \$224,000	725	304/158	-263

Sources: HUD SOCDs CHAS, HUD Area Income limits for 2015, Eastham Assessor’s Office

*Based on 2015 HUD Income Limits for a three-person household.

This Housing Plan recommends that homeownership unit goals be distributed as summarized in Table III-35. This amount of first-time buyer, starter housing would comprise about 20% of the Town’s affordable unit production goals over the next five (5) years with the other units targeted to affordable rentals.

**Table III-35: Projected Distribution of Homeownership Units
Five-Year Goals**

Target Renter Households	Target Unit Size	Proportion of Need	# Units 5-Year Goals
Seniors/Individuals/ Special needs	One bedroom	20%	3
Small Families	Two bedrooms	70%	10
Large Families	Three+ bedrooms	10%	2
Total		100%	3 (average per year)/15

Source: HUD SOCDs CHAS Data, 2012

¹⁹ Figures based on 95% financing, interest of 4.0%, 30-year term, annual property tax rate of \$7.44 per thousand, \$250 monthly condo fee, insurance costs of \$4 per \$1,000 for condominiums and \$6 per \$1,000 for single-family homes, and the purchaser spending no more than 30% of gross income on mortgage (principal and interest), taxes and insurance. It is also assumes the ability of the purchaser to qualify for subsidized mortgage financing from the ONE Mortgage Program or MassHousing mortgage offerings. Therefore, no private mortgage insurance (PMI) was included in the calculations.

3. *Special Population Needs*

Eastham has a higher level of residents with disabilities than the state as a whole, at 13.3% of all residents instead of 11.3%. Of the 653 individuals with disabilities, 342 residents were 65 years of age or older representing about 22% of all those in this age group. An increasingly aging population suggests further future needs for integrating handicapped accessibility and supportive services into future affordable housing development. Long wait times for handicapped-accessible units that are managed by the Orleans Housing Authority further substantiates the need for such units. Additionally, Eastham currently has only eight (8) special needs units in group homes and no subsidized units directed specifically to seniors, including no assisted living facilities.

This Housing Production Plan recommends that at least 10% of new units created include handicapped adaptability/accessibility and/or supportive services with a 20% level for units directed to seniors or single individuals.

4. *Existing Housing Condition Needs*

About 56% of Eastham's housing stock was built prior to 1980, and as such are more likely to have traces of lead-based paint, posing safety hazards to children, as well as problems concerning aging system and structural conditions. Also, because most properties rely on septic systems, some existing systems are likely failing or in disrepair.

Programs that continue to support necessary home improvements including deleading, septic repairs and modifications for the physically disabled, should be promoted for units occupied by low- and moderate-income households, particularly the elderly living on fixed incomes and including investor-owned properties tenanted by qualifying low and moderate-income households.

The need and demand for assistance in making essential home repairs is further demonstrated by the interest in the Town's Housing Rehabilitation Program that is administered by the Community Development Partnership. The program can currently accommodate approximately 12 properties per year but has a wait list of 15 qualified applicants with another 25 or so that have submitted pre-applications.

5. *Summary of Priority Housing Needs*

This Housing Plan suggests that the Town of Eastham establish targeted affordable housing production goals based on priority housing needs over the long-term to fill the approximate 250-unit gap between the existing supply of affordable units included in the SHI and 10% of the Town's year-round housing stock, also with some consideration of housing growth. These goals are summarized in Table I-3. This table also reflects the shorter-term breakdowns of rental and homeownership goals included in Tables III-33 and III-35, respectively. The total figure would be higher given total unmet housing needs that involve an estimated total 418-unit deficit of affordable units, including both rental and ownership units.

Of the 250 affordable units to build over the long-term and 65 units in the short-term, approximately 20% are targeted to single persons or seniors, 70% to small families and the remaining 10% to larger families requiring at least three (3) bedrooms.²⁰ The goals also assume a predominance of rental units (at least 80% of all new units created) and that a certain percentage of new units created will be built adaptable to the handicapped and/or include supportive services based on special needs – 10% in case of family housing and 20% for units directed to seniors or single-persons.

²⁰ The state's housing agencies have entered into an Interagency Agreement that establishes a 10% requirement of three-bedroom units in developments that are not age-restricted.

V. CHALLENGES TO DEVELOPMENT

The Town seeks to encourage sustainable growth and development, including the integration of more affordable housing in new development, but is cognizant of the importance of promoting such growth within the context of preserving the community's natural resources, economic health and quality of life. It will be a great challenge for the town of Eastham to create enough affordable housing units to meet the state's 10% affordable housing standard, production goals and local needs, particularly in light of the following constraints to new development:

A. Infrastructure

A major constraint and cost factor for new development relates to infrastructure, particularly the historic lack of sewer and water services in Eastham that raises concerns among residents about impacts of any new development on the environment, water supply and quality in particular. Residents have had to rely solely on wells as well as on-site septic systems unless special treatment facilities were integrated into the new development, a costly measure that requires a fairly large project to be feasible. In fact a number of Alternative Septage Treatment installations have been deployed to reduce nitrate nitrogen concentrations in effluent discharges in Eastham. Eastham is a member of the Tri-Town Septage Treatment Facility located in Orleans serving Eastham, Orleans and Brewster, where much of Eastham's pumped sewage is processed.

The Lower Cape Water Management Task Force has studied the water supply and demand issue for the Outer Cape several times in the past and found that most private wells provide good quality drinking water, but increasing development negatively influences the quality and contamination from Route 6 is an ongoing concern. Eastham is fortunate in that it is essentially the sole user of the Lower Cape aquifer's Nauset Lens, sharing the northern most reaches of the Lens with Wellfleet and the National Park Service. Two potential well sites have been identified for the development of municipal water supply wells should such service become necessary.

In the spring of 2009, the Town completed an Interim Needs Assessment and Alternatives Screening Analysis Report as the first major report (Phase I) of the Town of Eastham Wastewater Management Planning Project. This study assisted the Town in developing a comprehensive strategy for wastewater treatment. This project will support the Town's efforts to provide a reliable and safe drinking water supply to residents and to integrate the on-going municipal drinking water supply planning project into the wastewater management and overall water resource management needs in Eastham in the coming years.

The Town approved the establishment of a municipal water system at its 2014 Town Meeting. The first phase will provide water to about one-third of the community and

construction is underway. The system will include two well fields, a storage tank and 45 miles of distribution piping. At the 2015 Town Meeting, the Town voted to establish a town-wide municipal water system that will eventually serve all parts of Eastham.

Mitigation Measures: It will be important for any new affordable housing development to address these infrastructure constraints, septic issues in particular, and insure that there are sufficient amounts of subsidies incorporated into the project to adequately service new residents and protect the environment. Clearly the continued development of Town water services will provide important benefits to local residents and businesses in the years to come and make affordable housing development more feasible.

B. Environmental Concerns

Eastham's natural amenities attract literally millions of visitors annually and provide highly valued opportunities for a wide range of recreational activities. These features need to be protected to the greatest extent possible, and challenges remain to balance the town's preservation desires against commercial pressures and the need for affordable housing.

- ***Protected Open Space***
Foremost among the town's open spaces is the Cape Cod National Seashore, along Eastham's eastern boundary, that provides a passive and active recreational facility of more than 3,000 acres or close to one-third of the town. The Seashore receives approximately five million visitors annually and virtually all of these visitors pass through the town of Eastham. More than a hundred privately owned residential dwellings exist within the Seashore, most of which were constructed prior to the Seashore's creation, and there are established environmental protections that limit uses, expansions, alterations, repairs and the disturbance of land associated with existing private residential properties within the Seashore zoning district. There are also more than 485 acres of Town-owned open space, some of which are also historic areas.
- ***Coastal Resources:*** The coastal resources of Eastham are divided between Cape Cod Bay on the west shore and the Atlantic Ocean including Nauset Marsh and Town Cove. The Bay shoreline extends approximately five (5) miles including coastal bank and barrier beaches that protect extensive salt marsh systems and coastal dunes. These areas have been designated as Areas of Critical Environmental Concern (ACEC), containing approximately 400 acres. The Town maintains seven (7) public beaches along this shoreline, including parking for 500 vehicles and 45 boat slips. The corporate boundary of Eastham actually extends three (3) miles into Cape Cod Bay and within this area lies productive grounds for the harvest of quahogs, sea clams, and bay scallops as well as recreational fishing for both shellfish and finfish.

Eastham's Atlantic shoreline consists for the most part of high bluffs where much of the sand has been transported southerly to form the Nauset Spit, a barrier beach that protects

the Nauset Marsh system and adjacent Town Cove. This marsh system covers approximately 800 acres and is a productive nursery area for both shellfish and finfish where aquaculture activities are encouraged. Most of Eastham's shoreline along the back shore remains undeveloped beyond the establishment of the Cape Cod National Seashore.

In addition to shellfish and finfish, Eastham's coastal habitats, particularly coastal marshlands and kettlehole wetlands, attract a high diversity of birds and mammals, and are especially important to migratory species. The Cape Cod National Seashore monitors rare species within the Park, and the Massachusetts Natural Heritage Program shows Eastham to be important to a large number of state and/or federally designated rare, threatened or endangered species, which also constrains development.

- *Other Water Resources*

There are eleven (11) ponds in Eastham that also provide recreational opportunities, many of which are privately owned. These ponds range in size from the Great Pond with 109 acres to the six-acre Jemima Pond. The town also has four (4) additional surface water bodies including Salt Pond Bay, Nauset Bay, the Herring River and Boat Meadow River. Eastham also has historically obtained its drinking water from a sole-source aquifer, the Nauset Lens, and efforts to minimize the contamination of this water source have been a local priority.

The Town of Eastham has a strong commitment to preserving what remains of its natural environment including the areas described above as well as dunes, forested areas, rare plant and wildlife species, and a variety of uncommon habitats such as swamps and kettlehole ponds. The impacts of any new development must be identified as to how it affects the environment and what actions might be required to mitigate impacts. While regulations to protect the environment, such as wetland by-laws, and to protect the public health, such as Title 5 regulations, are important and essential, they nevertheless present challenges to development by reducing the amount of buildable land and increasing the time and costs of developing new housing.

Mitigation Measures: Housing strategies are largely oriented to actions that will promote smart growth and limit impacts on the environment such as promoting accessory apartments, converting existing housing to long-term affordability, developing infill sites in existing neighborhoods, cluster development, and encouraging mixed-use development (see Section VI.A and B for details on these strategies).

C. Zoning

As is the case in most American communities, a zoning by-law or ordinance is enacted to control the use of land including the patterns of housing development. Eastham is divided into a number

of different Zoning Districts²¹, each with its own requirements, including:

- *District A* – Residential area of one (1) and two (2) family dwellings
- *District B* – An area for marine-related uses
- *District C* – An area for industrial uses
- *District D* – An area for retail sales and/or services
- *District E* – An area of limited commercial development that is compatible with the residential character of the neighborhood
- *Seashore District F* – An area with single-family dwellings located within the Cape Cod National Seashore Park to prohibit commercial and industrial uses and to conserve natural conditions
- *Water Resources Protection District G* – An open space area or residential area designated to protect the public health by preventing the contamination of the ground and surface water resources providing a portion of the potential public water supply for the Town
- *Wellfield Protection District H* – An open space area designated to protect the public health by preventing the contamination of the ground and surface water resources in a test wellfield area demonstrated to be capable of providing a portion of the potential public water supply for the Town.
- *North Eastham Overlay District I* – A mixed-use village district that encourages more compact, diverse and cohesive development.

Like most localities in the Commonwealth, Eastham’s Zoning By-law embraces large-lot zoning of at least 40,000 square feet, largely as a result of Title 5 regulations. Nevertheless, low housing density severely constrains the construction of affordable housing. Some of the dimensional requirements in the Zoning By-law for residential units are included in Table IV-1.

Table IV-1: Minimum Intensity Requirements

Dwelling Type	District	Area (Sq. Ft.)	Frontage (Feet)
Single Unit	District A	40,000	50
	District E	40,000	50
	District F	3 acres	150
	District G	3 acres	150
Two Units	District A	80,000	200
	District E	80,000	200
	District G	6 acres/no more than 5,000 sq. ft. of floor area	150
Two Units with Deed restriction	District A with site plan review	40,000	50/150

Source: Eastham Zoning By-law, Section IX, Intensity Regulations

²¹ Eastham Zoning By-law, Section II, Zoning Districts.

There are, however, several zoning provisions included in the existing By-law that are designed to promote smart growth and/or housing affordability, including the following:

- *Two-family Units for Low- or Moderate-income Households*²²

Two-family units are allowed in Districts A, E and G, the residential district, limited commercial district and Water Resources Protection District, respectively, but the area requirements are double what are required for a single-family home. The exception is obtaining site plan review in residential District A for a two-family home that includes a unit that is affordable to a low- or moderate-income tenant if owner-occupied (if not owner-occupied, both units must be affordable to low- or moderate-income tenants), reducing the area requirement to 40,000 square feet, the equivalent amount for a single-family unit. In the bylaw, low-income is defined as a household earning at or below 80% of area median income and moderate-income includes households earning between 80% and 100% of area median income. It should be noted that under this terminology only low-income units could be counted in the Subsidized Housing Inventory (SHI) assuming all other state Local Initiative Program (LIP) requirements are met (see Appendix 4). Also, maximum rents must comply with HUD Fair Market Rents. This bylaw has not been used to date.
- *Accessory Apartments*²³

At the 2013 Town Meeting, changes to Eastham's accessory apartment bylaw were approved that includes provisions for promoting the development of affordable rental housing for year-round residents by allowing accessory apartments based on the following requirements, approved through the Special Permit process:

 - Lot has at least 20,000 square feet of continuous upland available.
 - Lots of 20,000 to 30,000 square feet cannot have more than three bedrooms combined for both units.
 - Lots containing more than 30,000 square feet cannot have more than one bedroom per 10,000 square feet.
 - No more than one (1) accessory unit per lot.
 - The owner must inhabit the house as a primary residence, occupying either the principal or accessory unit.
 - Units may not be larger than 1,200 square feet or 50% of the site coverage of the principal dwelling, whichever is smaller.
 - No more than 12 accessory units may be approved in any calendar year.
 - Accessory units can be within or attached to the principal dwelling, garage or as a detached unit.

²² Eastham Zoning Bylaw, Section IX.A.2 (Accepted at Town Meeting, July 24, 2001).

²³ Eastham Zoning Bylaw, Section VII.C, Accessory Uses (Accepted at Town Meeting, July 24, 2001, and Amendment Accepted at Annual Town Meeting, May 5, 2003).

- Must meet Title 5 requirements.
- Accessory units must either be deed restricted to allow only tenants whose verified income is less than or equal to 80% of median family income or non-deed restricted to allow only tenants whose verified income is less than or equal to 120% of median family income. Note: Only the deed-restricted 80% MFI units could be counted in the Subsidized Housing Inventory (SHI) assuming all other state Local Initiative Program (LIP) requirements are met (see Appendix 4).
- Maximum rents must comply with HUD Fair Market Rents.
- Annual certification of eligibility will be made to check eligibility.
- No deed-restricted unit can be occupied until a recorded copy of the deed restriction is provided to the Building Inspector.

One (1) non-deed restricted accessory apartment has been created through this bylaw.

- *Open Space Residential Subdivision Development (OSRSD)*

“The purpose of the Open Space Residential Subdivision Development (OSRSD) bylaw is to offer an alternative development design by special permit for subdivisions to promote the permanent preservation of open space, wildlife habitat and other natural resources, including the aquifer, ground water recharge areas and wetlands, in a manner that is consistent with the Eastham Local Comprehensive Plan and to minimize sprawl and promote development that conforms to existing topography and natural features more efficiently than conventional subdivisions”.²⁴ The bylaw includes the following provisions:

 - Parcel must contain at least four (4) acres of buildable uplands, producing not less than five (5) lots.
 - Each lot must contain a minimum of 20,000 square feet of buildable upland for each single-family unit and twice that amount for each duplex unit.
 - Open space must include potentially developable area equal to or greater than 35% of the parcel’s buildable upland, maintained as open space in perpetuity, not including land for roads and/or parking. The open space must be planned as contiguous areas wherever possible, including buffers around wetlands or parcel boundaries. Connectivity with existing open space or recreational opportunities is a priority.
 - The designated open space must be conveyed to the Town of Eastham upon acceptance of the Board of Selectmen and Town Meeting, to a non-profit organization whose mission is open space conservation, or to a corporation or trust owned by the owners of the lots or residential units within the development.
 - If the open space is not conveyed to the Town, a conservation restriction enforceable by the Town must be recorded and a management plan submitted and

²⁴ Eastham Zoning Bylaw, Section XIX, Open Space Residential Subdivision Development, page 59 (Accepted at Annual Town Meeting, May 1, 2006).

approved. The management plan must authorize the Town to enter into and perform maintenance of the open space where the management program has failed, in which case, the owners of the lots will be held responsible for the cost of the maintenance.

- Density bonuses will be allocated at the discretion of the Planning Board but only when more than 35% of the buildable upland is preserved as open space.
- In regard to wastewater treatment, the area set-aside as open space may be allocated to each of the building lots proportional to the total number of lots, provided a shared or clustered septic system is proposed.
- Must be included in District A.
- Must consist of a parcel or set of contiguous parcels in common ownership.
- Include plans prepared by a certified Landscape Architect or registered Land Surveyor that identifies conservation areas, locates house sites, and aligns streets and any new trails.
- Allows single and multi-family dwellings.
- Minimum setbacks must be 25 feet from the front, side and rear lot lines, except the front setbacks from pre-existing streets must be 30 feet.

This bylaw has not been used to date. It also does not have any requirements regarding the integration of affordable housing, including density bonuses for their inclusion, which are often conditions in other comparable bylaws that encourage clustered housing and open space preservation.

Building on the recommendations in the 2002 Local Comprehensive Plan, the Town embarked on a planning effort to create a traditional mixed-use village center in North Eastham centered on the intersection of Route 6 and Brackett Road and involving the surrounding private and public properties. The Town hired a consultant to refine the vision for the area and prepare the necessary land use regulations and planning tools to appropriately address the issues and opportunities while respecting the needs of the property owners and other community stakeholders.²⁵ The focal point of the area is the 11.5-acre Purcell property that was acquired by the Town to accommodate a mix of uses, including affordable housing.

The visioning process took place in 2005 and determined that the North Eastham Village Center should be easily accessible and include the following features:

- An attractive and vibrant economic center
- Mixed but compatible uses including commercial, residential, civic, and recreational
- Smooth traffic flow
- Affordable housing
- Senior, rental housing

²⁵ North Eastham Village Center Plan, Stantec Consulting Services, March 2007.

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- Road-front businesses
- Integrated parking and landscaping
- Village green/park
- Network of pathways and restrooms
- Effective solutions/alternatives to water and wastewater needs

To follow-up on this vision, the Town appointed the Critical Planning Committee (CPC) to oversee the development of the North Eastham Village Center Concept Plan and Report that was followed up by Town Meeting approval in 2014 of the North Eastham Overlay District I.

The steps in creating the North Eastham Village Center including the following:

1. Make improvements to existing buildings and key roadways.
2. Provide the civic framework, circulation and streetscape improvements.
3. Facilitate new infill and neighborhood residential development on the Purcell parcel and surrounding areas. New housing should include a mix of affordable and market-rate rental and ownership opportunities for a broad range of age groups.
4. Facilitate new commercial and mixed-use infill development, redevelopment, and renovation of existing buildings on the Purcell parcel and in the surrounding areas. New development should primarily serve the community, such as medical and professional offices, specific types of retail stores, and year-round food and entertainment.
5. Establish a new business park in the Commercial/Industrial Area.

No development has yet taken place in this district since the adoption of this zoning.

Mitigation Measures: This Housing Production Plan includes a number of strategies that are directed to reforming local zoning regulations, making them “friendlier” to the production of affordable housing and smart growth development. These include adding inclusionary zoning, better integrating affordable housing in its clustered zoning bylaw, and exploring the conversion of motels to year-round rentals (see Section VI.B).

D. School Enrollment

Like most communities on the Cape, the Outer Cape in particular, school enrollments have been decreasing. For example, enrollments have dropped for the Eastham Elementary School from a high of 355 students in 1999 to as low as 204 students in 2005, to 182 in 2015. Comparably, enrollments at the Nauset Regional Schools (Middle School and High School) – that include students from Brewster, Orleans, Wellfleet and Eastham – decreased from 1,790 in 2000–2001 to 1,515 by 2014–2015. These declines are reflective of the substantial demographic shift towards fewer young residents and an increasing number and proportion of older ones that is occurring throughout the Cape but is particularly worrisome for the Lower Cape. Many people with children have moved away due to the high cost of living, lack of jobs in particular, while others are sending their kids to charter schools and private schools in the area, and greater numbers of

households have fewer children or no children at all.

Mitigation Measures: This Housing Production Plan recognizes the need for a wider range of affordable housing options in Eastham, including rentals and first-time homebuyer opportunities for young families. It is likely that this new development will not have a significant impact on school capacity, particularly in light of current and projected declining enrollments.

E. Public Transportation

Like most of Cape Cod, Eastham encounters significant problems with traffic congestion, particularly in the summer months when the population can swell to as many as 30,000.²⁶ Eastham is also effectively the gateway to the National Seashore and all road traffic passes through Eastham to get to other communities on the Outer Cape. Public transportation is extremely limited, largely requiring residents to have access to automobiles and further increasing the cost of living in Eastham. This reliance on the car presents a barrier to those low- and moderate-income residents who are more likely to feel the financial strains of owning and maintaining a car. The 2014 census estimates indicated that only six (6) workers (0.3% of all workers) reported using public transportation, and the Local Comprehensive Plan estimates that 95% of all trips are via private automobile.

Starting in June 2006, Flex-Route transportation system was introduced which provides bus service throughout the Outer Cape including Eastham. Those living within a half mile of the route can call the service to arrange pick-up. Twelve buses were purchased through a federal grant obtained by the National Seashore and all participating towns pay the operating expenses with some support from passengers via a token system. Eastham also participates in the Cape Cod Regional Transit Authority that coordinates and provides fixed-route buses throughout the Cape. It should also be noted that Eastham's Council on Aging offers free transportation to area seniors for medical visits and shopping, thus promoting independent living for this part of the population.

Mitigation Measures: The Town will have to pay particular attention to the projected traffic implications of any new development, working with the developer to resolve problems. Opportunities to direct development to areas that are most conducive to higher densities, such as along Route 6, particularly when water services are available in the near future, may serve to reduce transportation problems somewhat.

Eastham should coordinate its transportation planning with neighboring communities through active participation on the Cape Cod Regional Transit Authority, involvement with the Cape Cod

²⁶ The summer population consists of several groups of people including year-round residents, summer residents, shorter-term guests, and more transient weekenders. Assuming five (5) people per house during the summer period plus 1,000 to 1,500 in motels, the total population is about 25,000. The Town Clerk's Office has estimated 30,000.

Transit Task Force, and coordination with the National Park Service. The Town will also continue to participate in the Cape Cod Joint Transportation Committee.

F. Availability of Subsidy Funds

Financial resources to subsidize affordable housing preservation and production as well as rental assistance, have suffered budget cuts over the years making funding more limited and extremely competitive. Communities are finding it increasingly difficult to secure necessary funding and must be creative in determining how to finance projects and tenacious in securing these resources.

Community Preservation funding offers Eastham an important resource for affordable housing production and HOME funding from the Barnstable County HOME Consortium is also an important and flexible resource. The Town has also established a Municipal Affordable Housing Trust to manage a dedicated housing fund. This Trust has a number of important powers, including the ability to accept tax-exempt donations of land and money. Nevertheless, the Town will need to continue to leverage its limited local resources to secure substantial support from regional, state and federal resources as well.

A persistent comment related to affordable housing on the Cape is that there are not enough qualifying applicants for affordable rental housing whose income is sufficient to cover affordable rents without rental subsidies that allow tenants to pay only a portion of their income for housing. The Town has introduced the Rental Subsidy Program to help address this issue but other opportunities for obtaining rental subsidies, project-based subsidies in particular, are needed.

Mitigation Measures: This Housing Plan provides guidance on the use of Community Preservation Funds and Eastham’s Housing Trust Fund for affordable housing initiatives that will enable the Town to support the production of new affordable units and leverage other public and private funding sources. Moreover, like other communities on Cape Cod, Eastham has access to federal HOME subsidies, administered by the Barnstable County HOME Consortium, plus other state and federal funding sources.

G. Community Perceptions

Residents in most communities are concerned about the impacts that any new development will have on local services and quality of life, and many may also have negative impressions of affordable housing in general. Therefore, local opposition to new affordable developments is more the norm than the exception. On the other hand, with such high real estate prices and the exodus of younger residents, there is also a realization that workforce housing is needed in the community. More people are recognizing that the new kindergarten teacher, their grown children, or the elderly neighbor may not be able to afford to live or remain in the community. Housing for seasonal workers is also a serious concern of local employers. Residents are increasingly aware that those who provide local services, whether they are municipal workers, a

waitress in a nearby restaurant, or the local handyman, need an affordable place to live without huge commutes. It is this growing awareness that is spurring communities such as Eastham to take a more proactive stance in supporting affordable housing initiatives.

Mitigation Measures: Eastham will continue to conduct ongoing outreach to better inform local leaders and residents on the issue of affordable housing, to help dispel negative stereotypes, provide up-to-date information on new opportunities, and garner political support for new housing initiatives (see details on this strategy in Section VI.A.4). It will be important to continue to be sensitive to community concerns and provide opportunities for residents to not only obtain accurate information on housing issues, whether they relate to zoning or new development, but have opportunities for real input. Moreover, this Plan proposes that the Town hold at least annual housing summits to provide opportunities for local leaders to share information about the status of affordable housing initiatives and better promote municipal communication and cooperation in the implementation of various strategies.

H. Limited Availability of Developable Property

Developed residential or mixed residential and commercial land comprised 3,542 acres in 2000 or almost 40% of Eastham's land area. In 2000, about 350 acres of developable residential land area remained with another 253 of residentially-zoned property defined as undevelopable. Including 29 acres and 23 acres of developable commercial and industrial property, respectively, means that less than 5% of the land area of Eastham remains open and subject to possible development. Consequently, there has been a substantial amount of teardowns, involving the redevelopment of lots with existing homes.

Mitigation Measures: Because of the limited amount of future development, it is all the more important that the new units that are created help diversify the housing stock, including affordable options. This Plan suggests several zoning mechanisms to mandate and incentivize affordable units including inclusionary zoning and conversions of motels to year-round rentals (see Section VI.B) as well as strategies to promote more housing choices (see Section VI.A).

I. More Rigorous Lending Criteria

In response to the financial crisis of a few years ago, lenders are using stricter lending criteria, creating significant challenges for those who want to obtain financing to purchase a home or condominium. For example, down payments of 5% of the purchase price were typically more the norm than the exception only a year or so ago, and now are limited primarily to special lending programs administered by MassHousing or the state for qualifying first-time homebuyers. Now down payments of at least 20% are standard, thus seriously limiting those without equity in a former house to obtain financing. Moreover, lenders are requiring that those looking to purchase a condo in a new development provide documentation that at least 50% and up to 90% of the units in the development be already sold. Many lenders are no longer active in financing condos, and any number of

proposed condo developments have stalled, waiting for improved market and financing conditions.

Mitigation Measures: As noted in strategy VI.A.4, information should be disseminated to prospective purchasers on financing that is more affordable to first-time homebuyers including the ONE Mortgage Program and MassHousing mortgage financing. This outreach should also include information on homebuyer workshops and counseling opportunities and local lenders that provide such financing.

V. AFFORDABLE HOUSING PRODUCTION GOALS

The Massachusetts Department of Housing and Community Development (DHCD) introduced the Planned Production Program in December 2002, in accordance with regulations that were meant to provide municipalities with greater local control over housing development. Cities and towns were required to prepare and adopt a Housing Plan that demonstrated the production of an increase of .75% over one year or 1.5% over two-years of its year-round housing stock eligible for inclusion in the Subsidized Housing Inventory.²⁷ If DHCD certified that the locality had complied with its annual goals or that it had met two-year goals, the Town could, through its Zoning Board of Appeals, potentially deny what it considered inappropriate comprehensive permit applications for one or two-years, respectively.²⁸

Changes to Chapter 40B established some new rules.²⁹ For example, Planned Production Plans are now referred to as Housing Production Plans. Moreover, annual goals changed from 0.75% of the community's year-round housing stock, translating into 20 units per year or 40 units over two years for Eastham, to 0.50% of its year-round units, meaning that Eastham will have to now produce at least 13 affordable units annually to meet annual production goals, still a challenge for a small community.

Using the strategies summarized under Section VI and priority needs established in Section III.C, the Town of Eastham has developed a Housing Production Program to chart affordable housing activity over the next five (5) years. The projected goals are best guesses at this time, and there is likely to be a great deal of fluidity in these estimates from year to year. The goals are based largely on the following criteria:

- At a minimum, at least fifty percent (50%) of the units that are developed on publicly-owned parcels should be affordable to households earning at or below 80% of area

²⁷ Massachusetts General Law Chapter 40B, 760 CMR 31.07 (1)(i).

²⁸ If a community has achieved certification within 15 days of the opening of the local hearing for the comprehensive permit, the ZBA shall provide written notice to the applicant, with a copy to DHCD, that it considers that a denial of the permit or the imposition of conditions or requirements would be consistent with local needs, the grounds that it believes have been met, and the factual basis for that position, including any necessary supportive documentation. If the applicant wishes to challenge the ZBA's assertion, it must do so by providing written notice to DHCD, with a copy to the ZBA, within 15 days of its receipt of the ZBA's notice, including any documentation to support its position. DHCD shall review the materials provided by both parties and issue a decision within 30 days of its receipt of all materials. The ZBA shall have the burden of proving satisfaction of the grounds for asserting that a denial or approval with conditions would be consistent local needs, provided, however, that any failure of the DHCD to issue a timely decision shall be deemed a determination in favor of the municipality. This procedure shall toll the requirement to terminate the hearing within 180 days.

²⁹ Massachusetts General Law Chapter 40B, 760 CMR 56.00.

- median income. The rental projects will also target some households earning at or below 60% of area median income with lower income tiers as well depending upon subsidy program requirements. It should also be noted that the Town can provide CPA assistance to subsidize units for those earning between 80% and 100% of area median income, commonly referred to as “community housing” units, however these units cannot count as part of the Subsidized Housing Inventory or towards annual housing production goals.
- Projections are based on no fewer than four (4) units per acre, averaging about eight (8) total bedrooms. However, given specific site conditions and financial feasibility, it may be appropriate to decrease or increase density as long as projects are in compliance with state Title 5 and wetlands regulations. Because development opportunities are limited, the Town should make sure that new development makes good use of designated development parcels.
 - Because housing strategies include development on privately owned parcels, production will involve projects sponsored by private developers through the standard regulatory process or possibly the “friendly” comprehensive permit process. The Town will continue to work with these private developers to fine-tune proposals to maximize their responsiveness to community interests and to increase affordability to the greatest extent feasible, potentially infusing funding from the Eastham Affordable Housing Trust Fund or CPA where appropriate.
 - The projections involve a mix of rental and ownership opportunities that reflect the priority housing needs in the Housing Needs Assessment (see Section III.C and Table I-3) where at least 80% of the units are directed to rentals. The Town will work with developers to promote a diversity of housing types directed to different populations with housing needs including families, seniors, single occupants and individuals with special needs to offer a wider range of housing options for residents.

Table V-1: Eastham Housing Production Program

Strategies by Year	Affordable Units < 80% AMI	Workforce Units 80%-120% AMI or ineligible for SHI	Total Units*
Year 1 - 2016			
Rental Expansion Program (Strategy VI.A.3)	2	0	2
Rental Subsidy Program (VI.A.3)	0	10	10
Housing Rehabilitation Program/ownership (VI.A.3)	0	12	12
Accessory apartments/rental (VI.A.3)	0	1	1
<i>Subtotal</i>	<i>2</i>	<i>23</i>	<i>25</i>
Year 2 - 2017			
Development of privately-owned property through the "friendly 40B" process /rentals (VI.A.2)	115	0	115
Buy-down Program/Rental Expansion Program or Mortgage Assistance Program (VI.A.3)	2	0	2
Rental Subsidy Program (VI.A.3)	0	10	10
Housing Rehabilitation Program/ownership (VI.A.3)	0	12	12
Accessory apartments/rental (VI.A.3)	0	2	2
<i>Subtotal</i>	<i>117</i>	<i>24</i>	<i>141</i>
Year 3 - 2018			
Development of publicly-owned Property/Purcell property/rental (VI.A.1)	36	0	36
Buy-down Program/Rental Expansion Program or Mortgage Assistance Program (VI.A.3)	4	0	4
Rental Subsidy Program (VI.A.3)	0	10	10
Housing Rehabilitation Program/ownership (VI.A.3)	0	12	12
Accessory apartments/rental (VI.A.3)	2	4	6
<i>Subtotal</i>	<i>42</i>	<i>26</i>	<i>68</i>
Year 4 - 2019			
Private property development/ownership (VI.A.2)	2	0	2
Private property development - motel conversion/rental (VI.A.2)	10	0	20
Buy-down Program/Rental Expansion Program or Mortgage Assistance Program (VI.A.3)	4	0	4
Rental Subsidy Program (VI.A.3)	0	10	10
Housing Rehabilitation Program (VI.A.3)	0	12	12
Accessory apartments (VI.A.3)	2	4	6

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<i>Subtotal</i>	<i>18</i>	<i>26</i>	<i>54</i>
Year 5 - 2020			
Public property development - Ballwic Ave. "friendly" 40B/ownership (VI.A.1)	15	5	30
Buy-down Program/Rental Expansion Program or Mortgage Assistance Program (VI.A.3)	4	0	4
Rental Subsidy Program (VI.A.3)	0	10	10
Housing Rehabilitation Program/ownership (VI.A.3)	0	12	12
Accessory apartments/rental (VI.A.3)	2	4	6
<i>Subtotal</i>	<i>21</i>	<i>31</i>	<i>62</i>
Total	200	130	350

* The totals include market rate units in addition to the affordable and workforce units.

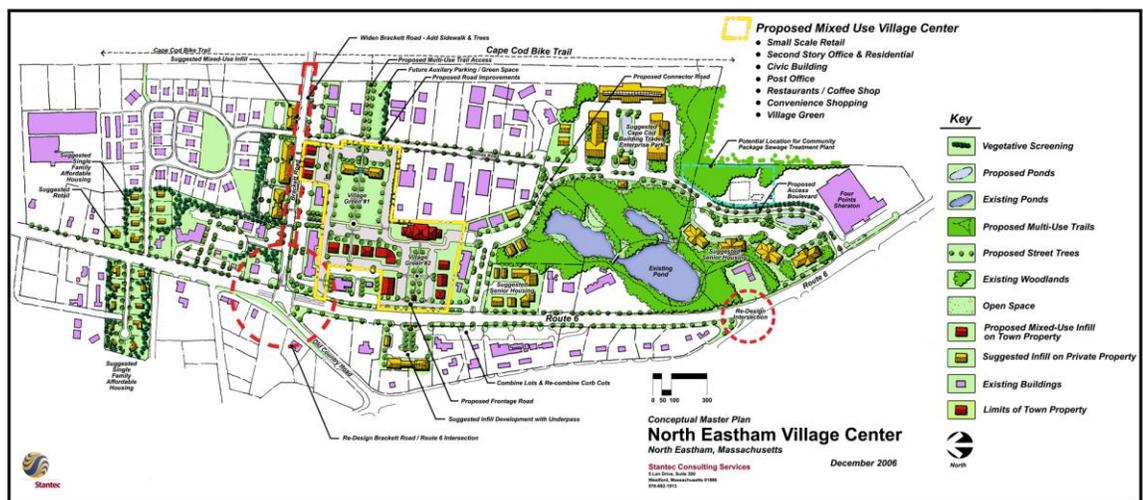
VI. HOUSING STRATEGIES

The Town has made significant progress in implementing the Housing Production Plan it prepared in 2010. Particularly important have been the following efforts to build local capacity to manage the implementation process, new zoning, and the creation of new housing initiatives:

- Secure greater professional coordination*

The previous Plan recommended that the Town determine how best to insure that it has adequate oversight to coordinate the implementation of the Housing Production Plan. It further suggested that the Town request CPA funding to support at least a part-time consultant and issue a Request for Proposals (RFP) to select the most qualified respondent. Following approval of the 2010 Housing Plan, the Eastham Affordable Housing Trust (EAHT) received CPA funding to fund a housing consultant to expedite the creation of affordable housing options for Eastham residents and hired Bailey Boyd Associates. In 2015 EAHT requested another \$36,000 in CPA funding for this professional support, transitioning to another consultant or staff person.
- Promote affordable housing in mixed-use development*

The 2010 Housing Production Plan suggested that the Planning Board should complete the planning and regulatory approvals that are necessary to establish the North Eastham Village Center zoning to extend mixed-use development, including affordable housing, along the Route 6 corridor. The Town approved the North Eastham Overlay District in its 2014 Town Meeting. The Town is also extending water services to cover about one-third of Eastham in the initial phase, including service to this area. Moreover, the Town owns an 11.5-acre property, the Purcell property, which has been designated for affordable housing development and is located in this district. The Town is committing CDBG funding to conduct predevelopment work on the site before it issues a Request for Proposals (RFP) to select a developer.



- *Modify accessory apartment bylaw*
The 2010 Housing Plan also recommended that the Town amend its accessory apartment bylaw to better promote such units that provide a number of public benefits, including relatively affordable year-round rental units. The 2013 Town Meeting approved an amended bylaw that among other provisions was to create either deed restricted accessory units directed to tenants whose verified income was at or below 80% of area median income or non-deed restricted units for tenants whose verified income is less than or equal to 120% of median income.
- *New housing initiatives*
At the May 2008 Annual Town Meeting, the Town approved the establishment of a Municipal Affordable Housing Trust Fund to promote diverse solutions to the acknowledged shortage of affordable housing. At the time that the 2010 Housing Plan was being completed, the Eastham Affordable Housing Trust (EAHT) was still in the initial phases of getting organized but has since developed a number of new housing initiatives including the Rental Expansion Program, Rental Subsidy Program, and Housing Rehabilitation Program, working in partnership with area non-profit organizations.

The strategies outlined below are based on previous plans, reports, studies, the Housing Needs Assessment, local housing goals, community input and the experience of other comparable localities in the area and throughout the Commonwealth. The strategies are categorized according to continuing development and outreach activities or longer-term zoning changes. A summary of these actions is included in Appendix 1.

The strategies also reflect state requirements that ask communities to address all of the following major categories of strategies to the greatest extent applicable:³⁰

- *Identification of zoning districts or geographic areas in which the municipality proposes to modify current regulations for the purposes of creating affordable housing developments to meet its housing production goal;*
 - Explore rezoning to convert motels to mixed-income housing (strategy VI.B.3)
- *Identification of specific sites for which the municipality will encourage the filing of comprehensive permit projects;*
 - Continue to make suitable public land available for affordable housing (strategy VI.A.1)
 - Continue to partner with private developers on privately owned sites (strategy VI.A.2)

³⁰ Massachusetts General Law Chapter 40B, 760 CMR 56.03.4.

- *Characteristics of proposed residential or mixed-use developments that would be preferred by the municipality;*
 - Adopt inclusionary zoning (see strategy VI.B.3)
 - Integrate affordable housing in the Open Space Residential Subdivision Development Bylaw (see strategy VI.B.2)
 - Continue to partner with private developers on privately owned sites (see strategy VI.A.2)
 - As indicated in strategy VI.A.2, the Town should continue to work with developers to create affordable housing in line with smart growth principles including:
 - Mixed-use development in appropriate locations,
 - Motel or cottage colony conversions,
 - Accessory apartments,
 - Redevelopment of nonresidential properties into housing,
 - Smaller infill housing in existing neighborhoods, and
 - Cluster development.

- *Municipally owned parcels for which the municipality commits to issue requests for proposals to develop affordable housing.*
 - Continue to make suitable public land available for affordable housing (see strategy VI.A.1)

- *Participation in regional collaborations addressing housing development*
 - Participate in Barnstable County HOME Consortium
 - Participation in the Regional Housing Rehabilitation Program (strategy VI.A.3)
 - Promote regional housing programs and services (see strategy VI.A.4)

It will be important to also insure that affordable units produced through this Plan get counted, to the greatest extent possible, as part of the Subsidized Housing Inventory (SHI), applied through the Local Initiative Program (LIP) administered by the state's Department of Housing and Community Development (DHCD) if another state or federal housing subsidy is not used. In addition to being used for "friendly 40B" projects, LIP can be used for counting those affordable units as part of a Town's Subsidized Housing Inventory that are being developed through some local action including:

- Zoning-based approval, particularly inclusionary zoning provisions and special permits for affordable housing;
- Substantial financial assistance from funds raised, appropriated or administered by the city or town; and/or
- Provision of land or buildings that are owned or acquired by the city or town and conveyed at a substantial discount from their fair market value.

In order to be counted as part of the Subsidized Housing Inventory the units must meet the

following criteria:

- A result of municipal action or approval;
- Sold or rented based on procedures articulated in an affirmative fair marketing and lottery plan approved by DHCD;
- Sales prices and rents must be affordable to households earning at or below 80% of area median income; and
- Long-term affordability is enforced through affordability restrictions, approved by DHCD.

Additionally, a Subsidized Housing Inventory New Units Request Form must be submitted to DHCD to insure that these units get counted. The Town needs to insure that the appropriate documentation for the seven (7) existing affordable units that are eligible for inclusion on the SHI but not yet counted gets compiled and sent to DHCD.

The Town, through the Eastham Affordable Housing Trust, has hired a CPA-funded Housing Consultant to coordinate the necessary work in implementing this Housing Plan. The affordability restrictions for all units produced through the Local Initiative Program will be monitored by DHCD, but it is the premise of LIP that the municipality and DHCD work together to create affordable housing and fulfill the obligations of the affordability restrictions.

It should be noted however, that a major goal of this Plan is not only to strive to meet the state's 10% goal under Chapter 40B, but to also to serve local needs. Consequently, there are instances where housing initiatives might be promoted to meet these needs that will not necessarily result in the inclusion of units in the Subsidized Housing Inventory (examples potentially include the promotion of accessory apartments or mixed-income housing that includes income tiers above 80% of area median income. In fact, in May 2015, the Eastham Affordable Housing Trust identified guiding principles for pursuing affordable housing opportunities that were also adopted by the Board of Selectmen the following August, the first of which was to increase housing opportunities for those who live and/or work in the community, by prioritizing opportunities that support its local citizenry and that serve a range of local housing needs – even if the units may not be eligible for inclusion in the state Subsidized Housing Inventory (SHI).

Other EAHT guiding principles included:

1. Increase housing opportunities to those who live and/or work in the community, by prioritizing opportunities that support its local citizenry and that serve a range of local housing needs – even if the units may not be eligible for inclusion in the state Subsidized Housing Inventory (SHI).
2. Develop year-round affordable rental units to serve Eastham's most financially vulnerable residents including it service workers.
3. Identify properties that have reduced or nominal acquisition costs.

4. Support the subsidization of rental housing and the subsidization of infrastructure and utilities for new housing developments.
5. Maximize opportunities within Eastham's built environment by prioritizing projects that convert existing housing into affordable units (accessory apartments, small in-fill developments, buy-down initiatives).
6. Develop projects that serve a wide range of housing needs including families, single occupants, seniors and special needs populations.
7. Encourage a diversity of housing types including clustered mixed-income and scattered single and multi-family units.

Using these guiding principles, it is the intention of EAHT to explore the investment of CPA funds for new purposes during the course of implementing this Housing Production Plan in order to ensure funds are used in the most efficient manner possible.

Within the context of these guidelines, compliance issues, identified local needs, existing resources, affordability requirements, community input and the other goals listed in Section II of this Plan, the following housing strategies are offered for consideration. *It is important to note that these strategies are presented as a package for the Town to prioritize and process, each through the appropriate regulatory channels.* Moreover, the proposed actions present opportunities to judiciously invest funding from the Eastham Affordable Housing Trust Fund or CPA to subsidize actual unit production (predevelopment funding and/or subsidies to fill the gap between total development costs and the affordable rent or purchase prices) and leverage additional resources, modify or create new local zoning provisions and development policies, and help preserve the existing affordable housing stock.

A. Development and Outreach Strategies

The following strategies largely involve a continuation of effective development and outreach strategies that were initiated through the implementation of the 2010 Housing Production Plan:

1. Continue to Make Suitable Public Land Available for Affordable Housing

Current Status: As mentioned in Section IV, major obstacles to developing affordable housing in Eastham include the limited availability of developable property, publicly-owned property in particular. Nevertheless, there is a precedent for providing publicly-owned property for affordable housing including:

- Two (2) Habitat for Humanity homes
- Bay Meadows ("friendly" 40B)
- Nauset Road rental (involved a house that was donated and moved to a Town-owned site)

Table VI-1 includes a preliminary list of Town-owned properties that are either being planned for some amount of affordable housing, as is the case with the Purcell property in the North

Eastham Overlay District, or under some preliminary consideration.

Table VI-1: Potential Town-owned Properties for Affordable Housing

Map	Parcel	Address	AKA	Size (acres)
2	32	1 Sandy Meadow Way	Roach Property	14
8	147	4300 State Highway	Purcell Property	11.5
12	211B	10 Ballwic Road	Forrest Ave	21

The Town has issued an RFP several times in the past for the development of the Purcell property but did not receive proposals, largely related to the lack of water services and the relatively low housing density that was included in the RFPs. Based on the availability of water services in the near future and projected density of about 36 units that is more conducive to obtaining financing for subsidized rental housing, it is likely that a new RFP will attract interest from qualified developers.

Next Steps: The Housing Trust should continue to work with other Town boards and committees to pursue surplus municipal property for the development of affordable housing, including possible tax title property as well. For such properties, when identified, the Town should focus on providing the following types of support:

- *Predevelopment Work:* The Town should support the costs of preliminary feasibility analyses of existing Town-owned parcels with funding through Community Preservation funds, the Affordable Housing Trust Fund, or CDBG. For example, the Town is using some CDBG funding to conduct predevelopment work on the Purcell property.
- *Request for Proposals (RFP):* Following the necessary approvals for the conveyance of Town-owned properties, the Town’s Chief Procurement Officer and the Town’s Housing Consultant should prepare a Request for Proposals (RFP) to solicit interest from developers based on the Town’s specific project requirements and select a developer based also on identified criteria included in the RFP. Projects will require densities or other regulatory relief beyond what is allowed under the existing Zoning Bylaw, and this will likely be obtained through the “friendly” comprehensive permit process under DHCD’s Local Initiative Program (LIP). In fact the Chapter 40B has been used in the past in the development of a number of former Town-owned parcels.
- *Advocacy:* The Town will need to be involved in helping the selected developer secure the necessary financial, technical and political support. Evidence of municipal support is critical when seeking financial or technical assistance from regional, state or federal agencies.

- *Gap Financing:* Comprehensive permits typically do not involve external public subsidies but use internal subsidies by which the market units in fact cross-subsidize the affordable ones. Many communities have used the “friendly” comprehensive permit process to take advantage of these internal subsidies, to create the necessary densities to make development feasible, and to make it easier to navigate the existing regulatory system. Other developments require public subsidies to cover the costs of affordable or mixed-income residential development and need to secure public subsidies through the state and federal government and other financial institutions to accomplish these objectives. Because total development costs are typically significantly higher than the rents or purchase prices that low- and moderate-income households can afford, multiple layers of subsidies are often required to fill the gaps. Even Chapter 40B developments are finding it useful to apply for external subsidies to increase the numbers of affordable units, to target units to lower income or special needs populations, or to fill gaps that market rates cannot fully cover.

Because development on Town-owned properties will likely include more affordable units than are required under Chapter 40B to boost the public benefits associated with the conveyance of Town-owned property for affordable housing, it is likely that some local funding will be necessary to leverage additional sources of financing from regional, state and/or federal governments and make development financially feasible.

Responsible Parties: Board of Selectmen with support from the Eastham Affordable Housing Trust (EAHT).

Resources Required: Local resources will be required to help subsidize the development and leverage other sources of financing, the amounts dependent on the size and type of the development, the numbers of affordable units, and the targeted income level(s).

The donated time of members of the EAHT and other Town boards and committees (such as Assessing, ZBA, and Community Preservation Committee) will be important as well as coordination from the Town’s CPA-funded Housing Consultant.

Projected # Affordable Units Produced: 51 units

2. Continue to Partner with Private Developers on Privately Owned Sites

Current Status: Continuing to work cooperatively with private developers, non-profit and for profit, is a major component of this Housing Production Plan. The Town already has a good track record working with developers on affordable housing, non-profit developers in particular such as the Eastham Housing Authority, Community Development Partnership and Habitat for Humanity of Cape Cod.

With incentives created in the zoning bylaw to promote affordable housing (see Section VI.B) and

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with the availability of the “friendly 40B” option, the Town is in a good position to continue to work cooperatively with developers to guide new development that incorporates affordable units and smart growth principles including the following types of development:

- Mixed-use development in appropriate locations
- Motel or cottage colony conversions
- Accessory apartments
- Redevelopment of nonresidential properties into housing
- Smaller infill housing in existing neighborhoods
- Cluster development

Next Steps: The Town will focus on the following approaches to creating new affordable units on privately-owned parcels in line with “smart growth” principles:

- *Zoning Changes:* The longer-term zoning strategies included in Section VI.B in addition to current zoning, including recently adopted North Eastham Overlay District and modified accessory apartment bylaws, should provide the necessary framework for new development that will include some amount of affordable housing.
- *Chapter 40B:* Comprehensive permits, particularly the “friendly” 40B process through the state’s Local Initiative Program (LIP), have proven to be a useful tool in many communities for projects that require significant waivers of local zoning but meet local needs and priorities. Eastham has used the comprehensive permit process on about half of the units included in the Subsidized Housing Inventory including CDP’s Gull Cottage project, Bay Meadows, and Brackett Landing. Key to the success of these new developments was the partnership between the Town and the developer to build affordable housing as well as the expertise of the developer.

Locations where the “friendly” 40B process make the most sense include the Route 6 corridor that is closest to transportation and services. The introduction of water services within the next year or so will also provide opportunities for greater densities in appropriate locations of town.

The Town is also currently in discussion with a private developer, Stratford Capital Group, on a potential Local Initiative Program (LIP) rental development, Governor Prence Residences, on Route 6 at the previous T-Time driving range site.

The EAHT should serve as the first municipal entity to formally review housing proposals in their early stages and provide useful feedback to developers on preliminary plans with support from the Town Planner, Housing Consultant and other Town boards as appropriate.

Responsible Parties: Eastham Affordable Housing Trust in cooperation with the Planning Board

on necessary zoning changes and the Zoning Board of Appeals and Board of Selectmen on the Local Initiative Program (LIP) opportunities.

Resources Required: Donated time from the EAHT and other Town boards and committees to review, provide feedback and process housing project proposals with staff support from the Town Planner and Housing Consultant.

Projected # Affordable Units Produced: 127 units

3. Continue to Partner with Non-profit Organizations on Local Housing Programs

Current Status: In partnership with area non-profit organizations and with support from the CPA-funded Housing Consultant, the EAHT has established several local housing initiatives including:³¹

- *Rental Expansion Program*
Since 2012, the Eastham Affordable Housing Trust has purchased seven (7) properties and converted them to affordable rental units that are deed restricted in perpetuity. The Housing Trust has used CPA funding to subsidize these units, making six (6) of them affordable to tenants earning at 80% of area median income while paying no more than 30% of their income on rents and utilities and another moderate-income unit for a household earning between 80% and 120% AMI. The Town has contracted with the Community Development Partnership (CDP) for property management.
- *Eastham Regional Housing Rehabilitation Program*
In conjunction with other nearby communities, the Town received Community Development Block Grant (CDBG) funding from the state to operate a Housing Rehabilitation Program, managed by the Community Development Partnership (CDP).

The Town is contracting with Harwich Ecumenical Council for Housing (HECH) on administrating the following program:

- *Rental Assistance Subsidy Program*
In 2012, the Eastham Affordable Housing Trust initiated the Rental Assistance Subsidy Program to create additional affordable rental opportunities by “buying down” market rate rental units to make the monthly rent affordable to those earning at or below 60% of area median income. The program mimics federal and state rental assistance programs by providing the subsidy directly to the landlord who must enter into year-round leases with the tenants. The subsidy is based on the difference between the Fair Market Rent

³¹ More details on these programs are included in Section III.B.5, Subsidized Housing Inventory (SHI).

(FMR) and 30% of the qualifying tenant's income with a maximum subsidy of \$350 per month.

The Town also has a track-record of working with Habitat for Humanity of Cape Cod to build housing for qualifying first-time homebuyers on small infill sites with two units at Rabbit Run currently under construction.

Next Steps: In addition to continuing these programs, EAHT may also want to consider other program options that might include:

- *Accessory Apartment Loan Program*
In an effort to promote the use of the Accessory Apartment bylaw and thus smaller year-round rentals, the Town could provide a loan, much like the no interest deferred in the Regional Housing Rehabilitation Program, as well as technical assistance to owners interested in creating such an apartment in their home.
- *Family Sufficiency Adaptation to the Rental Subsidy Program*
Another option would be to increase the per family subsidy under the Rental Subsidy Program to invest in special escrow accounts for each participating household, sometimes referred to as Individual Development Accounts (IDA's), that grow during the course of program participation and can be used for down payments for accessing homeownership at some point in the future. For example, Chatham's Housing Voucher Program offers qualifying households a subsidy for a period of five (5) years that consists of two (2) parts – a shallow rent subsidy of not more than \$350 per month and an automatic contribution to a monthly escrow account, deducted from the rent subsidy.
- *Mortgage Assistance Program*
While the production and preservation of rental housing is identified as the major focus of this Housing Plan, Section III.C also documents that there is an insufficient supply of affordably priced ownership units, single-family homes or condos, to meet the existing need of those earning at or below 80% of area median income. In an effort to reduce the exodus of young families from the area, this Plan recommends that the Town consider introducing a program to promote starter housing by subsidizing the mortgages of qualifying first-time homebuyers.
- *Emergency Repair Program*
The Town may also consider a special fund to help qualifying lower income owners make emergency repairs such as repairs to a furnace, roof or other item that threatens the health and safety of the occupants. The current Housing Rehabilitation Program has to ability to support some emergency repairs but on a limited basis.

- *Rental Relocation Program*
Given the high up-front costs associated with moving into a new rental unit, including the first and last month's rent as well as a security deposit, the Town might consider subsidizing these expenses up to a certain maximum amount for qualifying tenants or participate in the Hands of Hope Outreach Center's existing program that helps Cape families currently living in unsuitable rental housing relocate to better living conditions by providing first and last month's rent.
- *Emergency Assistance Program/Fund to Prevent Homelessness*
The Town might also consider providing a one-time grant of up to a certain amount to pay overdue bills that would allow the family to remain in their home and community instead of face eviction.

There are numbers of communities that are implementing such programs and consequently models/program designs that EAHT can review and adapt to Eastham. Some of the above programs could also be easily adaptable to modifications of the Regional Housing Rehabilitation Program.

Responsible Parties: Eastham Affordable Housing Trust (EAHT) and the Community Preservation Committee (CPC).

Resources Required: Local resources (such as CPA, Housing Trust funding, and CDBG) will be required to help subsidize these programs. The donated time of members of the EAHT will be important as well as coordination from the Town's CPA-funded Housing Consultant.

Projected # Affordable Units Produced: 22 units

4. Continue to Conduct Ongoing Community Education

Current Status: Because most of the housing strategies rely on local approvals, including those of Town Meeting, community support for new initiatives has and will continue to be essential. Strategic efforts to better inform residents on the issue of affordable housing and specific new initiatives can build local support by generating a greater understanding of the benefits of affordable housing, reducing misinformation, and dispelling negative stereotypes. These outreach efforts are mutually beneficial as they provide useful information to community residents and important feedback to local leaders on community concerns.

Next Steps: The presentation of this Housing Production Plan offers another opportunity to bring attention to the issue of affordable housing, offering information on housing needs and proposed strategies that can help attract community support for affordable housing initiatives. Other education opportunities should continue to be pursued such as:

- *Forums on specific new initiatives*
As the Town develops new housing initiatives, the sponsoring entity must hold community meetings to insure a broad and transparent presentation on these efforts to other local leaders and residents, providing important information on what is being proposed and opportunities for feedback before local approvals are requested.
- *Annual housing summits*
Most communities lack an effective mechanism for promoting regular communication among relevant Town boards and committees on issues related to affordable housing. Having a forum to share information on current housing issues would help foster greater communication and coordination among these entities. Additionally, inviting residents can help build community interest, improve communication and garner support. Many communities are sponsoring special housing-related events. For example, Truro organized a panel discussion on housing issues, inviting representatives of other towns on the Cape and organizations involved in affordable housing. Yarmouth held a spaghetti dinner and offered an update on their affordable housing initiatives with opportunities for feedback from local leaders and the public. Dennis held an annual meeting, inviting representatives of regional organizations to speak about the issue.
- *Public information on existing programs and services*
The Town should get the word out about existing local and regional programs and services that support homeownership, property improvements or help reduce the risk of foreclosure including first-time homebuyer and foreclosure prevention counseling from HAC and the Community Development Partnership (CPD). High housing costs are still creating problems for low-income residents despite the recession of several years ago. For example, renters continue to confront difficulties finding safe and decent rental units, especially during the summer, as market and subsidized rentals are very limited. Owners, including seniors living on fixed incomes, are finding it increasingly difficult to afford the costs associated with rising energy costs, insurance and home improvements, and some have been faced with foreclosure. Additionally, some seniors and those with special needs require handicapped adaptations and repairs to help them remain in their homes. Eastham residents might also benefit from technical and financial support in the case of septic failures and Title 5 compliance issues.

For example, CPD offers an education course for first-time homebuyers. Financial management and foreclosure prevention workshops are also available for homeowners interested in better managing their finances to avoid financial hardship and to better understand and avoid foreclosure.

Besides local programs summarized in strategy A.2 above, additional programs operated by the Housing Assistance Corporation (HAC) and other entities are available to

qualifying local residents to assist in home purchases and improvements including the following:

- *HOME Down Payment and Closing Cost (DPCC) Program*

The Housing Assistance Corporation (HAC) is currently administering the Barnstable County HOME Consortium's Down Payment and Closing Cost (DPCC) Program that provides up to a \$10,000 no interest, deferred loan to households earning at or below 80% of area median income, helping them purchase their first home. The loan amount is repaid upon the sale or transfer of the unit. The maximum purchase price is \$309,000 for an existing house and \$342,000 for a newly constructed one.
- *Existing Homeowner Rehabilitation Assistance Program*

HAC manages this program that provides a no-interest, deferred payment loan to qualifying homeowners, the amount not to exceed \$25,000, and to be repaid upon the sale or refinancing of the property. The maximum house value for participating properties is \$362,000 and the needs of seniors, handicapped and single parents are given priority consideration for funding, as are houses with substantial repair needs.
- *USDA Mortgages and Repair Loans*

The U.S. Department of Agriculture provides mortgages and home repair financing at discounted rates and terms.
- *Home Modification Loan Program*

The Southern Middlesex Opportunity Council (SMOC), with an office located in Buzzards Bay, offers financial assistance to persons seeking to make modifications to their home to improve accessibility for the physically disabled.
- *Barnstable County Septic Management Loan Program*

The County provides 5% interest rate loans with 20-year terms to help property owners comply with Title 5 regulations.
- *Fuel Assistance*

Discounted fuel cost programs are operated by the South Shore Community Action, Citizens Energy, National Grid, and Cape & Islands Self-Reliance.
- *Weatherization and Energy Assessments*

HAC also provides free energy audits and funding to help qualifying property owners earning up to 60% AMI make energy-efficient home improvements. Most households that receive fuel assistance also qualify for this program.
- *Heartwap*

HAC operates an emergency repair program for households receiving fuel assistance that require the repair or replacement of the heating system.
- *Cape Light Compact Efficiency Program*

This program offers energy-saving devices (i.e., light bulbs, water conservation and other devices), rebates and technical assistance to qualifying tenants and

homeowners on how to save on their electrical bills. Some participants can also qualify for a free refrigerator, freezer.

- *Money Smart Training Modules*

The FDIC offers educational programs at no cost on a wide range of financing issues to guide adults (including special programs for older adults) and businesses in making sound financial decisions. Some banks also provide specialized training on credit, money management and financing options.

- *Local Sustainable Business Development Initiatives*

The Cape Cod Chamber of Commerce have been supportive of approaches to help local businesses develop and maintain affordable housing, particularly in light of a significant seasonal workforce and younger residents leaving the Cape for other more affordable areas with greater employment opportunities.

- *Get the Lead Out*

With funding from MassHousing, this Program provides low-cost financing to owners of 1-4 family properties to remove lead and reduce the possibility of lead poisoning in children.

- *Lower Cape Housing Meetings*

The Cape Cod Commission has been organizing meetings of representatives of the Lower Cape, from Orleans to Provincetown, to discuss the range of housing issues that affect the area. Those who are encouraged to attend include members of the Board of Selectmen, Housing Committees/Trusts, and Housing Authorities as well as town planners, and representatives of community-based organizations.

- *Educational opportunities for board and committee members*

Local boards such as the Board of Selectmen, Community Preservation Committee, Housing Trust, Zoning Board of Appeals, Planning Board and other interested local leaders, as well as members of the Eastham Housing Authority, should be able to receive ongoing training on affordable housing issues. Well advised and prepared board and committee members are likely to conduct Town business in a more effective and efficient manner. New members without significant housing experience would benefit substantially from some training and orientation. Moreover, requirements keep changing and local leaders must keep up-to-date. Funding for the professional development of staff, including the Town Planner and Town Administrator, would also help keep key professionals up-to-date on important new developments, best practices and regulations.

The University of Massachusetts Extension's Citizen Planner Training Collaborative (CPTC) offers classes periodically throughout the year and will even provide customized training sessions to individual communities. The Massachusetts Housing Partnership conducts at least annually the Massachusetts Housing Institute, which is "an educational program to support municipalities and local participants to better understand the

affordable housing development process and have an effective role in initiating and implementing local solutions to increasing housing choices”. Other organizations and agencies, such as DHCD, MHP, CHAPA, and the Community Preservation Coalition, also provide conferences and training sessions on a wide variety of housing issues that would be useful for local officials and staff persons to attend. In addition, there are numerous written resources for localities. For example, DHCD has prepared a procedural “how to” booklet for local communities on the development process, MHP has many technical guides for localities, and CHAPA has a wide variety of reports on many issues related to affordable housing as well.

- *Enhanced Website*
The EAHT should work with appropriate Town staff on providing a housing section on the Town’s website with useful information on housing-related activities and resources as well as important links.
- *Community Access Television*
Important informational meetings and public hearings related to affordable housing should be televised where possible to provide information to larger numbers of residents on new housing initiatives and issues.

Responsible Parties: Eastham Affordable Housing Trust and other sponsors of affordable housing-related initiatives such as the Planning Board and Community Preservation Committee.

Resources Required: Volunteer time of members of the EAHT to coordinate these activities with support from the CPA-funded Housing Consultant. The EAHT would work with the Planning Board to coordinate public meetings on zoning-related efforts with support from the Town Planner.

B. Zoning Strategies

The following strategies are for longer-term consideration but have the potential to support affordable housing and smart growth development through zoning changes:

1. *Integrate Affordable Housing into the Open Space Residential Subdivision Development (OSRSD) Bylaw*

Current Status: Eastham’s zoning includes an Open Space Residential Subdivision Development (OSRSD) bylaw that requires part of the development parcel be set-aside and regulated as permanent open space when such plan is preferable to a conventional residential subdivision. This provision promotes a “smarter” and more compact type of development pattern as units are built in a cluster instead of the conventional grid pattern, allowing higher density on a portion of the site and creating permanently restricted open space. The bylaw has not been used to date, does not include any requirements or incentives for incorporating affordable housing, and is restricted to Residential “A” districts.

Next Steps: The Town should revisit these provisions and determine what measures may better promote its use. The bylaw should include density bonuses for integrating some amount of affordable housing. More incentivized density bonuses and affordability requirements should encourage mixed-income development and support greater project feasibility. Associated design guidelines and review as well as inclusionary requirements can insure that goals are met in ways appropriate and beneficial to the Town.

The bylaw should also extend its use to other zoning districts beyond the current Residence A restriction. As this current zoning limits development to parcels of at least four (4) acres of buildable upland and proposals that create at least five (5) lots, there are approximately 40 such parcels that exist in the community that could support such development. However, only approximately half of these potential parcels are included in the Residential A district. Expanding this zoning into other districts would capture not only more vacant parcels, but also potential hotel/motel lots with large areas that may could be redeveloped. There are also several large parcels in a commercial zone that could conceivably support a large clustered subdivision,

The Planning Board should review model bylaws and tweak the existing bylaw. Model bylaws have been produced by the Metropolitan Area Planning Council, Massachusetts Audubon, and others in the Green Neighborhood Alliance, and adopted by a number of Massachusetts communities. Several examples are offered on the Citizen Planner Training Collaborative website (www.umass.edu/masscptc/examplebylaws.html) and the state's Smart Growth Toolkit (www.mass.gov/envir/smart_growth_toolkit/pages/SG-bylaws.html).

Responsible Parties: Planning Board with support from the EAHT.

Resources Required: The Planning Board should coordinate this effort with other appropriate local officials, drafting the zoning amendment and coordinating the necessary approvals towards implementation. This strategy will require the professional support from the Town Planner with input potentially from the Town's CPA-funded Housing Consultant.

2. Adopt Inclusionary Zoning

Current Status: Inclusionary zoning, not currently included in Eastham's Zoning Bylaw, is a zoning provision that requires a developer to include affordable housing as part of a development or potentially contribute to a fund for such housing. This mechanism has been adopted by more than one-third of the communities, and many of these municipalities are reaping the rewards of these actions through the creation of actual affordable units and/or cash contributions to the locality for investment in affordable housing production. There are a variety of bylaws that have been adopted in localities throughout the state and requirements vary considerably as demonstrated in Table VI-2.

Many communities also allow density bonuses in connection with their inclusionary zoning bylaws. Studies on inclusionary zoning indicate that mandatory provisions coupled with strong incentives are most effective in promoting affordable housing. It is important to provide sufficient incentives to developers to make sure that the incorporation of affordable units will be financially feasible. Incentives also reduce the risk of litigation from developers who claim that the mandatory inclusion of affordable units involves a “taking” of their property rights. In fact inclusionary zoning can be legally vulnerable if requirements make it impossible for the developer to earn a reasonable return on the project as a whole. Consequently, it would be prudent for the Town to add incentives to cover these legal questions and insure that the zoning works economically.

Table VI-2: Summary of Inclusionary Zoning Requirements in Other Communities

Municipality	Required Percentage of Affordable Units	Minimum Project Size	Payment-in-lieu of Affordable Units
Amherst	Based on project size Ranges from 7% to 12%	10 Units	No ³²
Arlington	15%	6 Units	Yes
Barnstable	10%	10 Units	Formed a committee to study
Belmont	10%, 12.5% or 15% depending on project size	2 single-family or two-family homes	Yes
Brookline	15%	6 Units	Yes
Cambridge	15%	10 Units	Yes
Duxbury	10%	6 Units	Yes
Hopkinton	10%	10 Units	Yes
Medway	10%	6 Units	Yes
Newton	15%	4 Units*	Yes
Somerville	12.5%	4 units*	Yes
Tewksbury	15%	4 Units*	Yes
Watertown	10%**	5 units	Yes
Wellesley	20%	5 Units	Yes
Yarmouth	20%	5 Units	No

*Zoning indicates that the calculation of a fractional unit of 0.5 or more shall be regarded as a whole unit. With a 12.5% to 15% affordability requirement, the 0.5 threshold occurs with four (4) total units. **Planning to increase to 12.5%.

Next Steps: The Eastham Planning Board should explore model bylaws and prepare a zoning amendment that is best suited to supporting affordable housing in Eastham. The Planning Board should prepare, adopt and present the bylaw to Town Meeting for approval. Ideally the adoption

³² A cash in-lieu fee was recommended as part of the Housing Production Plan that the Town approved in 2013.

of this bylaw would lead to the production of actual housing units, but may also deliver payments in lieu of actual units to help capitalize the Eastham Affordable Housing Trust Fund.

The Executive Office of Environment and Energy's Smart Growth Toolkit includes a model inclusionary zoning bylaw that highlights key local decisions and makes some commentary for consideration throughout (www.mass.gov/envir/smart_growth_toolkit/pages/SG-bylaws.html). The Citizen Planner Training Collaborative's website has a model bylaw with commentary and some policies as well (www.umass.edu/masscptc/examplebylaws.html).

Responsible Party: Planning Board with support from the EAHT.

Resources Required: The research and preparation of the bylaw could be performed by the Town Planner, potentially with input from the Town's Housing Consultant. If the Town decided to hire a land use consultant, the fee should not be more than \$5,000 and could be covered by CPA funds, the Affordable Housing Trust Fund, Cape Cod Commission's Technical Assistance Program (TAP), or state technical assistance funding such as DHCD's Planning Assistance Toward Housing (PATH) Program.

It will be important to also insure that all affordable units produced through the bylaw get counted as part of the Subsidized Housing Inventory, applied through the Local Initiative Program (LIP) administered by DHCD if another housing state of federal subsidy is not used. The major tasks for insuring that the affordable units, referred to as Local Action Units (LAUs), meet the requirements of Chapter 40B are summarized at the introduction to this section and should be performed by the Town's Housing Consultant. The monitoring of projects to insure continued affordability based on use restrictions would be the responsibility of a designated monitoring agent, DHCD in the case of LIP units, however towns also have a role in the monitoring process as noted in the above sections.

3. Explore Rezoning to Convert Motels to Mixed-Income Housing

Current Status: Eastham's Zoning Bylaw does not include provisions for allowing the conversion of motels into mixed-income housing that can provide a number of important community benefits. First, such a bylaw would encourage the redevelopment of older and uneconomic motels into more stable, attractive and profitable properties. Second, it would provide the economic boost needed to upgrade septic systems. Third, it would enable the Town to create permanent, year-round housing for those who are priced out of the private housing market, providing housing potentially for various income levels, even market rate units to help cross-subsidize the more affordable ones.

Eastham has a number of properties that might benefit from this type of rezoning, including older motels and small cottage colonies. Adoption of such provisions would enable the Town to proactively provide support for this type of redevelopment activity, instead of reacting to

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proposals to convert such properties that do not integrate affordability and other public benefits that meet local needs and priorities.

There are a number of communities on Cape Cod that have enacted zoning changes to promote motel conversions into mixed-income housing. For example, the Town of Dennis encourages affordable year-round housing units through a number of avenues in its Affordable Housing bylaw, including the conversion of existing hotels and motels under Section 4.9.3.6 based on a number of conditions including:

- Units cannot be less than 250 square feet of living space.
- The bylaw promotes a mix of unit sizes and no less than 25% of the units must have one-bedroom and be at least 700 square feet and size and not more than 25% of the units created can have a minimum floor area of less than 400 square feet. The Planning Board, the special permit granting authority under the bylaw, may also require up to 10% of the units have two-bedrooms with a minimum floor area of 900 square feet.
- No existing building can be expanded to accommodate affordable units.
- At least 25% of the units created must be deed restricted and affordable based on the requirements of Chapter 40B.

The Town of Yarmouth approved a zoning amendment in April 2006 to permit the following for motel properties in the Hotel-Motel Overlay District (HMOD):

- Redevelopment as a motel property
- Redevelopment as mixed-use (i.e. commercial and residential); and
- Redevelopment as multi-family housing

This bylaw was created to revitalize the Town's primary commercial corridor by providing the incentives necessary to redevelop outdated and non-competitive hotel/motel stock. Section 404 of Yarmouth's zoning bylaw (the "motel bylaw") was developed to counter the effects of a ban on motels that was put into place during the mid-1980s. To further incentivize the redevelopment of Route 28 properties, the Town of Yarmouth worked with the Cape Cod Commission to gain their approval of a Growth Incentive Zone (GIZ) along Route 28, specifically applicable for motel properties affected by the motel bylaw. The Growth Incentive Zone facilitates the development of these properties by eliminating Cape Cod Commission review for properties that meet the Commission's requirements as spelled out in the Growth Incentive Zone. The Town is required to monitor redevelopment and to report on a regular basis to the Commission. The Town has also provided CPA funding in support of a Motel Redevelopment Fund to provide subsidies to make redevelopment feasible with the inclusion of affordable units with additional CPA funding to acquire a motel, select a developer (through the RFP process), and make appropriate improvements to convert the property to year-round, mixed-income rental housing.

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Next Steps: The Planning Board, with support from the EAHT, should explore these and other zoning provisions for encouraging the redevelopment of motels into mixed-income housing. It should be noted that the conversion of these properties can be complicated by the small size of the existing units, requiring creative design solutions, state funding requirements that have relatively large minimum unit sizes based on the number of bedrooms, the competitiveness of the housing market, among others.

Responsible Parties: Planning Board with support from the Housing Trust.

Resources Required: The donated time of local officials with professional support from the Town Planner and Town's CPA-funded Housing Consultant.

APPENDIX 1

Summary of Housing Strategies

Strategies	Priority for Implementation		# Affordable Units	Responsible Parties**
	Shorter-term Years 1-2	Longer-term Years 3-5		
A. Development and Outreach Strategies				
1. Continue to make suitable public land available for affordable housing	X		51	BOS/HT
2. Continue to partner with private developers on private properties	X		127	HT/PB or ZBA
3. Continue to partner with non-profit organizations on local housing programs	X		22	HT/CPC
4. Continue to conduct ongoing community outreach	X		*	HT
B. Zoning Strategies				
1. Integrate affordable housing in the OSRSD bylaw		X	*	PB/HT
2. Adopt inclusionary zoning		X	*	PB/HT
3. Explore rezoning to convert motels to mixed-income housing		X	*	PB/HT

**Indicates actions for which units are counted under other specific housing production strategies, have an indirect impact on production, do not add to the Subsidized Housing Inventory, or cannot be counted towards production goals.*

**Abbreviations

Housing Trust = HT

Board of Selectmen = BOS

Planning Board = PB

CPC = Community Preservation Committee

Zoning Board of Appeals = ZBA

APPENDIX 2

Local and Regional Organizations

The town of Eastham has the following local and regional entities available to help support the production of affordable housing and/or provide housing-related services:

1. *Eastham Housing Authority*

The Eastham Housing Authority (EHA) has hired the Orleans Housing Authority to manage its current 13 units of family rental housing, scattered at the following locations:

- Three (3) duplex structures with a total of six (units) including three (3) one-bedroom units and three (3) two-bedroom units at 5965, 5975 and 5985 State Highway (Route 6) – part of Eastham Duplexes project. DHCD has these units' affordability restrictions expiring in 2014 which is incorrect and needs to be changed.
- Another duplex structure at 65 Van Dale Avenue, also with a one-bedroom and two-bedroom unit – part of Eastham Duplexes project.
- Two additional duplex structures, like above, at 5960 and 5970 State Highway, including two (2) two-bedroom units and two (2) one-bedroom units – listed as State Highway units in the SHI. DHCD has these identified as ownership units but they are rentals, which will need to be changed on the SHI, in coordination with DHCD.
- A four-bedroom, single-family home on Ballwic Avenue that is rented.

The Housing Authority maintains a relatively short wait list for these units as units do not turn-around very often given the need and demand for affordable family housing. Waits are typically at least five or six years and some units have not turned over in more than 15 years.

The Housing Authority does not have units specifically targeted to seniors, but a couple of seniors who are still working live in the one-bedroom units in the duplexes. Those seeking subsidized senior housing typically apply for units in either the Rock Harbor Village or Tonset Woods developments in Orleans that include a couple of hundred units for the elderly and disabled, owned and managed by the Orleans Housing Authority. Orleans also has some larger apartment developments that attract seniors looking to downsize from single-family homes.

2. *Eastham Affordable Housing Trust (EAHT)*

The establishment of the Eastham Affordable Housing Trust (EAHT) was approved at the May 2008 Annual Town Meeting to promote diverse solutions to the acknowledged shortage of affordable housing that will further the Town's goal of reaching the 10% affordability goal. The Board of Selectmen appoints five (5) members that work in

partnership with the Eastham Housing Authority and other housing-related agencies and organizations to promote affordable housing including important workforce housing. EAHT has introduced several new programs to address unmet housing needs including the Rental Expansion Program, Rental Subsidy Program and Regional Housing Rehabilitation Program. See Section III.B.5 for details.

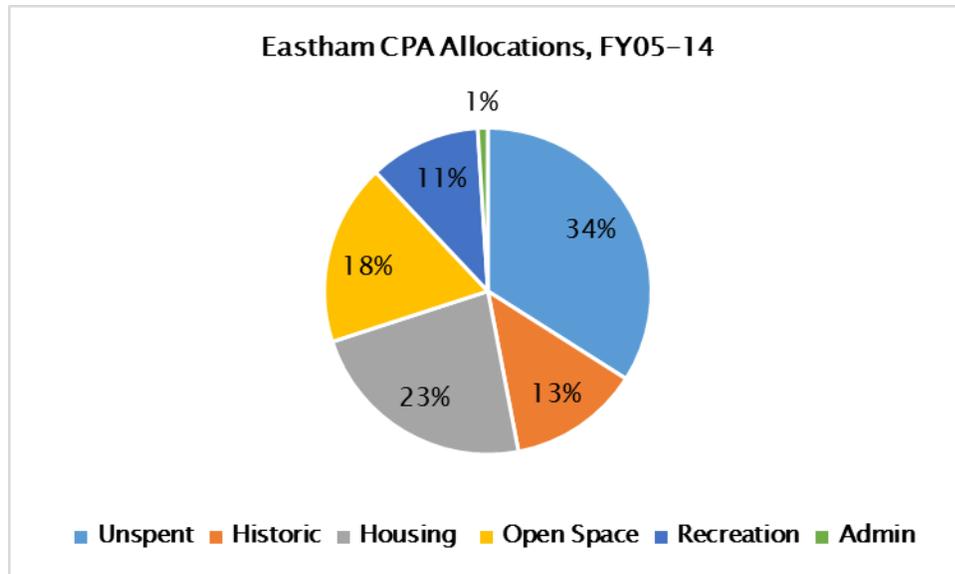
3. *Eastham Community Preservation Committee*

In September of 2000, the Community Preservation Act (CPA) was enacted to provide Massachusetts cities and towns with another tool to conserve open space, create outdoor recreational opportunities, preserve historic properties and provide affordable housing. This enabling statute established the authority for municipalities in the Commonwealth to create a Community Preservation Fund derived from a surcharge of up to 3% of the property tax with a corresponding state match of up to 100% funded through new fees at the Registry of Deeds and Land Court. Once adopted the Act requires at least 10% of the monies raised to be distributed to each of the three categories (open space/recreation, historic preservation and affordable housing), allowing flexibility in distributing the majority of the money to any of the three uses as determined by the community. The Act further requires that a Community Preservation Committee of five to nine members be established, representing various boards or committees in the community, to recommend to the legislative body, in this case Town Meeting, how to spend the Community Preservation Fund.

In May 2005, Eastham Town Meeting voted to adopt CPA with support of 89% of all voters. Eastham approved a 3% surcharge without any exemptions. Like the other communities on Cape Cod, Eastham voted to convert the 3% property tax surcharge that had been committed to the Land Bank for the purchase and conservation of open space into funding to support the Community Preservation Fund. As a result, the Town was able to continue to receive state matching funds, as state support for the Land Bank had run out, without raising additional taxes.

The Community Preservation Committee includes seven (7) members including representatives of the Board of Selectmen, Housing Authority, Conservation Commission, Historical Commission, and Planning Board, each appointed for three-year terms by the Board of Selectmen. The surcharge raised approximately \$516,600 in Fiscal Year 2013 with the state Trust fund distribution of approximately \$181,000 for a total CPA revenue close to \$700,000. The state Trust Fund distributions have varied from year to year, from 100% in FY2006-2008, to 36% in FY2012 and 70% in FY2014.

From FY2004 through 2014, the Town allocated about \$4.5 million in CPA funding with about 23% spent on community housing activities. The breakdown of the distribution of CPA funds is presented in the chart below. The Community Preservation Committee completed a Community Preservation Plan in 2014 for FY15-19 that provides more detailed information on CPA funding.



4. *Eastham Council on Aging (COA)*

The Eastham Council on Aging (COA) is a Town department that supports the quality of life of Eastham’s elders through a wide variety of services. These activities include an information and referral service on a wide range of issues, community-based services to promote independent living such as a free shuttle vans for medical visits and shopping, and in-home support services. The Council relies heavily on local volunteers to support its activities and operates a senior center.

The Council on Aging is dedicated to helping seniors age in place. Keeping seniors in their own homes is particularly important in Eastham where there are no other options for seniors who are looking to downsize to units without significant maintenance needs or require supportive services including assisted living units.

5. *Public Access Committee of Eastham (PACE)*

The Town of Eastham established the Public Access Committee of Eastham (PACE) for the purpose of coordinating or carrying out programs designed to meet the problems of persons with disabilities in coordination with programs of the Massachusetts Office on Disability. The committee was charged with researching local problems of persons with disabilities and coordinating the activities of other local groups organized for similar purposes.

6. *Cape Cod Commission (CCC)*

The Cape Cod Commission (CCC) was created as the regional planning and regulatory agency for the Cape. In addition to coordinating a wide range of planning and policy activities, the Commission administers the Technical Assistance Program (TAP), which provides funds for consultants to assist communities in promoting affordable housing. The Commission also manages the allocation of a number of housing subsidy funds that

can be made available to communities to support affordable housing efforts including the oversight of HOME Program funds on behalf of the Barnstable County HOME Consortium and the DRI Fund Management.
(3225 Main Street, Barnstable, MA 02630; 508/362-3828).

7. *Barnstable County HOME Consortium*

This Consortium includes all municipalities in Barnstable County and provides federal HOME Program funding to support the financing of a wide variety of housing activities. These funds are available to all towns participating in the Consortium, including Eastham, and are administered by the Cape Cod Commission. Since 1994, \$13.6 million in HOME funding has been allocated towards the creation of about 1,350 affordable housing units in Barnstable County. HOME Program funding has also supported a Down Payment and Closing Cost Program and Home Repair Program, both administered by the Housing Assistance Corporation (HAC).

(C/O the Cape Cod Commission; 3225 Main Street, Barnstable, MA 02630; 508/362-3828).

8. *Community Development Partnership (CDP)*

The Community Development Partnership (CDP), formerly known as the Lower Cape Cod Community Development Corporation (LCCDC), was established in 1992 to promote affordable housing and economic development in the towns of the Lower Cape. In regard to affordable housing, the organization recognized that the dwindling supply of affordable housing was becoming a critical problem and focused creating new, year-round, affordable housing units by purchasing existing units or building new units.

CDP has been involved in the development of three (3) affordable housing projects in Eastham thus far including:

- *Gull Cottages* - CDP redeveloped a small cottage community along Route 6/State Highway into five (5) rental units that included the owner's home with three (3) bedrooms and four (4) cottages, three (3) with two-bedrooms and one (1) with one-bedroom. This project received HOME funding through the Barnstable County HOME Consortium.
- *Duplex at 1475 State Highway* - Two (2) two-bedroom duplex units were acquired and rehabilitated by CDP as rentals, also subsidized with HOME funds.
- *1425 Nauset Road*
This project involved a house that was donated and moved to a Town-owned site next to the Council on Aging. The Town received grant funding to make the unit handicapped accessible and affordable as a two-bedroom rental unit. CDP manages the unit.

CDP is also managing the following programs:

- *Rental Expansion Program*
Since 2012, the Eastham Affordable Housing Trust has purchased seven (7) properties and converted them to affordable rental units that are deed restricted in perpetuity. The Housing Trust has used CPA funding to subsidize these units, making them affordable to tenants earning at 80% of area median income while paying no more than 30% of their income on rents and utilities.
- *Eastham Regional Housing Rehabilitation Program*
In conjunction with other nearby communities (target areas of Harwich Center and South Dennis as well as all of Eastham, Wellfleet, Truro, and Provincetown) the Town received Community Development Block Grant (CDBG) funding from the state to operate a Housing Rehabilitation Program. Funding is provided as a 0%, deferred forgivable loan to make critical home repairs, including the correction of all code violations.

The organization continues to explore additional development opportunities in Eastham. (P.O. Box 1860, Main Street Mercantile, North Eastham, MA 02651; 508/240-7873)

9. *Habitat for Humanity of Cape Cod*

Habitat for Humanity is an ecumenical, non-profit Christian ministry dedicated to building simple, decent homes in partnership with families in need that has grown over the past two decades into one of the largest private homebuilders in the world. The organization has almost 1,600 U.S. affiliates and over 2,000 affiliates worldwide, including one on the Cape that has been able to build new homes for first-time homebuyers through donated land, materials, labor and funding as well as other special financing strategies. Habitat has completed 81 homes on Cape Cod including four (4) units in Eastham, with another two (2) units under construction. (658 Main Street, West Yarmouth, MA 02673; 508/775-3559)

10. *Housing Assistance Corporation (HAC)*

The Housing Assistance Corporation (HAC) has proclaimed its mission to “promote and implement the right of all people on Cape Cod and the Islands to occupy safe and affordable housing”. This non-profit organization is working throughout the Cape as a sponsor of affordable housing developments and has a wide range of financial and educational resources available for renters, existing homeowners and first-time homebuyers including HOME Program funding and rental subsidies. (460 West Main Street, Hyannis, MA 02601; 508/771-5400)

11. *Community Action Committee of Cape Cod and the Islands, Inc.*

The Community Action Committee of Cape Cod and the Islands, Inc. (CACCI), founded in 1965 as one of the state’s Community Action Agencies, is a private, non-profit

organization that helps low- and moderate-income people improve their quality of life through a wide range of programs and services. The agency's efforts are focused primarily in the areas of housing, emergency shelter, advocacy for elders, and childcare.

CACCI is also the convener for the *Leadership Council to End Homelessness on Cape Cod and the Islands*, which is part of the national system of Continuums of Care supported by the federal Department of Housing and Urban Development (HUD) to provide an ongoing comprehensive, long-term strategic planning effort to maintain a seamless continuum of shelter, housing and supportive services to end homelessness. The Leadership Council has over 35 participating groups and organizations that creates a network of support for its activities including homeless service providers, non-profit agencies, private businesses, housing developers, public housing authorities, representatives from local, county, and state government, the faith-based community and formerly homeless individuals. Primary activities include:

- Oversees the submission of annual funding applications to HUD (the SuperNOFA/Vento Homeless Assistance grant application process which has brought more than \$3 million to the region and includes the creation of 19 new permanent supportive housing beds for homeless and disabled individuals and maintains over 100 beds for homeless individuals and families);
 - Oversees the implementation and monitoring of the Council's Ten Year Plan to End Homelessness;
 - Conducts the annual "point in time" count of the number of homeless; and
 - Facilitates monthly meetings and the coordination of various subcommittees
- (115 Enterprise Road, Hyannis, MA 02601; 508/771-1727)

12. *Bailey Boyd Associates*

Bailey Boyd Associates has been a long-standing housing consultant on Cape Cod, which has provided technical services to the Town of Eastham off and on since 1997. The firm has been instrumental in securing Community Development Block Grant (CDBG) funding for the town over the years in addition to consulting on program and project development.

APPENDIX 3

Glossary of Housing Terms

Affordable Housing

A subjective term, but as used in this Plan, refers to housing available to a household earning no more than 80% of area median income at a cost that is no more than 30% of total household income.

Area Median Income (AMI)

The estimated median income, adjusted for family size, by metropolitan area (or county in nonmetropolitan areas) that is adjusted by HUD annually and used as the basis of eligibility for most housing assistance programs. Sometimes referred to as “MFI” or median family income.

Chapter 40B

The state’s comprehensive permit law, enacted in 1969, established an affordable housing goal of 10% for every community. In communities below the 10% goal, developers of low- and moderate-income housing can seek an expedited local review under the comprehensive permit process and can request a limited waiver of local zoning and other restrictions, which hamper construction of affordable housing. Developers can appeal to the state if their application is denied or approved with conditions that render it uneconomic, and the state can overturn the local decision if it finds it unreasonable in light of the need for affordable housing.

Chapter 44B

The Community Preservation Act Enabling Legislation that allows communities, at local option, to establish a Community Preservation Fund to preserve open space, historic resources and community housing, by imposing a surcharge of up to 3% on local property taxes. The state provides matching funds from its own Community Preservation Trust Fund, generated from an increase in certain Registry of Deeds’ fees.

Comprehensive Permit

Expedited permitting process for developers building affordable housing under Chapter 40B “anti-snob zoning” law. A comprehensive permit, rather than multiple individual permits from various local boards, is issued by the local zoning boards of appeals to qualifying developers.

Department of Housing and Community Development (DHCD)

DHCD is the state’s lead agency for housing and community development programs and policy. It oversees state-funded public housing, administers rental assistance programs, provides funds for municipal assistance, and funds a variety of programs to stimulate the development of affordable housing.

Fair Housing Act

Federal legislation, first enacted in 1968, that provides the Secretary of HUD with investigation and enforcement responsibilities for fair housing practices. It prohibits discrimination in housing and lending based on race, color, religion, sex, national origin, handicap, or familial status. There is also a Massachusetts Fair Housing Act, which extends the prohibition against discrimination to sexual orientation, marital status, ancestry, veteran status, children, and age. The state law also prohibits discrimination against families receiving public assistance or rental subsidies, or because of any requirement of these programs.

Inclusionary Zoning

Inclusionary zoning is a zoning ordinance or bylaw that requires a developer to include affordable housing as part of a development or contribute to a fund for such housing.

Infill Development

Infill development is the practice of building on vacant or undeveloped parcels in dense areas, especially urban and inner suburban neighborhoods. Such development promotes compact development, which in turn allows undeveloped land to remain open and green.

Local Initiative Program (LIP)

LIP is a state program under which communities may use local resources and DHCD technical assistance to develop affordable housing that is eligible for inclusion on the state Subsidized Housing Inventory (SHI). LIP is not a financing program, but the DHCD technical assistance qualifies as a subsidy and enables locally supported developments that do not require other financial subsidies to use the comprehensive permit process. At least 25% of the units must be set-aside as affordable to households earning less than 80% of area median income.

MassHousing (formerly the Massachusetts Housing Finance Agency, MHFA)

MassHousing is a quasi-public agency created in 1966 to help finance affordable housing programs. MassHousing sells both tax-exempt and taxable bonds to finance its many single-family and multi-family programs.

Metropolitan Statistical Area (MSA)

The term, MSA, is also used for CMSAs (consolidated metropolitan statistical areas) and PMSAs (primary metropolitan statistical areas) that are geographic units used for defining urban areas that are based largely on commuting patterns. The federal Office of Management and Budget defines these areas for statistical purposes only, but many federal agencies use them for programmatic purposes, including allocating federal funds and determining program eligibility. HUD uses MSAs as its basis for setting income guidelines and fair market rents.

Mixed-Income Housing Development

Mixed-income development includes housing for various income levels.

Mixed-Use Development

Mixed-use projects combine different types of development such as residential, commercial, office, industrial and institutional into one project.

Overlay Zoning

A zoning district, applied over one or more other districts that contains additional provisions for special features or conditions, such as historic buildings, affordable housing, or wetlands.

Public Housing Agency (PHA)

A public entity that operates housing programs: includes state housing agencies (including DHCD), housing finance agencies and local housing authorities. This is a HUD definition that is used to describe the entities that are permitted to receive funds or administer a wide range of HUD programs including public housing and Section 8 rental assistance.

Regional Non-profit Housing Organizations

Regional non-profit housing organizations include nine private, non-profit housing agencies, which administer the Section 8 Program on a statewide basis, under contract with DHCD. Each agency serves a wide geographic region. Collectively, they cover the entire state and administer over 15,000 Section 8 vouchers. In addition to administering Section 8 subsidies, they administer state-funded rental assistance (MRVP) in communities without participating local housing authorities. They also develop affordable housing and run housing rehabilitation and weatherization programs, operate homeless shelters, run homeless prevention and first-time homebuyer programs, and offer technical assistance and training programs for communities. The Housing Assistance Corporation (HAC) serves as Eastham's regional non-profit housing organization.

Regional Planning Agencies (RPAs)

These are public agencies that coordinate planning in each of thirteen regions of the state. They are empowered to undertake studies of resources, problems, and needs of their districts. They provide professional expertise to communities in areas such as master planning, affordable housing and open space planning, and traffic impact studies. With the exception of the Cape Cod and Nantucket Commissions, however, which are land use regulatory agencies as well as planning agencies, the RPAs serve in an advisory capacity only. The Cape Cod Commission serves as Eastham's Regional Planning Agency.

Request for Proposals (RFP)

A process for soliciting applications for funding when funds are awarded competitively or soliciting proposals from developers as an alternative to lowest-bidder competitive bidding.

Section 8

Refers to the major federal (HUD) program – actually a collection of programs – providing rental assistance to low-income households to help them pay for housing. Participating tenants pay

30% of their income (some pay more) for housing (rent and basic utilities) and the federal subsidy pays the balance of the rent. The Program is now officially called the Housing Choice Voucher Program.

Smart Growth

The term used to refer to a rapidly growing and widespread movement that calls for a more coordinated, environmentally sensitive approach to planning and development. A response to the problems associated with unplanned, unlimited suburban development – or sprawl – smart growth principles call for more efficient land use, compact development patterns, less dependence on the automobile, a range of housing opportunities and choices, and improved jobs/housing balance.

Subsidy

Typically refers to financial assistance that fills the gap between the costs of any affordable housing development and what the occupants can afford based on program eligibility requirements. Many times multiple subsidies from various funding sources are required, often referred to as the “layering” of subsidies, in order to make a project feasible. In the state’s Local Initiative Program (LIP), DHCD’s technical assistance qualifies as a subsidy and enables locally supported developments that do not require other financial subsidies to use the comprehensive permit process. Also, “internal subsidies” refers to those developments that do not have an external source(s) of funding for affordable housing, but use the value of the market units to “cross subsidize” the affordable ones.

Subsidized Housing Inventory (SHI)

This is the official list of units, by municipality, that count toward a community’s 10% goal as prescribed by Chapter 40B comprehensive permit law.

U.S. Department of Housing and Urban Development (HUD)

The primary federal agency for regulating housing, including fair housing and housing finance. It is also the major federal funding source for affordable housing programs.

APPENDIX 4

Summary of Housing Regulations and Resources

I. SUMMARY OF HOUSING REGULATIONS

A. Chapter 40B Comprehensive Permits

The Massachusetts Comprehensive Permit Law, Chapter 40B Sections 20–23 of the General Laws, was enacted as Chapter 774 of the Acts of 1969 to encourage the construction of affordable housing throughout the state, particularly outside of cities. Often referred to as the Anti-Snob Zoning Act, it requires all communities to use a streamlined review process through the local Zoning Board of Appeals for “comprehensive permits” submitted by developers for projects proposing zoning and other regulatory waivers and incorporating affordable housing for at least 25% of the units. Only one application is submitted to the ZBA instead of separate permit applications that are typically required by a number of local departments as part of the normal development process. Here the ZBA takes the lead and consults with the other relevant departments (e.g., building department, planning department, highway department, fire department, sanitation department, etc.) on a single application. The Conservation Commission retains jurisdiction under the Wetlands Protection Act and Department of Environmental Protection, the Building Inspector applies the state building code, and the Board of Health enforces Title V.

For a development to qualify under Chapter 40B, it must meet all of the following requirements:

- Must be part of a “subsidized” development built by a public agency, non-profit organization, or limited dividend corporation.
- At least 25% of the units in the development must be income restricted to households with incomes at or below 80% of area median income and have rents or sales prices restricted to affordable levels income levels defined each year by the U.S. Department of Housing and Urban Development.
- Restrictions must run for minimum of 30 years or longer for new construction or for a minimum of 15 years or longer for rehabilitation. Alternatively, the project can provide 20% of the units to households below 50% of area median income. Now new homeownership must have deed restrictions that extend in perpetuity.
- Development must be subject to a regulatory agreement and monitored by a public agency or non-profit organization.
- Project sponsors must meet affirmative marketing requirements.

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According to Chapter 40B regulations, the ZBA decision to deny or place conditions on a comprehensive permit project cannot be appealed by the developer if any of the following conditions are met³³:

- The community has met the “statutory minima” by having at least 10% of its year-round housing stock affordable as defined by Chapter 40B, at least 1.5% of the community’s land area includes affordable housing as defined again by 40B, or annual affordable housing construction is on at least 0.3% of the community’s land area.
- The community has made “recent progress” adding SHI eligible housing units during the prior 12 months equal at least to 2% of its year-round housing.
- The community has a one- or two-year exemption under Housing Production.
- The application is for a “large project” that equals at least 6% of all housing units in a community with less than 2,500 housing units.
- A “related application” for the site was filed, pending or withdrawn within 12 months of the application.

If a municipality does not meet any of the above thresholds, it is susceptible to appeals by comprehensive permit applicants of the ZBA’s decision to the state’s Housing Appeals Committee (HAC). This makes the Town susceptible to a state override of local zoning if a developer chooses to create affordable housing through the Chapter 40B comprehensive permit process.³⁴ Recently approved regulations add a new requirement that ZBA’s provide early written notice (within 15 days of the opening of the local hearing) to the application and to DHCD if they intend to deny or condition the permit based on the grounds listed above that make the application appeal proof, providing documentation for its position. Under these circumstances, municipalities can count projects with approved comprehensive permits that are under legal approval, but not by the ZBA, at the time.

Applicants wishing to appeal the ZBA decision based on appeal-proof grounds must notify the ZBA and DHCD in writing within 15 days of receipt of the ZBA notice. If the applicant appeals, DHCD will review materials from the ZBA and applicant and issue a decision within 30 days of receipt of the appeal (failure to issue a decision is a construction approval of the ZBA’s position). Either the ZBA or application can appeal DHCD’s decision by filing an interlocutory

³³ Section 56.03 of the new Chapter 40B regulations.

³⁴ Chapter 774 of the Acts of 1969 established the Massachusetts Comprehensive Permit Law (Massachusetts General Laws Chapter 40B) to facilitate the development of affordable housing for low- and moderate-income households (defined as any housing subsidized by the federal or state government under any program to assist in the construction of low- or moderate-income housing for those earning less than 80% of median income) by permitting the state to override local zoning and other restrictions in communities where less than 10% of the year-round housing is subsidized for low- and moderate-income households.

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appeal with the Housing appeals Committee (HAC) within 20 days of receiving DHCD's decision. If a ZBA fails to follow this procedure, it waives its right to deny a permit on these "appeal-proof" grounds.

Chapter 40B also addresses when a community can count a unit as eligible for inclusion in the SHI including:

- *Chapter 40R Smart Growth Zoning*
Units receiving Plan Approval under 40R now count when the permit or approval is filed with the municipal clerk provided that no appeals are filed by the board or when the last appeal is fully resolved, similar to a Comprehensive Permit project.
- *Certificate of Occupancy*
Units added to the SHI on the basis of receiving building permits become temporarily ineligible if the C of O is not issued within 18 months.
- *Large Phased Projects*
If the comprehensive permit approval or zoning approval allows a project to be built in phases and each phase includes at least 150 units and average time between the start of each phase is 15 months or less, then the entire project remains eligible for the SHI as long as the phasing schedule set forth in the permit approval continues to be met.
- *Projects with Expired Use Restrictions*
Units become ineligible for inclusion in the SHI upon expiration or termination of the initial use restriction unless a subsequent use restriction is imposed.
- *Biennial Municipal Reporting*
Municipalities are responsible for providing the information on units that should be included in the SHI through a statement certified by the chief executive officer.

Towns are allowed to set-aside up to 70% of the affordable units available in a 40B development for those who have a connection to the community as defined under state guidelines including current residents, municipal employees, or employees of businesses located in town. It is also worth noting that the Town, through its Affirmative Fair Housing Marketing Plan, must demonstrate the associated local need for the community preference and insure that there will be no discriminatory impacts with the use of community preference.³⁵

³⁵ If a municipality wishes to implement a local selection preference it must:

- Demonstrate the need for local preference in an Affirmative Fair Housing Marketing Plan that must be approved by the subsidizing agency.
- Justify the extent of the local preference (the percentage of the units proposed to be set-aside for local preference), that is how the documented local need, in the context of the

While there are ongoing discussions regarding how the state should count the affordable units for the purpose of determining whether a community has met the 10% goal, in a rental project if the subsidy applies to the entire project, all units are counted towards the state standard. For homeownership projects, only the units made affordable to those households earning at or below 80% of area median income can be attributed to the affordable housing inventory.

There are up to three stages in the 40B process – the project eligibility stage, the application stage, and at times the appeals stage. First, the applicant must apply for eligibility of a proposed 40B project/site from a subsidizing agency. Under Chapter 40B, subsidized housing is not limited exclusively to housing receiving direct public subsidies but also applies to privately-financed projects receiving technical assistance from the State through its Local Initiative Program (LIP) or through MassHousing (Housing Starts Program), Federal Home Loan Bank Board (New England Fund), MassDevelopment, and Massachusetts Housing Partnership Fund. The subsidizing agency then forwards the application to the local Board of Selectmen for a 30-day comment period. The Board of Selectmen solicits comments from Town officials and other boards and based on their review the subsidizing agency typically issues a project eligibility letter. Alternatively, a developer may approach the Board of Selectmen for their endorsement of the project, and they can make a joint application to DHCD for certification under the Local Initiative Program (for more information see description in Section I.E below).

Changes to 40B regulations expands the items a subsidizing agency must consider when determining site eligibility including:

- Information provided by the municipality or other parties regarding municipal actions previously taken to meet affordable housing needs, including inclusionary zoning, multi-family districts and 40R overlay zones.
- Whether the conceptual design is appropriate for the site including building massing, topography, environmental resources, and integration into existing development patterns.
- That the land valuation, as included in the pro forma, is consistent with DHCD guidelines regarding cost examination and limitations on profits and distribution.
- Requires that LIP site approval applications be submitted by the municipality's chief

size of the community, the size of the project and the regional need, justifies the proposed size of the local preference for a given project. In no case can the percentage exceed 70% of the affordable units in a project.

- Demonstrate that the proposed local preference will not have a disparate or discriminatory impact on protected classes.
- Provide the developer with the documentation required to support a local preference within three (3) months of final issuance of the comprehensive permit. Failure to comply with this requirement will be deemed to demonstrate that there is not a need for a local preference and it will not be approved as part of any Affirmative Fair Housing Marketing Plan or use restriction.

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executive officer.

- Specifies that members of local boards can attend the site visit conducted during DHCD's 30-day review period.
- Requires that the subsidizing agency provide a copy of its determination of eligibility to DHCD, the chief executive officer of the municipality, the ZBA and the applicant.

If there are substantial changes to a project before the ZBA issues its decision, the subsidizing agency can defer the re-determination of site/project eligibility until the ZBA issues its decision unless the chief executive officer of the municipality or applicant request otherwise. New 40B regulations provide greater detail on this re-determination process. Additionally, challenges to project eligibility determinations can only be made on the grounds that there has been a substantial change to the project that affects project eligibility requirements and leaves resolution of the challenge to the subsidizing agency.

The next stage in the comprehensive permit process is the application phase including pre-hearing activities such as adopting rules before the application is submitted, setting a reasonable filing fee, providing for technical "peer review" fees, establishing a process for selecting technical consultants, and setting forth minimum application submission requirements. Failure to open a public hearing within 30 days of filing an application can result in constructive approval. The public hearing is the most critical part of the whole application process. Here is the chance for the Zoning Board of Appeals' consultants to analyze existing site conditions, advise the ZBA on the capacity of the site to handle the proposed type of development, and to recommend alternative development designs. Here is where the ZBA gets the advice of experts on unfamiliar matters - called peer review. Consistency of the project with local needs is the central principal in the review process.

Another important component of the public hearing process is the project economic analysis that determines whether conditions imposed and waivers denied would render the project "uneconomic". The burden of proof is on the applicant, who must prove that it is impossible to proceed and still realize a reasonable return, which cannot be more than 20%. Another part of the public hearing process is the engineering review. The ZBA directs its consultants to analyze the consistency of the project with local bylaws and regulations and to examine the feasibility of alternative designs.

Chapter 40B regulations also include the following requirements related to the hearing process:

- The hearing be terminated within 180 days of the filing of a complete application unless the applicant consents to extend.
- Allows communities already considering three (3) or more comprehensive permit applications to stay a hearing on additional applications if the total units under consideration meet the definition of a large project (larger of 300 units or 2% of housing in communities with 7,500 housing units as of the latest Census, 250 units in

communities with 5,001 to 7,499 total units, 200 units in communities with 2,500 to 5,000 units, and 150 units or 10% of housing in communities with less than 2,500 units).

- Local boards can adopt local rules for the conduct of their hearings, but they must obtain an opinion from DHCD that these rules are consistent with Chapter 40B.
- Local boards cannot impose “unreasonable or unnecessary” time or cost burdens on an applicant and bans requiring an applicant to pay legal fees for general representation of the ZBA or other boards. The new requirements go into the basis of the fees in more detail, but as a general rule the ZBA may not assess any fee greater than the amount that might be appropriated from town or city funds to review a project of a similar type and scale.
- An applicant can appeal the selection of a consultant within 20 days of the selection on the grounds that the consultant has a conflict of interest or lack minimum required qualifications.
- Specify and limit the circumstances under which ZBA’s can review pro formas.
- Zoning waivers are only required under “as of right” requirements, not from special permit requirements.
- Forbids ZBA’s from imposing conditions that deviate from the project eligibility requirements or that would require the project to provide more affordable units than the minimum threshold required by DHCD guidelines.
- States that ZBA’s cannot delay or deny an application because a state or federal approval has not been obtained.
- Adds new language regarding what constitutes an uneconomic condition including requiring applicants to pay for off-site public infrastructure or improvements if they involve pre-existing conditions, are not usually imposed on unsubsidized housing or are disproportionate to the impacts of the proposed development or requiring a reduction in the number of units other than on a basis of legitimate local concerns (health, safety, environment, design, etc.). Also states that a condition shall not be considered uneconomic if it would remove or modify a proposed nonresidential element of a project that is not allowed by right.

After the public hearing is closed, the ZBA must set-aside at least two sessions for deliberations within 40 days of the close of the hearing. These deliberations can result in either approval, approval with conditions, or denial.

Subsidizing agencies are required to issue final project eligibility approvals following approval of the comprehensive permit reconfirming project eligibility, including financial feasibility, and approving the proposed use restriction and finding that the applicant has committed to complying with cost examination requirements. New Chapter 40B regulations set forth the basic parameters for insuring that profit limitations are enforced, while leaving the definition of “reasonable return” to the subsidizing agency in accordance with DHCD guidelines. The applicant or subsequent developer must submit a detailed financial statement, prepared by a

certified public accountant, to the subsidizing agency in a form and upon a schedule determined by the DHCD guidelines.

If the process heads into the third stage – the appeals process – the burden is on the ZBA to demonstrate that the denial is consistent with local needs, meaning the public health and safety and environmental concerns outweigh the regional need for housing. If a local ZBA denies the permit, a state Housing Appeals Committee (HAC) can overrule the local decision if less than 10% of the locality’s year round housing stock has been subsidized for households earning less than 80% of median income, if the locality cannot demonstrate health and safety reasons for the denial that cannot be mitigated, or if the community has not met housing production goals based on an approved plan or other statutory minima listed above. The HAC has upheld the developer in the vast majority of the cases, but in most instances promotes negotiation and compromise between the developer and locality. In its 30-year history, only a handful of denials have been upheld on appeal. The HAC cannot issue a permit, but may only order the ZBA to issue one. Also, any aggrieved person, except the applicant, may appeal to the Superior Court or Land Court, but even for abutters, establishing “standing” in court is an uphill battle. Appeals from approvals are often filed to force a delay in commencing a project, but the appeal must demonstrate “legal error” in the decision of the ZBA or HAC.

B. Housing Production Regulations

As part of the Chapter 40B comprehensive permit regulations, the Massachusetts Department of Housing and Community Development (DHCD) is administering the Housing Production Program in accordance with regulations that enable cities and towns to do the following:

- Prepare and adopt an Housing Production Plan that demonstrates production of an increase of .05% over one year or 1.0% over two-years of its year-round housing stock eligible for inclusion in the Subsidized Housing Inventory (13 units and 26 units, respectively, for Eastham until the new census figures are available in 2011) for *approval* by DHCD.³⁶
- Request *certification* of compliance with the plan by demonstrating production of at least the number of units indicated above.
- Through local ZBA action, potentially deny a comprehensive permit application during the period of certified compliance, which is a period of 12 months following submission of the production documentation to DHCD, or 24 months if the 1.0% threshold is met.

For the plan to be acceptable to DHCD it must meet the following requirements:

- Include a comprehensive housing needs assessment to establish the context for municipal action based on the most recent census data. The assessment must include a discussion of municipal infrastructure include future planned improvements.

³⁶ Massachusetts General Law Chapter 40B, 760 CMR 31.07 (1)(i).

- Address a mix of housing consistent with identified needs and market conditions.
- Address the following strategies including –
 - Identification of geographic areas in which land use regulations will be modified to accomplish affordable housing production goals.
 - Identification of specific sites on which comprehensive permit applications will be encouraged.
 - Preferable characteristics of residential development such as infill housing, clustered areas, and compact development.
 - Municipally owned parcels for which development proposals will be sought.
 - Participation in regional collaborations addressing housing development.

Plans must be adopted by the Board of Selectmen and Planning Board, and the term of an approved plan is five (5) years.

C. Chapter 40R/40S

In 2004, the State Legislature approved a new zoning tool for communities in recognition that escalating housing prices, now beyond the reach of increasing numbers of state residents, are causing graduates from area institutions of higher learning to relocate to other areas of the country in search of greater affordability. The Commonwealth Housing Task Force, in concert with other organizations and institutions, developed a series of recommendations, most of which were enacted by the State Legislature as Chapter 40R of the Massachusetts General Laws. The key components of these regulations are that “the state provide financial and other incentives to local communities that pass Smart Growth Overlay Zoning Districts that allow the building of single-family homes on smaller lots and the construction of apartments for families at all income levels, and the state increase its commitment to fund affordable housing for families of low and moderate income”.³⁷

The statute defines 40R as “a principle of land development that emphasizes mixing land uses, increases the availability of affordable housing by creating a range of housing opportunities in neighborhoods, takes advantage of compact design, fosters distinctive and attractive communities, preserves opens space, farmland, natural beauty and critical environmental areas, strengthens existing communities, provides a variety of transportation choices, makes development decisions predictable, fair and cost effective and encourages community and stakeholder collaboration in development decisions.”³⁸ The key components of 40R include:

- Allows local option to adopt Overlay Districts near transit, areas of concentrated development, commercial districts, rural village districts, and other suitable locations;

³⁷ Edward Carman, Barry Bluestone, and Eleanor White for The Commonwealth Housing Task Force, “A Housing Strategy for Smart Growth and Economic Development: Executive Summary”, October 30, 2003, p. 3.

³⁸ Massachusetts General Law, Chapter 40R, Section 11.

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- Allows “as-of-right” residential development of minimum allowable densities;
- Provides that 20% of the units be affordable;
- Promotes mixed-use and infill development;
- Provides two types of payments to municipalities; and
- Encourages open space and protects historic districts.

The incentives prescribed by the Task Force and passed by the Legislature include an incentive payment upon the passage of the Overlay District based on the number of projected housing units as follows:

Incentive Units	Payments
Up to 20	\$10,000
21-100	\$75,000
101-200	\$200,000
210-500	\$350,000
501 or more	\$600,000

There are also density bonus payments of \$3,000 for each residential unit issued a building permit. To be eligible for these incentives the Overlay Districts need to allow mixed-use development and densities of 20 units per acre for apartment buildings, 12 units per acre for two and three-family homes, and at least eight units per acre for single-family homes. Communities with populations of less than 10,000 residents are eligible for a waiver of these density requirements, however significant hardship must be demonstrated. The Zoning Districts would also encourage housing development on vacant infill lots and in underutilized nonresidential buildings. The Task Force emphasizes that Planning Boards, which would enact the Zoning Districts, would be “able to ensure that what is built in the District is compatible with and reflects the character of the immediate neighborhood.”³⁹

The principal benefits of 40R include:

- Expands a community’s planning efforts;
- Allows communities to address housing needs;
- Allows communities to direct growth;
- Can help communities meet production goals and 10% threshold under Chapter 40B;
- Can help identify preferred locations for 40B developments; and
- State incentive payments.

The formal steps involved in creating Overlay Districts are as follows:

³⁹ “A Housing Strategy for Smart Growth and Economic Development: Executive Summary,” p. 4.

- The Town holds a public hearing as to whether to adopt an Overlay District per the requirements of 40R;
- The Town applies to DHCD prior to adopting the new zoning;
- DHCD reviews the application and issues a Letter of Eligibility if the new zoning satisfies the requirements of 40R;
- The Town adopts the new zoning through a two-thirds vote of Town Meeting subject to any modifications required by DHCD;
- The Town submits evidence of approval to DHCD upon the adoption of the new zoning; and
- DHCD issues a letter of approval, which indicates the number of incentive units and the amount of payment.

The state recently enacted Chapter 40S under the Massachusetts General Law that provides additional benefits through insurance to towns that build affordable housing under 40R that they would not be saddled with the extra school costs caused by school-aged children who might move into this new housing. This funding was initially included as part of 40R but was eliminated during the final stages of approval. In effect, 40S is a complimentary insurance plan for communities concerned about the impacts of a possible net increase in school costs due to new housing development.

D. Local Initiative Program (LIP) Guidelines

The Local Initiative Program (LIP) is a technical assistance subsidy program to facilitate Chapter 40B developments and locally produced affordable units. The general requirements of LIP include insuring that projects are consistent with sustainable or smart growth development principles as well as local housing needs. LIP recognizes that there is a critical need for all types of housing but encourages family and special needs housing in particular. Age-restricted housing (over 55) is allowed but the locality must demonstrate actual need and marketability. DHCD has the discretion to withhold approval of age-restricted housing if other such housing units within the community remain unbuilt or unsold or if the age-restricted units are unresponsive to the need for family housing within the context of other recent local housing efforts.

There are two types of LIP projects, those using the comprehensive permit process, the so-called “friendly” 40B’s, and Local Action Units, units where affordability is a result of some local action such as inclusionary zoning, Community Preservation funding, other regulatory requirements, etc.

Specific LIP requirements include the following by category:

Income and Assets

- Must be affordable to those earning at or below 80% of area median income adjusted by family size and annually by HUD. Applicants for affordable units

must meet the program income limits in effect at the time they apply for the unit and must continue to meet income limits in effect when they actually purchase a unit.

- For homeownership units, the household may not have owned a home within the past three years except for age-restricted “over 55” housing.
- For homeownership projects, assets may not be greater than \$75,000 except for age-restricted housing where the net equity from the ownership of a previous house cannot be more than \$200,000.
- Income and asset limits determine eligibility for lottery participation.

Allowable Sales Prices and Rents⁴⁰

- Rents are calculated at what is affordable to a household earning 80% of area median income adjusted for family size, assuming they pay no more than 30% of their income on housing. Housing costs include rent and payments for heat, hot water, cooking fuel, and electric. If there is no municipal trash collection a trash removal allowance should be included. If utilities are separately metered and paid by the tenant, the LIP rent is reduced based on the area’s utility allowance. Indicate on the DHCD application whether the proposed rent has been determined with the use of utility allowances for some or all utilities.
- Sales prices of LIP units are set so a household earning 70% of area median income would have to pay no more than 30% of their income for housing. Housing costs include mortgage principal and interest on a 30-year fixed term mortgage at 95% of purchase price, property taxes, condo fees⁴¹, private mortgage insurance (if putting less than 20% of purchase price down), and hazard insurance.
- The initial maximum sales price or rent is calculated as affordable to a household with a number of household members equal to the number of bedrooms plus one (for example a two-bedroom unit would be priced based on what a three-person household could afford).

Allowable Financing and Costs

- Allowable development costs include the “as is” value of the property based on existing zoning at the time of application for a project eligibility letter (initial application to DHCD). Carrying costs (i.e., property taxes, property insurance,

⁴⁰ DHCD has an electronic mechanism for calculating maximum sales prices on its website at www.mass.gov/dhcd.

⁴¹ DHCD will review condo fee estimates and approve a maximum condo fee as part of the calculation of maximum sales price. The percentage interests assigned to the condo must conform to the approved condo fees and require a lower percentage interest assigned to the affordable units as opposed to the market rate ones. DHCD must review the Schedule of Beneficial Interests in the Master Deed to confirm that LIP units have been assigned percentage interests that correspond to the condo fees.

interest payments on acquisitions financing, etc.) can be no more than 20% of the “as is” market value unless the carrying period exceeds 24 months. Reasonable carrying costs must be verified by the submission of documentation not within the exclusive control of the applicant.

- Appraisals are required except for small projects of 20 units or less at the request of the Board of Selectmen where the applicant for the LIP comprehensive permit submits satisfactory evidence of value.
- Profits are limited to no more than 20% of total allowable development costs in homeownership projects.
- In regard to rental developments, payment of fees and profits are limited to no more than 10% of total development costs net of profits and fees and any working capital or reserves intended for property operations. Beginning upon initial occupancy and then proceeding on an annual basis, annual dividend distributions will be limited to no more than 10% of the owner’s equity in the project. Owner’s equity is the difference between the appraised as-built value and the sum of any public equity and secured debt on the property.
- For LIP comprehensive permit projects, DHCD requires all developers to post a bond (or a letter of credit) with the municipality to guarantee the developer’s obligations to provide a satisfactory cost certification upon completion of construction and to have any excess profits, beyond what is allowed, revert back to the municipality. The bond is discharged after DHCD has determined that the developer has appropriately complied with the profit limitations.
- No third party mortgages are allowed for homeownership units.

Marketing and Outreach (refer to state Affirmative Fair Housing Marketing Plan guidelines dated June 25, 2008.)

- Marketing and outreach, including lottery administration in adherence with all Fair Housing laws.
- LIP requires that the lottery draw and rank households by size.
- If there are proportionately less minority applicants in the community preference pool than the proportion in the region, a preliminary lottery must be held to boost, if possible, the proportion of minority applicants to this regional level.
- A maximum of 70% of the units may be local preference units for those who have a connection to the community as defined under state guidelines (Section C: Local Preference section of the Affirmative Fair Housing Marketing Plan Guidelines (dated June 25, 2008).
- The Marketing Plan must affirmatively provide outreach to area minority communities to notify them about availability of the unit(s).
- Marketing materials must be available/application process open for a period of at least 60 days.
- Marketing should begin about six (6) months before occupancy.

- Lottery must be held unless there are no more qualified applicants than units available.

Regulatory Requirements

- The affordable units design, type, size, etc. must be the same as the market units and dispersed throughout the development.
- Units developed through LIP as affordable must be undistinguishable from market units as viewed from the exterior (unless the project has a DHCD-approved alternative development plan that is only granted under exceptional circumstances) and contain complete living facilities.
- For over 55 projects, only one household member must be 55 or older.
- Household size relationship to unit size is based on “households” = number of bedrooms plus one – i.e., a four-person household in a three-bedroom unit (important also for calculating purchase prices of the affordable units for which LIP has a formula as noted above).
- Must have deed restrictions in effect in perpetuity unless the applicant or municipality can justify a shorter term to DHCD.
- All affordable units for families must have at least two or more bedrooms and meet state sanitary codes and these minimum requirements –

1 bedroom – 700 square feet/1 bath
2 bedrooms – 900 square feet/1 bath
3 bedrooms – 1,200 square feet/ 1 ½ baths
4 bedrooms – 1,400 square feet/2 baths

- Appraisals may take into account the probability of obtaining a variance, special permit or other zoning relief but must exclude any value relating to the possible issuance of a comprehensive permit.

The process that is required for using LIP for 40B developments – “friendly” comprehensive permit projects – is largely developer driven. It is based on the understanding that the developer and Town are working together on a project that meets community needs. Minimum requirements include:

1. Written support of the municipality’s chief elected official, the Board of Selectmen in the case of towns, and the local housing partnership, trust or other designated local housing entity. The chief executive officer is in fact required to submit the application to DHCD.
2. At least 25% of the units must be affordable and occupied by households earning at or below 80% of area median income or at least 20% of units restricted to households at or below 50% of area median income.

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3. Affordability restrictions must be in effect in perpetuity, to be monitored by DHCD through a recorded regulatory agreement.
4. Project sponsors must prepare and execute an Affirmative Fair Housing Marketing Plan that must be approved by DHCD.
5. Developer's profits are restricted per Chapter 40B requirements.

The process that is required for using LIP for 40B developments – “friendly” comprehensive permit projects – is as follows:

1. Application process
 - Developer meets with Town
 - Developer and Town agree to proposal
 - Town chief elected officer submits application to DHCD with developer's input
2. DHCD review involves the consideration of:
 - Sustainable development criteria (redevelop first, concentrate development, be fair, restore and enhance the environment, conserve natural resources, expand housing opportunities, provide transportation choice, increase job opportunities, foster sustainable businesses, and plan regionally),
 - Number and type of units,
 - Pricing of units to be affordable to households earning no more than 70% of area median income,
 - Affirmative marketing plan,
 - Financing, and
 - Site visit.
3. DHCD issues site eligibility letter that enables the developer to bring the proposal to the ZBA for processing the comprehensive permit.
4. Zoning Board of Appeals holds hearing
 - Developer and Town sign regulatory agreement to guarantee production of affordable units that includes the price of units and deed restriction in the case of homeownership and limits on rent increases if a rental project. The deed restriction limits the profit upon resale and requires that the units be sold to another buyer meeting affordability criteria.
 - Developer forms a limited dividend corporation that limits profits.
 - The developer and Town sign a regulatory agreement.
5. Marketing
 - An Affirmative Fair Housing Marketing Plan must provide outreach to area minority communities to notify them about availability of the unit(s).
 - Local preference is limited to a maximum of 70% of the affordable units.

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- Marketing materials must be available/application process open for a period of at least 60 days.
 - Lottery must be held.
6. DHCD approval must include
- Marketing plan, lottery application, and lottery explanatory materials
 - Regulatory agreement (DHCD is a signatory)
 - Deed rider (Use standard LIP document)
 - Purchase arrangements for each buyer including signed mortgage commitment, signed purchase and sale agreement and contact information of purchaser's closing attorney.

As mentioned above, in addition to being used for "friendly" 40B projects, LIP can be used for counting those affordable units as part of a Town's Subsidized Housing Inventory that are created as a result of some local action. Following occupancy of the units, a Local Action Units application must be submitted to DHCD for the units to be counted as affordable. This application is on DHCD's web site.

The contact person at DHCD is Janice Lesniak of the LIP staff (phone: 617-573-1309; fax: 617-573-1330; email: Janice.lesniak@state.ma.us).

E. MassWorks Infrastructure Program

The MassWorks Infrastructure Program provides a one-stop shop for municipalities and other eligible public entities seeking public infrastructure funding to support economic development and job creation. The Program represents an administrative consolidation of six former grant programs:

- Public Works Economic Development (PWED)
- Community Development Action Grant (CDAG)
- Growth Districts Initiative (GDI) Grant Program
- Massachusetts Opportunity Relocation and Expansion Program (MORE)
- Small Town Rural Assistance Program (STRAP)
- Transit Oriented Development (TOD) Program

The MassWorks Infrastructure Program provides a one-stop shop for municipalities and other eligible public entities seeking public infrastructure funding to support:

- Economic development and job creation and retention
- Housing development at density of at least 4 units to the acre (both market and affordable units)
- Transportation improvements to enhancing safety in small, rural communities

The MassWorks Infrastructure Program is administered by the Executive Office of Housing and Economic Development, in cooperation with the Department of Transportation and Executive Office for Administration & Finance.

II. SUMMARY OF HOUSING RESOURCES

Those programs that may be most appropriate to development activity in Eastham are described below.

A. Technical Assistance

1. *Planning Assistance Toward Housing (PATH)*

A relatively new state-funded initiative, the Planning Assistance Toward Housing (PATH) Program, provides planning assistance to municipalities for housing production. The state has made \$600,000 in planning grants available through the program to support locally initiated planning for municipally owned sites, changes to land use and zoning, and other strategies that directly contribute to housing production. This program replaces the Priority Development Fund that was introduced by the state in 2004.

2. *Peer-to-Peer Technical Assistance*

This state program utilizes the expertise and experience of local officials from one community to provide assistance to officials in another comparable community to share skills and knowledge on short-term problem solving or technical assistance projects related to community development and capacity building. Funding is provided through the Community Development Block Grant Program and is limited to grants of no more than \$1,000, providing up to 30 hours of technical assistance. (Contact is Karl McLaurin at DHCD.)

Applications are accepted on a continuous basis, but funding is limited. To apply, a municipality must provide DHCD with a brief written description of the problem or issue, the technical assistance needed and documentation of a vote of the Board of Selectmen or letter from the Town Administrator supporting the request for a peer. Communities may propose a local official from another community to serve as the peer or ask DHCD for a referral. If DHCD approves the request and once the peer is recruited, DHCD will enter into a contract for services with the municipality. When the work is completed to the municipality's satisfaction, the Town must prepare a final report, submit it to DHCD, and request reimbursement for the peer.

3. *MHP Intensive Community Support Team*

The Massachusetts Housing Partnership Fund is a quasi-public agency that offers a wide range of technical and financial resources to support affordable housing. The Intensive Community Support Team provides sustained, in-depth assistance to support the development of affordable housing. Focusing on housing production, the Team helps local advocates move a project from the conceptual phase through construction, bringing expertise and shared lessons

from other parts of the state. The team can also provide guidance on project finance. Those communities, which are interested in this initiative, should contact the MHP Fund directly for more information. (Contact MHP's Community Housing Initiatives Team at 617-330-9944 ext. 227.)

4. *MHP Chapter 40B Technical Assistance Program*

Working with DHCD, MHP launched this program in 1999 to provide technical assistance to those communities needing assistance in reviewing comprehensive permit applications. The Program offers up to \$10,000 in third-party technical assistance to enable communities to hire consultants to help them review Chapter 40B applications. Those communities that are interested in this initiative should contact the MHP Fund directly for more information.

MHP recently announced new guidelines to help cities and towns review housing development proposals under Chapter 40B including:

- State housing agencies will now appraise and establish the land value of 40B sites before issuing project eligibility letters.
- State will put standards in place for determining when permit conditions make a 40B development "uneconomic".
- There will be set guidelines on determining related-party transactions, i.e., when a developer may also have a role as contractor or realtor.
- Advice on how to identify the most important issues early and communicate them to the developer, how informal work sessions can be effective, and how to make decisions that are unlikely to be overturned in court.

(Contact MHP's Community Housing Initiatives Team at 617-330-9944 ext. 227.)

B. Housing Development

While comprehensive permits typically do not involve external public subsidies but use internal subsidies by which the market units in fact subsidize the affordable ones, communities are finding that they also require public subsidies to cover the costs of affordable or mixed-income residential development and need to access a range of programs through the state and federal government and other financial institutions to accomplish their objectives and meet affordable housing goals. Because the costs of development are typically significantly higher than the rents or purchase prices that low- and moderate-income tenants can afford, multiple layers of subsidies are often required to fill the gaps. Sometimes even Chapter 40B developments are finding it useful to apply for external subsidies to increase the numbers of affordable units, to target units to lower income or special needs populations, or to fill gaps that market rates cannot fully cover.

The state requires applicants to submit a One Stop Application for most of its housing subsidy programs in an effort to standardize the application process across agencies and programs. A

Notice of Funding Availability (NOFA) is issued by the state usually twice annually for its rental programs and homeownership initiatives. Using the One Stop Application, applicants can apply to several programs simultaneously to support the funding needs of a particular project.

1. HOME Program

HUD created the HOME Program in 1990 to provide grants to states, larger cities and consortia of smaller cities and towns to do the following:

- Produce rental housing;
- Provide rehabilitation loans and grants, including lead paint removal and accessibility modifications, for rental and owner-occupied properties;
- Offer tenant-based rental assistance (two-year subsidies); and/or
- Assist first-time homeowners.

The HOME Program funding is targeted to homebuyers or homeowners earning no more than 80% of median income and to rental units where at least 90% of the units must be affordable and occupied by households earning no more than 60% of median income, the balance to those earning within 80% of median. Moreover, for those rental projects with five or more units, at least 20% of the units must be reserved for households earning less than 50% of median income. In addition to income guidelines, the HOME Program specifies the need for deed restrictions, resale requirements, and maximum sales prices or rentals.

The HOME Rental Program is targeted to the acquisition and rehabilitation of multi-family distressed properties or new construction of multi-family rental housing from five to fifty units. Once again, the maximum subsidy per project is \$750,000 and the maximum subsidy per unit in localities that receive HOME or CDBG funds directly from HUD is \$50,000 (these communities should also include a commitment of local funds in the project). Subsidies are in the form of deferred loans at 0% interest for 30 years. State HOME funding cannot be combined with another state subsidy program with several exceptions including the Low Income Housing Tax Credits, HIF and the ONE Mortgage Program.

2. Community Development Block Grant Program (CDBG)

In addition to funding for the Peer-to-Peer Program mentioned in the above section, there are other housing resources supported by federal CDBG funds that are distributed by formula to Massachusetts.

The **Massachusetts Small Cities Program** that has a set-aside of Community Development Block Grant (CDBG) funds to support a range of eligible activities including housing development. However, at least 70% of the money must provide benefits to households earning within 80% of median income. This money is for those nonentitlement localities that do not receive CDBG funds directly from HUD. Funds are awarded on a competitive basis through Notices of Funding Availability with specific due dates or through applications reviewed on a rolling basis

throughout the year, depending on the specific program. This funding supports a variety of specific programs.

There are other programs funded through the Community Development Block Grant Small Cities Program for both homeownership and rental projects. A number of the special initiatives are directed to communities with high “statistical community-wide needs”, however, the **Community Development Fund II** is targeted to communities with lower needs scores that have not received CDBG funds in recent years. DHCD also has a **Reserve Fund** for CDBG-eligible projects that did not receive funding from other CDBG funded programs or for innovative projects.

3. *Housing Stabilization Fund (HSF)*

The state’s Housing Stabilization Fund (HSF) was established in 1993 through a Housing Bond bill to support housing rehabilitation through a variety of housing activities including homeownership (most of this funding has been allocated for the MHP Soft Second Program, now the ONE Mortgage Program) and rental project development. The state subsequently issued additional bond bills to provide more funding. The HSF Rehabilitation Initiative is targeted to households with incomes within 80% of median income, with resale or subsequent tenancy for households within 100% of median income. The funds can be used for grants or loans through state and local agencies, housing authorities and community development corporations with the ability to subcontract to other entities. The funds have been used to match local HOME program funding, to fund demolition, and to support the acquisition and rehabilitation of affordable housing. In addition to a program directed to the rehabilitation of abandoned, distressed or foreclosed properties, the HSF provides funds to municipalities for local revitalization programs directed to the creation or preservation of rental projects. As with HOME, the maximum amount available per project is \$750,000 and the maximum per unit is \$65,000 for communities that do not receive HOME or CDBG funds directly from HUD, and \$50,000 for those that do. Communities can apply for HSF funding biannually through the One Stop Application.

4. *Low Income Housing Tax Credit Program*

The Low Income Housing Tax Credit Program was created in 1986 by the Federal Government to offer tax credits to investors in housing development projects that include some low-income units. The tax credit program is often the centerpiece program in any affordable rental project because it brings in valuable equity funds. Tax credits are either for 4% or 9% of the development or rehab costs for each affordable unit for a ten-year period. The 4% credits have a present value of 30% of the development costs, except for the costs of land, and the 9% credit have a present value equal to 70% of the costs of developing the affordable units, with the exception of land. Both the 4% and 9% credits can be sold to investors for close to their present values.

The Federal Government limits the 9% credits and consequently there is some competition for

them, nevertheless, most tax credit projects in Massachusetts are financed through the 9% credit. Private investors, such as banks or corporations, purchase the tax credits for about 80 cents on the dollar, and their money serves as equity in a project, reducing the amount of the debt service and consequently the rents. The program mandates that at least 20% of the units must be made affordable to households earning within 50% of median income or 40% of the units must be affordable to households earning up to 60% of median income. Those projects that receive the 9% tax credits must produce much higher percentages of affordable units.

The Massachusetts Legislature has enacted a comparable state tax credit program, modeled after the federal tax credit program. The One Stop Application is also used to apply for this source of funding.

5. *Affordable Housing Trust Fund*

The Affordable Housing Trust Fund (AHTF) was established by an act of the State Legislature and is codified under Chapter 121-D of the Massachusetts General Laws. The AHTF operates out of DHCD and is administered by MassHousing with guidance provided by an Advisory Committee of housing advocates. The purpose of the fund is to support the creation/preservation of housing that is affordable to people with incomes that do not exceed 110% of the area median income. The AHTF can be used to support the acquisition, development and/or preservation of affordable housing units. AHTF assistance can include:

- Deferred payment loans, low/no-interest amortizing loans.
- Down payment and closing cost assistance for first-time homebuyers.
- Credit enhancements and mortgage insurance guarantees.
- Matching funds for municipalities that sponsor affordable housing projects.
- Matching funds for employer-based housing and capital grants for public housing.

Funds can be used to build or renovate new affordable housing, preserve the affordability of subsidized expiring use housing, and renovate public housing. While the fund has the flexibility of serving households with incomes up to 110%, preferences for funding will be directed to projects involving the production of new affordable units for families earning below 80% of median income. The program also includes a set-aside for projects that serve homeless households or those earning below 30% of median income. Once again, the One Stop Application is used to apply for funding, typically through the availability of two funding rounds per year.

6. *Housing Innovations Fund (HIF)*

The state also administers the Housing Innovations Fund (HIF) that was created by a 1987 bond bill and expanded under two subsequent bond bills to provide a 5% deferred loan to non-profit organizations for no more than \$500,000 per project or up to 30% of the costs associated with developing alternative forms of housing including limited equity coops, mutual housing, single-room occupancy housing, special needs housing, transitional housing, domestic violence

shelters and congregate housing. At least 25% of the units must be reserved for households earning less than 80% of median income and another 25% for those earning within 50% of area median income. HIF can also be used with other state subsidy programs including HOME, HSF and Low Income Housing Tax Credits. The Community Economic Development Assistance Corporation (CEDAC) administers this program. Applicants are required to complete the One-Stop Application.

7. *Federal Home Loan Bank Board's Affordable Housing Program (AHP)*

Another potential source of funding for both homeownership and rental projects is the Federal Home Loan Bank Board's Affordable Housing Program (AHP) that provides subsidies to projects targeted to households earning between 50% and 80% of median income, with up to \$300,000 available per project. This funding is directed to filling existing financial gaps in low- and moderate-income affordable housing projects. There are typically two competitive funding rounds per year for this program.

8. *MHP Permanent Rental Financing Program*

The state also provides several financing programs for rental projects through the Massachusetts Housing Partnership Fund. The Permanent Rental Financing Program provides long-term, fixed-rate permanent financing for rental projects of five or more units from \$100,000 loans to amounts of \$2 million. At least 20% of the units must be affordable to households earning less than 50% of median income or at least 40% of the units must be affordable to households earning less than 60% of median income or at least 50% of the units must be affordable to households earning less than 80% of median income. MHP also administers the Permanent Plus Program targeted to multi-family housing or SRO properties with five or more units where at least 20% of the units are affordable to households earning less than 50% of median income. The program combines MHP's permanent financing with a 0% deferred loan of up to \$40,000 per affordable unit up to a maximum of \$500,000 per project. No other subsidy funds are allowed in this program. The Bridge Financing Program offers bridge loans of up to eight years ranging from \$250,000 to \$5 million to projects involving Low Income Housing Tax Credits. Applicants should contact MHP directly to obtain additional information on the program and how to apply.

9. *OneSource Program*

The Massachusetts Housing Investment Corporation (MHIC) is a private, non-profit corporation that since 1991 has provided financing for affordable housing developments and equity for projects that involve the federal Low Income Housing Tax Credit Program. MHIC raises money from area banks to fund its loan pool and invest in the tax credits. In order to qualify for MHIC's OneSource financing, the project must include a significant number of affordable units, such that 20% to 25% of the units are affordable to households earning within 80% of median income. Interest rates are typically one point over prime and there is a 1% commitment fee. MHIC loans range from \$250,000 to several million, with a minimum project size of six units. Financing can be used for both rental and homeownership projects, for rehab and new

construction, also covering acquisition costs with quick turn-around times for applications of less than a month (an appraisal is required). The MHIC and MHP work closely together to coordinate MHIC's construction financing with MHP's permanent take-out through the OneSource Program, making their forms compatible and utilizing the same attorneys to expedite and reduce costs associated with producing affordable housing.

10. *Section 8 Rental Assistance*

An important low-income housing resource is the Section 8 Program that provides rental assistance to help low- and moderate-income households pay their rent either through mobile vouchers that recipients use in the private market (Section 8 Housing Choice vouchers) or project-based assistance that are attached to specific units. In addition to the federal Section 8 Housing Choice Program, the state also provides rental subsidies through the Massachusetts Rental Voucher Program as well as three smaller programs directed to those with special needs. These rental subsidy programs are administered by the state or through local housing authorities and regional non-profit housing organizations. Rent subsidies take two basic forms – either granted directly to tenants or committed to specific projects through special Project-based rental assistance. Most programs require households to pay a minimum percentage of their adjusted income (typically 30%) for housing (rent and utilities) with the government paying the difference between the household's contribution and the actual rent.

11. *District Improvement Financing Program (DIF)*

The District Improvement Financing Program (DIF) is administered by the state's Office of Business Development to enable municipalities to finance public works and infrastructure by pledging future incremental taxes resulting from growth within a designated area to service financing obligations. This Program, in combination with others, can be helpful in developing or redeveloping target areas of a community, including the promotion of mixed-uses and smart growth. Municipalities submit a standard application and follow a prescribed application process directed by the Office of Business Development in coordination with the Economic Assistance Coordinating Council.

12. *Urban Center Housing Tax Increment Financing Zone (UCH-TIF)*

The Urban Center Housing Tax Increment Financing Zone Program (UCH-TIF) is a relatively new state initiative designed to give cities and towns the ability to promote residential and commercial development in commercial centers through tax increment financing that provides a real estate tax exemption on all or part of the increased value (the "increment") of the improved real estate. The development must be primarily residential and this program can be combined with grants and loans from other local, state and federal development programs. An important purpose of the program is to increase the amount of affordable housing for households earning at or below 80% of area median income and requires that 25% of new housing to be built in the zone be affordable, although the Department of Housing and Community Development may approve a lesser percentage where necessary to insure financial feasibility. In order to take advantage of the program, a municipality needs to adopt a detailed

UCH-TIF Plan and submit it to DHCD for approval.

13. Community Based Housing Program

The Community Based Housing Program provides loans to nonprofit agencies for the development or redevelopment of integrated housing for people with disabilities in institutions or nursing facilities or at risk of institutionalization. The Program provides permanent, deferred payment loans for a term of 30 years, and CBH funds may cover up to 50% of a CHA unit's Total Development Costs up to a maximum of \$750,000 per project.

14. Compact Neighborhoods Program

DHCD recently announced "Compact Neighborhoods" that provides additional incentives to municipalities that adopt zoning districts for working families of all incomes as well as smart growth development. Similar to 40R, the program requires new zoning that must:

- Allow a minimum number of "future zoned units" in the Compact Neighborhood, which is generally 1% of the year-round housing in the community;
- Allow one or more densities as-of-right in the zone of at least eight (8) units per acre on developable land for multi-family housing and at least four (4) units per acre for single-family use;
- Provide not less than 10% of units be affordable within projects of more than 12 units; and
- Not impose any restrictions to age or other occupancy limitations within the Compact Neighborhood zone although projects within the zone may be targeted to the elderly, persons with disabilities, etc.

Financial assistance through the Priority Development Fund is available to communities that are adopting Compact Neighborhoods zoning, giving priority to the creation of mixed-use development beyond the bounds of a single project. The state also promotes projects that meet the definition of smart growth under 40R, encourage housing that is priced to meet the needs of households across a broad range of incomes and needs.

The process for implementing a Compact Neighborhoods Zone includes:

- Identify an "as-of-right" base or overlay district (the Compact Neighborhood);
- Request and receive a Letter of Eligibility from DHCD; and
- Adopt the Compact Neighborhood Zoning.

15. DHCD Project-Based Homeownership Program

DHCD recently announced a first round of funding for its Project-Based Homeownership Program with two (2) funding categories:

- *Areas of Opportunity*
Funds are being awarded for new construction of family housing projects for first-time homebuyers in neighborhoods or communities that provide access to opportunities that include but are not limited to jobs, transportation, education, and public amenities. The minimum project size is ten (10 units) for up to \$500,000 in funding for a single project and no more than \$75,000 per affordable unit. The maximum total development cost for affordable units is \$300,000 and the maximum developer overhead and fee is 15% of total development costs. Localities must provide matching funds at least equal to the amount of the DHCD subsidy request.
- *Gateway Cities*
A limited amount of funding will be made available to Gateway Cities or other smaller communities with well-defined Neighborhood Redevelopment Plans for the acquisition and rehabilitation or new construction of single-family or duplex units or triple deckers (rehab only). The development of single sites is preferred but scattered-site projects are permissible. The minimum project size is six (6 units) for up to \$500,000 in funding for a single project and no more than \$75,000 per affordable unit. The maximum total development cost for affordable units is \$250,000 and the maximum developer overhead and fee is 15% of total development costs. Localities must provide matching funds at least equal to one-half the amount of the DHCD subsidy request.

Sponsors/developers must have hard letters of interest from construction lenders and mortgage loan originators, follow prescribed design/scope guidelines, submit sound market data at the time of pre-application, and have zoning approvals in place. Interested sponsors/developers must submit a pre-application for funding and following its review, DHCD review will invite certain sponsor/developers to submit full applications.

C. Homebuyer Financing and Counseling

1. ONE Mortgage Program

The Massachusetts Housing Partnership Fund, in coordination with the state's Department of Housing and Community Development, has recently introduced the ONE Mortgage Program, a new simplified version of the successful Soft Second Loan Program, which from 1991 to 2013 helped over 17,000 families purchase their first home. Like the Soft Second Program, ONE features low, fixed-rate financing and state-backed reserve that relieves homebuyers of the cost of purchasing private mortgage insurance.

2. Homebuyer Counseling

There are a number of programs, including the Soft Second Loan Program and MassHousing's Home Improvement Loan Program, as well as Chapter 40B homeownership projects that require purchasers to attend homebuyer workshops sponsored by organizations that are approved by the state, Citizens Housing and Planning Association (CHAPA) and/or HUD as a condition of occupancy. These sessions provide first-time homebuyers with a wide range of important

information on homeownership finance and requirements. The organization that offers these workshops in closest proximity to Eastham is the Housing Assistance Corporation and Community Development Partnership.

4. *Self-Help Housing.*

Self-Help programs involve sweat-equity by the homebuyer and volunteer labor of others to reduce construction costs. Some communities have donated building lots to Habitat for Humanity to construct affordable single housing units. Under the Habitat for Humanity program, homebuyers contribute between 300 and 500 hours of sweat equity while working with volunteers from the community to construct the home. The homeowner finances the home with a 20-year loan at 0% interest. As funds are paid back to Habitat for Humanity, they are used to fund future projects.

D. State Home Improvement Financing

1. *MassHousing Home Improvement Loan Program (HLP)*

The MHFA Home Improvement Loan Program (HILP) is targeted to one- to four-unit, owner-occupied properties, including condominiums, with a minimum loan amount of \$10,000 up to a maximum of \$50,000. Loan terms range from five to 20 years based on the amount of the loan and the borrower's income and debt. MassHousing services the loans. Income limits are \$92,000 for households of one or two persons and \$104,000 for families of three or more persons. To apply for a loan, applicants must contact a participating lender.

2. *Get the Lead Out Program*

MassHousing's Get the Lead Out Program has been offering financing for lead paint removal on excellent terms. Based on uncertain future legislative appropriations, some changes in program requirements were made to insure that eligible homeowners with lead poisoned children would have funding available for a longer period. All income eligible families who are under court order to delead or who have a child under case management with the Commonwealth's Lead Paint Prevention Program, will continue to receive 0% deferred loans. Owners wanting to delead their homes for preventive purposes must qualify for an amortizing loan with a 3% interest rate if earning within 80% of area median income, 5% interest if earning over 80% AMI and up to the program maximum. Applicants must contact a local rehabilitation agency to apply for the loan.

3. *Septic Repair Program*

Through a partnership with the Massachusetts Department of Environmental Protection and Revenue, MassHousing offers loans to repair or replace failed or inadequate septic systems for qualifying applicants. The interest rates vary according to the borrower's income with 0% loans available to one and two-person households earning up to \$23,000 and three or more person households earning up to \$26,000 annually. There are 3% loans available for those one or two person households earning up to \$46,000 and three or more persons earning up to \$52,000. Additionally, one to four-family dwellings and condominiums are eligible for loan amounts of

up to \$25,000 and can be repaid in as little as three years or over a longer period of up to 20 years. To apply for a loan, applicants must contact a participating lender.

4. *Home Modification Program*

This state-funded program provides financial and technical assistance to those who require modifications to their homes to make them handicapped accessible. The Southern Middlesex Opportunity Council (SMOC), with an office located in Buzzards Bay, administers this program for the Cape.