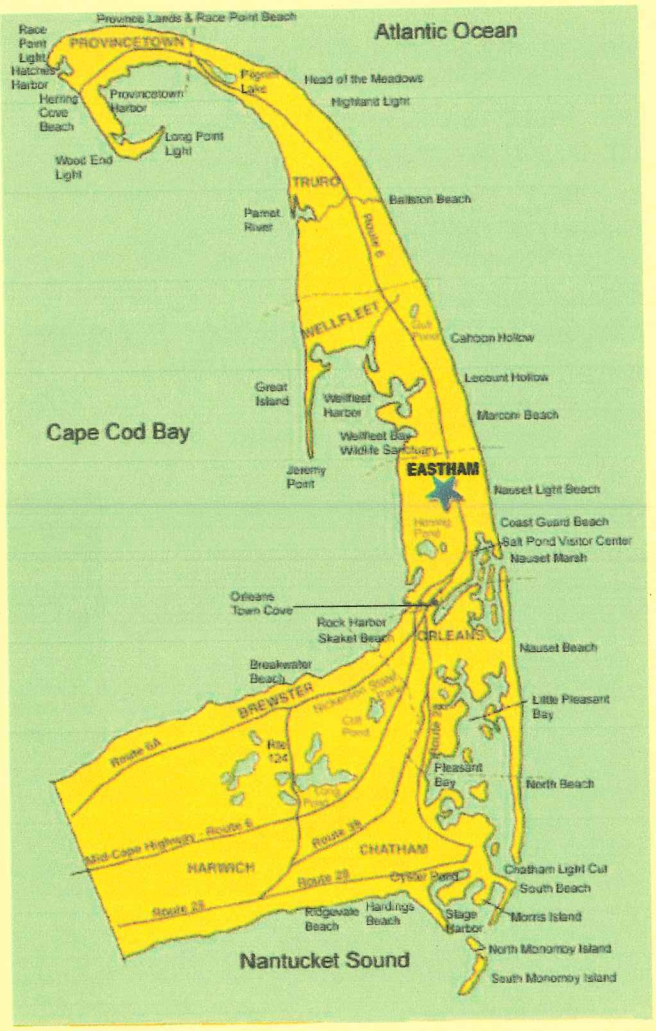
TOWN OF EASTHAM, MASSACHUSETTS

HOUSING PRODUCTION PLAN



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I. EXECUTIVE SUMMARY

A. Introduction

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 5,400 year-round residents 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, 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."[1] 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."[2]

These recreational and historical 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 have declined somewhat over the past several years given a sluggish housing market, median housing prices for single-family homes are still about $342,500, down from $425,000 last year, out of reach for many long-term, year-round residents.

A summary of some of the key demographic and housing characteristics of Eastham versus Barnstable County and the state is included in Table I-1 and highlighted below.

- *Declining Population*
  Eastham experienced substantial population growth, particularly in the late 20th Century. For example, between 1970 and 2000, the population more than doubled in size growing from 2,043 residents to 5,453. Town records indicated that the population has decreased somewhat to 5,401 residents in 2009 and census projections estimate a likewise population decrease for Barnstable County of 0.5% but an increase for the state of 2.3%.

[1] Town of Eastham, 2002 Local Comprehensive Plan, Committee Statement, page iii.
[2] Ibid.

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

Characteristics	Eastham		Barnstable County		Massachusetts	
Household Characteristics						
	2000 Census	2009 Estimate*	2000 Census	2008 Estimate*	2000 Census	2008 Estimate*
Total population	5,453	5,401	222,230	221,049	6,349,097	6,497,967
% less than 18 years	17.7%	11.0%	20.4%	17.7%	23.6%	22.0%
% 20 to 34 years	12.7%	14.9% (21-34)	13.2%	15.5%	21.0%	19.8%
% 35 to 44 years	14.3%	11.3%	15.3%	12.5%	16.7%	14.7%
% 45 to 54 years	15.1%	14.0%	14.8%	15.0%	13.8%	15.4%
% 55 to 64 years	12.6%	15.4%	11.5%	13.4%	8.6%	11.6%
% 65 years or more	26.0%	27.4%	23.1%	24.0%	13.5%	13.4%
Median age	47.6 years	50.0	44.6 years	46.3	36.5 years	38.7
% non-family households	31.8%	--	36%	37.4%	36%	36.4%
Average household size	2.24 persons	2.19	2.28 persons	2.33	2.51 persons	2.33
Median income 2000	$42,618	$66,910 ($52,767)	$45,933/ $72,115	$57,314	$50,502	$65,401
Individuals in poverty	5.5%	--	7%	7.4%	9%	9.7%
% earning less than $25,000	22.0%	19.5%	24.6%	19.4%	24.6%	19.8%
% earning more than $100,000	10.2%	16.6%	12.4%	23.7%	17.7%	30.2%
Total housing units	5,535	5,958	147,083	156,141	2,621,989	2,735,645
% occupied housing	43.3% (year-round)	40.7 (year round)	64.5%	59.6%	93.2%	90.2%
% owner-occupied	82.3%	82.3%	77.8%	81.2%	61.7%	64.5%
% renter-occupied	17.7%	17.7%	22.2%	18.8%	38.3%	35.5%
% seasonal or occasional use	38.0%	--	32.0%	--	3.6%	--
% single-family, detached structures	94.9%	88.3%	82.9%	83.6%	52.4%	52.9%
Median sales price	$192,300	$342,500	$178,800	$300,000 (8/09)	$185,000	$264,900
Housing growth 2000 to 2008	4.0%		6.2%		4.3%	
Housing density 2000 to 2008	203.4 to 218.6 units per square mile		371.6 to 394.5 units per square mile		334.5 to 349 units per square mile	

Source: Data for the above table is derived from the 2000 census, and updated estimates have been incorporated. * The numbers for the County and state are updated census projections based on the 2008 American Community Survey unless otherwise noted. The estimates for Eastham are from the Nielsen Claritas data source 2009.

- *Slower Housing Growth*
  The amount of land devoted to residential development increased nine-fold, from 340

acres or 3.7% of the town in the late 1960s to more than 4,700 acres or 51% by 2000. The annual average rate of conversion from 1960 to 1991 was 105 acres per year, which increased to 114 acres per year from 1991 to 2000.[3] Barnstable County as a whole experienced significant housing growth, fifth highest among the state's 14 counties, and resulting increases in density, third highest among the 14 counties. During this same period, the number of building permits issued in Eastham indicates about a 7.6% increase in new housing units, somewhat higher than the county at a projected 6.2% rate of housing growth and the state at 4.3%. However, about half of new units involved the teardown of existing homes, consequently Eastham experienced net growth of less than 4.0%.

- *Relatively Low Housing Density*
  Eastham's housing density was significantly lower than the county and the state's at about 218.6 per square mile as opposed to 394.5 and 349 for the county and state, respectively, as projected as of the end of 2008. This is largely reflective of the considerable amount of preserved open space in town, including the National Seashore.

- *Substantial Amounts of Preserved Open Space*
  As noted above, about one-third of the town's land area is part of the National Seashore and about another 500 acres is owned by the Town and also protected. This significant reserve of open space as well as other undevelopable natural resources, have 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 Seasonal Housing Pressures*
  More than half of the town's housing stock is occupied by seasonal or occasional residents as compared to 32% for Barnstable County as a whole, where one would expect a high level of such residents, and a state average of only 3.6%. 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. This temporary population, however, has bolstered the local economy and employment has increasingly focused on servicing these occasional residents or visitors.

- *Increasingly Older Population*
  In comparison to the Cape and state in general, Eastham's population is older with a median age of 47.6 years as compared to 44.6 and 36.5 years for the county and state, respectively, in 2000. Since then the median age in Eastham is estimated to have increased to 50 years. Additionally, the town had a higher proportion of residents 65 years of age or older, 26% versus 23% for the county and only 13.5% for the state in 2000. The proportion of this age group has also increased to an estimated 27.4% in 2009. The housing needs of this aging population should be addressed in the Town's planning efforts.

  Related to a somewhat older population is the lower portion of school-age children under 18 years of age with Eastham at 17.7%, the county at 20.4% and 23.6% for the state in 2000. Population estimates suggest that children are continuing to decrease, to as low as 11% in the case of Eastham in 2009. The relatively smaller proportion of children is related to the increasing numbers of non-family households and dwindling numbers of those aged 20 to 34 who are forming new families and entering the labor market, 12.7% of all households in Eastham but

[3] Town of Eastham, Local Comprehensive Plan, Second Edition, October 2002.

13.2% for the Cape in general and 21.0% for the state, projected to increase somewhat. The relatively high cost of living in Eastham, the lack of affordable housing, and limited employment opportunities in particular, are creating barriers for this age group and making it increasingly more likely that those who were raised in Eastham will be less likely to be able to raise their own families locally without housing subsidies or help from their families. The social and economic vitality of Eastham will be diminished without extensive contributions of young workers and families.

- *Lower Incomes*
  The disparity between lower incomes in Eastham and higher housing costs creates a significant affordability gap. The 2000 median income in Eastham was lower than that for the county and state, $42,618 versus $45,933 and $50,500, respectively. Updated 2009 projections for Eastham and the Cape are $66,910 and $72,115. However, the percentage of those earning less than $25,000 annually was somewhat lower in Eastham, 22.0%, while it was 24.6% for the county and state in 2000 and down to about 19% for Eastham, the county and the state more recently. At the other end of the income range, there were fewer year-round residents in Eastham and the county earning more than $100,000, 10.2% and 12.4%, respectively, when compared to the state at 17.7%. Updated projections for the county and state for 2008 indicated that the percentage earning above $100,000 almost doubled but increased about 63% or to 16.6% in the case of Eastham.

- *High Housing Costs*
  The 2000 median house price provides a comparison of Eastham's housing market to that of Barnstable County and the state, with higher median market values than the county and state, $192,300 versus $178,800 and $185,700, respectively. Since that time housing prices increased substantially but have started to decline given the recent recession. An article (1/07/09) in the Cape Cod Times indicated that in 2008 the median house price had fallen to $310,000 Cape-wide, substantially less than the median for Eastham of $425,000 at that time.

  Eastham's median house value for a single-family home was around $450,000 from 2004 through 2007, but decreased to $425,000 as of the end of 2008. More recent sales data indicates that house prices have continued to decline, albeit at a more rapid rate, with a median price of $342,500 as of May 2009, based on 30 sales. To afford this median price, a purchaser would have to earn approximately $85,000 based on conventional lending practices, well beyond the means of most local residents. Escalating housing prices are also reflected in increased property taxes, which in combination with rising energy bills and insurance costs, cause a serious financial strain on long-term residents, particularly those with fixed incomes. Applying the updated median income estimate of $66,910 for Eastham, results in an affordability gap of $77,500, the difference between what the median income household could afford ($265,000) and the median priced house ($342,500), down considerably from the recent past due to the combination of lower interest rates and declining house prices. A federal tax credit of $8,000 for first-time homebuyers has made housing even more affordable to some who have been shut-out of the private housing market.[4] However, stricter mortgage financing requirements, including down payments of 20%, have reduced access to financing and have effectively widened the affordability gap.

  Additionally, while the rental housing stock is relatively small, only about 424 units, rents are high, averaging about $1,000 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.

[4] This tax credit is available through June 30, 2010.

- *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. The market has softened somewhat over the past couple of years throughout the Cape, New England and the nation, however, housing still remains expensive.

  Based on the Massachusetts Department of Housing and Community Development's most recent data on the Chapter 40B Subsidized Housing Inventory, Eastham had 2,642 year-round housing units[5], of which 49 can be counted as affordable, representing 1.85% of the year-round housing stock. Planned project activity should bring this percentage up to over 2%. To meet the state's 10% affordable housing goal under Chapter 40B of the Massachusetts General Laws, at least 264 of the existing units would have to be "affordable". This means that right now Eastham is well short of the 10% standard, and 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.

B. Housing Goals

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 including:

- To promote the provision of fair, decent, safe, affordable housing for rental or purchase that meets the needs of present and future Eastham residents.
- To promote equal opportunity in housing and to 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.
- To 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.
- To develop and promote strategies, plans, policies, and actions, which integrate the development of affordable housing with protection of Eastham's environment.

C. Summary of Development Challenges

Undertaking a more proactive housing agenda to promote affordable housing will be a significant challenge in Eastham. First, the town's resources for absorbing growth are limited given significant physical constraints. For example, Eastham has no sewer and water services, making denser development more costly and difficult. This raises concerns among residents about water supply and water quality impacts of any new development. Moreover, Route 6, while serving as the gateway to the National Seashore, also directs substantial traffic through what is effectively Eastham's main thoroughfare.

Second, 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, include substantial marshland, tidelands, wetlands, and other ecosystems that are important shellfish 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. Eastham's extensive and important water resources, for example, are valuable environmental, economic and aesthetic assets for not only the community but for other areas of the Cape as well. There is a full understanding that as build-out approaches, development pressures will

[5] Based on 2000 census data but 10% goal will be adjusted when the new year-round housing unit count becomes available from the 2010 census, sometime in 2011.

increase, which further suggests the need to actively preserve land and accommodate affordable housing and other public benefits within existing and future development. 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.

Third, as mentioned earlier, Eastham' 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.

Fourth, 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. The Town has incorporated several measures to promote affordable housing and smart growth development, and is currently pursuing plans for a mixed-use village center in North Eastham that will incorporate affordable housing. Nevertheless, low housing density still constrains the construction of affordable housing by severely reducing opportunities for economies of scale in development.

Fifth, the Town needs to continue to promote more affordable development by effectively managing the Town's limited assets as a whole and directing growth for the overall environmental and social health of the community. Besides approving Community Preservation Act, Eastham has established a Municipal Affordable Housing Trust Fund to promote affordable housing. Because the Town has limited commercial and industrial uses, it relies predominantly on property taxes raised through its residential base.

Due to the relatively high costs of homeownership, including costs associated with taxes, insurance and utilities, 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 enable them to afford to return to raise their own families locally despite some recent reductions in housing prices and federal tax credits for first-time homebuyers. 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 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 "buy up," purchasing larger homes as their families grow. Town 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 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, there were substantial numbers of households with incomes below $25,000, including 674 households or more than 28% of all households, based on 2000 census data, down somewhat to 474 households and 20% of all households in 2009 estimates. There are substantially more of these households than subsidized units available (58 units). Given Eastham's tight housing market, it can be expected that many lower income residents are struggling to afford to remain in the community.

- About 1,000 households had incomes at or below 80% of area median income in 2000. Therefore, based on income alone, about 42% of Eastham's households might have qualified for housing assistance. While income has increased it has done so more slowly than housing costs.
- Despite overall decreases in poverty from 1989 to 1999, there still remained a population within the town of Eastham, including 378 individuals and 74 families, who had substantial income limitations and may require public assistance to meet their housing needs.
- There were 255 households earning at or below 30% of area median income, referred to by HUD as extremely low-income households, and of these 195 were owners and 60 were renters. Almost 38% of these owners and 67 % of these renters, or 73 total households, were spending more than half of their income on housing-related expenses.
- Of the 288 households earning between 30% and 50% of area median income, referred to as very low-income households, more than 35% (103 households) were spending over 30% of their income on housing and 20% (59 households) were spending more than 50% on housing.
- Rental listings indicate that it is difficult to find a year-round rental of a two-bedroom unit for less than $1,000, not including utilities that can add $150 per month.
- There are few if any housing options for seasonal workers who are essential for sustaining Eastham's significant resort economy.

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 described above with very limited financial means.

2. ***Affordability Gaps***

- Recent real estate listings as of July 13, 2009, included no single-family homes on the market in Eastham for less than $200,000 and only eight (8) for between $200,000 and $300,000.
- Information from the Town Assessor on the assessed values of residential property in Eastham indicated that 2.3% of Eastham' housing stock was valued at less than $200,000 but most of the units in this price range were cottage-style condominiums that are vacated in the winter months. There were only 14 single-family homes assessed below $200,000, still relatively affordable to those earning at about the median income level but likely to be small "fixer-uppers".
- Applying the updated median income estimate of $66,910, based on the 57% change in the HUD median income levels for Barnstable County between 2000 and 2009, would result in an affordability gap of $72,500 as of the end May 2009, the difference between what the median income household could afford ($270,000) and the median priced house ($342,500). *The current affordability gap would in fact be significantly greater but declining mortgage interest rates as well as a softening housing market have made housing more affordable in Eastham and throughout much of the country. However, stricter financing requirements, including down payments of 20% of the purchase price, have effectively contributed to widening the affordability gap.*
- For those earning at 80% of area median income ($55,900 for a family of three), this gap is now $117,500, the difference between the maximum they could afford of $225,000 and $342,500. If a two-person household is considered which could afford a home costing no more than $200,000 based on an income of $49,700 and conventional lending terms, the affordability gap is $142,500.
- Demographic trends also suggest that those entering the labor market and forming new families in Eastham are dwindling in number, reducing the pool of entry-level workers and service employees. For example, in 1980 those age 21 to 34 comprised about 21.1% of Eastham's residents, but by 2000 those in this age category comprised only 12.1% of all residents.

Priority Need #2: Wider range of affordable housing options 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***

- In 2000, 1,277 residents claimed some type of disability, including 26% of all seniors.
- There are a very limited number of handicapped accessible units in the town's Subsidized Housing Inventory.
- Older residents 55 years of age and older are a growing segment of the population, from 2,104 residents or almost 40% of the population in 2000 to a projected 2,483 or 46% by 2014.
- There are no subsidized housing units available solely for the elderly.
- There were only eight (8) units of special needs housing available (Department of Mental Health group homes).
- There are no assisted living units in Eastham.

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 35% of Eastham's housing stock was built prior to 1970, and houses in this age category 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.
- Because there are no municipal sewer services, some existing septic systems are likely failing or in disrepair.

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.

Based on these priority needs and the calculations summarized in Section III.C.5, this Housing Needs Assessment suggests that the Town of Eastham establish the following targeted affordable housing production goals over the long-term and short-term (five years of the Housing Plan). These goals suggest that two-thirds of the new affordable units to be created be rentals with the remaining one-third for first-time homebuyers or income-eligible seniors. Of the 300 affordable units to built over the long-term, and 75 units in the short-term, approximately 30% are targeted to single persons or seniors, 57% to small families and the remaining 13% to larger families requiring at least three bedrooms. The goals also assume 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.

Table I-2
Summary of Priority Housing Needs and Targeted Production Goals
Longer-term Goals/Shorter-term, Five-Year Goals

Type of Housing	Seniors/Single Persons** One Bedrooms	Small Families/ 2 Bedrooms	Large Families/ 3+ Bedrooms	Total
Rental	40/10	140/35	20/5	200/50
Ownership	50/12	30/8	20/5	100/25
Total	90/22	170/43	40/10	300/75
Special Needs*	18/4	17/4	4/1	39/9

Source: 2000 HUD SOCDS CHAS and Census data, Karen Sunnarborg Consulting

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

** Approximately 15% of units in this category directed to non-elderly, single person households.

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.[6] Eastham would have to produce at least 13 affordable units annually to meet these production goals through 2010, a formidable challenge. This goal is likely to increase to about 15 units after the next decennial census count becomes available and housing growth will continue to drive-up the 10% goal. If the state certifies that the locality has complied with its annual production goals, the Town may be able, through its Zoning Board of Appeals, to deny comprehensive permit applications.[7] Production goals over the next five (5) years include the creation of 79 affordable units and 8 workforce units[8], and 134 total projected number of housing units created that includes some market rate units.

F. Summary of Housing Strategies

The strategies outlined below are based on previous plans, reports, studies, the Housing Needs Assessment, local housing goals and the experience of other comparable localities in the area and throughout the Commonwealth. The strategies are grouped according to the type of action proposed – Building Local Capacity, Zoning Strategies, and Housing Production – and categorized according to priority as those to be implemented within Years 1 and 2 and those within Years 3 to 5. A summary of these actions is included in Appendix 1. The strategies also reflect state requirements that ask communities to address a number of major categories of strategies to the greatest extent applicable:[9]

It should be noted however, 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.

Within the context of the compliance issues, local needs, existing resources, affordability requirements, and the 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 consider, prioritize, and process, each through the appropriate regulatory channels.* Moreover, the proposed actions present opportunities to judiciously invest limited Community Preservation funding to build local capacity, modify or create new local zoning provisions and development policies, subsidize

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[6] The state has issued changes to Chapter 40B that included modifications to the Planned Production requirements. For example, the annual production goals are instead based on one-half of one percent of total housing units and plans are now referred to as Housing Production Plans (HPP).

[7] 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.

[8] 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.

[9] Massachusetts General Law Chapter 40B, 760 CMR 56.03.4.

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, and help preserve the existing affordable housing stock.

1. Build Local Capacity

Specific actions to help build local capacity to meet local housing needs and production goals are summarized below. While these strategies do not directly produce affordable units, they provide the necessary support to implement a proactive housing agenda and build local support for new affordable housing initiatives.

- *Conduct ongoing educational campaign*
  Continue to engage the community in discussions on affordable housing to present information on the issue needed to dispel myths and negative 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.

- *Secure sufficient professional oversight*
  Hire the necessary professional expertise to provide ongoing staff-support to effectively coordinate the implementation of various components of the Housing Plan.

- *Continue to apply for Commonwealth Capital scoring*
  Continue to prepare and submit the scoring application under the state's Commonwealth Capital Program prior to applying for any of the state's capital spending programs or as required to be competitive for state discretionary program funding related to housing, infrastructure, transportation, economic development, etc.

2. Zoning Strategies

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.

- *Promote affordable housing in mixed-use development*
  Building on the recommendations in the 2002 Local Comprehensive Plan, the Town has embarked on a planning effort to create a traditional mixed-use village center in North Eastham at the intersection of Route 6 and Brackett Road and involving the surrounding private and public properties. This effort, involving rezoning through a Village Overlay District, is the centerpiece of the Town's new development efforts, involving a comprehensive development strategy, and needs to be fully implemented.

- *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. 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, however, has not been used to date. 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.

- *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.

- *Modify the accessory apartment bylaw*
  Because accessory apartments provide small rental units that diversify the housing stock within the confines of existing dwellings or lots, the Town might consider amending its existing bylaw to better promote such units even if they are not eligible for inclusion in the Subsidized Housing Inventory.

3. Housing Production

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 rely 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 reach out to area non-profit and for profit developers who have been active in producing affordable housing to discuss the Town's interest in promoting these units, possible areas and opportunities for new development, and priorities for new development that include the use of local zoning provisions, "friendly" comprehensive permits, the conversion of existing housing to long-term affordability and infill development.

II. INTRODUCTION

Eastham is primarily a residential community with a year-round population of about 5,400 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 five-fold. These visitors have bolstered Eastham's predominant economy, the tourist industry. In the context of the community's unique features, and prepared a vision statement, developed as part of the community planning process in 2002, which articulated the following:

> *"A diversified community which honors its past as a fishing and agricultural settlement, and current character as a modest residential community which accommodates workers, vacationers and retirees."*

Population growth of year-round residents has put additional pressures on the town, local services and the housing market in particular, as the population almost tripled in size between 1960 and 1980, from 1,200 residents to 3,472, and increased by almost another 2,000 residents or 57% from 1980 to 2000. Since then, Town records indicate that there has been a slight reduction in the population to 5,401 residents as of the end of 2008. Estimates from Nielsen Claritas data, a proprietary data source, suggest that the population has decreased only a bit to 5,394 in 2009 and then down to 5,347 by 2014.

The high level of growth prior to 2000 was experienced throughout the Cape as the area drew more visitors, second-home owners and retirees. Local manifestations of this increase did not just occur through new development, although the number of housing units grew from 3,640 in 1980 to 5,536 in 2000, an increase of 2,000 units, but also in the conversion of seasonal homes or small-scale cottages to year-round retirement properties and second homes. Nielsen Claritas data only provides data on year-round, occupied housing units, and indicates only a small increase in these units, from 2,396 in 2000 to 2,428 by 2014, likely underestimating such future development somewhat.

The Local Comprehensive Plan suggests that there are few parcels of "buildable land" in Eastham that are larger than ten (10) acres, and consequently the redevelopment of existing properties is of far greater concern in Eastham than new development.[10]

Table II-1
Population Growth
1940 to 2008

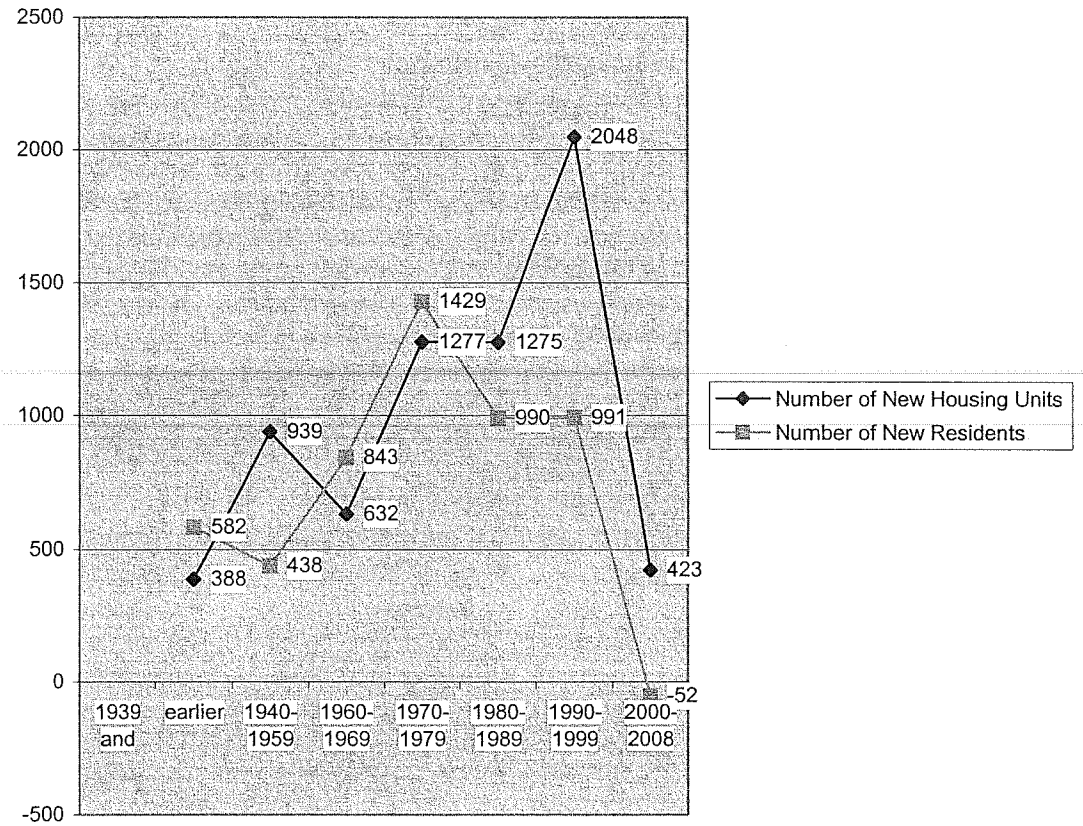
Year	Total Number of Residents	Change Over Previous Decade	Percentage Change Over Previous Decade	Median Age
1940	582	--	--	--
1950	860	98	16.8%	--
1960	1,200	340	39.5%	37.5 years +/-
1970	2,043	843	70.2%	41.1 years
1980	3,472	1,429	70.0%	39.1 years
1990	4,462	990	28.5%	41.7 years
2000	5,453	991	22.2%	47.6 years
2008	5,401	-52	-1.0%	--

U.S. Bureau of the Census and Cape Cod Commission/2002 Local Comprehensive Plan, and Town records.

[10] Town of Eastham Local Comprehensive Plan, 2002.

Population and housing growth are presented in Figure II-1 through the end of 2008. 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 1980 and then the continued increase in new housing units through 2000 followed by declines in both housing and population growth rates after that.

Figure II-1



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

Recent housing values also increased substantially with median single-family home prices rising only marginally from $178,600 in 1990 to $192,300 in 2000, but then more than doubling to $425,000 as of the end of 2008, then down to $342,500 as of May 2009, still high. Relatively high housing prices, which often characterize resort-housing markets, have almost depleted the affordable housing stock with the exception of condominiums. As of July 13, 2009, there were only eight (8) single-family homes listed on the market for less than $300,000, none for less than $200,000. Nevertheless, recent declines in house and condo prices as well as reductions in mortgage interest rates have contributed greatly to housing affordability.

This Housing Production Plan examines the issue of housing in Eastham, particularly housing affordability, to present a documented snapshot of current conditions and trends. It also looks at the 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 resources to support new affordable housing unit creation. This Plan in fact reflects a recommendation included in the Town's Local Comprehensive Plan to update an affordable housing needs assessment and complete a local housing plan.

A. 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 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 heavy cost burdens.

Affordable housing can also be defined according to percentages of median income for the area. Housing subsidy programs can be 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 ($20,950 for a family of three for the Barnstable area) and very low-income is defined as households with incomes less than 50% of area median income ($34,900 for a family of three). Low- and moderate-income generally refers to the range between 50% and 80% of area median income ($55,900 for a family of three at the 80% level). These income levels are summarized in Table II-2.

Table II-2
2009 INCOME LEVELS FOR
AFFORDABLE HOUSING IN THE BARNSTABLE AREA

# Persons in Household	30% of Median Income	50% of Median Income	80% of Median Income
1	$16,300	$27,150	$43,450
2	18,650	31,050	49,700
3	20,950	34,900	55,900
4	23,300	38,800	62,100
5	25,150	41,900	67,050
6	27,050	45,000	72,050
7	28,900	48,100	77,000
8+	30,750	51,200	81,950

2009 Median Household Income for the Barnstable Metropolitan Statistical Area (MSA) = $75,400

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).[11] This legislation allows developers to override local zoning if the project meets certain requirements and

[11] 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.

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 (at least 30 years or longer for newly created affordable units, and at least 15 years for rehabilitated units).
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 Housing Inventory (SHI), Eastham had 2,642 year-round housing units, of which 49 are currently counted by the state as affordable, representing 1.85% of the year-round housing stock. Planned development should push Eastham beyond the 2% threshold, but the town will still have a significant challenge to meet the 10% standard. 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. Moreover, some affordable units that are included in Eastham's Subsidized Housing Inventory have affordability restrictions that are due to expire at some point in the future that might potentially decrease the level of existing affordable units without intervention.

Additionally, most state-supported housing assistance programs are targeted to households earning at this same level, at or below 80% of area median income, however, others, particularly 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 median income. First-time homebuyer programs typically apply income limits of up to 80% of area median income. It is worth noting that according to the 2000 census, approximately 1,000 households or about 42% 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 80% level in addition to workforce 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 and help the Town reach its 10% affordability goal unless they are part of a rental development where 100% of the units would qualify for inclusion in the SHI if at least 25% meet 40B guidelines.

B. Housing Goals

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. The Plan stated that some things in Eastham needed to remain constant despite "a time of rapid change brought about by the modern and evolving technology revolution".[12] Yet the Plan recognized that some things should remain constant i Eastham including the "need for an individual sense of community; for a place to call home, where we enjoy a quality of life that we want to pass on to our children and grandchildren. We wish to protect our natural, cultural and historic resources for them as they must cope with changes beyond our imagination".[13] The planning process included developing a community "vision" statement that was intended to be blueprint for the future development of Eastham and which recognized preserving the character of Eastham including the following:

- To promote the provision of fair, decent, safe, affordable housing for rental or purchase that meets the needs of present and future Eastham residents.
- To promote equal opportunity in housing and to 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, elderly, the homeless, disabled, and others with special needs.
- To 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.
- To develop and promote strategies, plans, policies, and actions which integrate the development of affordable housing with protection of Eastham's environment.

As part of the process for developing the Local Comprehensive Plan (LCP), the Town conducted a series of public workshops on each of the plan elements and distributed a Community Survey. The respondents rated water quality, population growth or over-development and transportation/traffic as the most serious issues facing Eastham. However, the issue of creating additional affordable housing was identified in the workshops as important as well. In the statement on overall goals and related needs, the LCP includes a goal to provide affordable year-round housing.

This Housing Production Plan builds on these previous planning efforts, 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.

[12] Town of Eastham, Local Comprehensive Plan, 2002, Introduction, page 3.
[13] Ibid.

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 challenges to creating affordable housing, long-term and short-term goals regarding priority housing needs, and a summary of local and regional resources to meet these needs.

A. Demographic Profile

1. Population

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 of 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 Table III-1. (See Table II-1 for more details on population growth.) This growth has put significant pressures on the town, local services and the housing market in particular.

Table III-1
Key Demographic Characteristics
1980-2000

	1980		1990		2000	
	#	%	#	%	#	%
Total Population	3,473	100.0	4,462	100.0	5,453	100.0
Minority Population*	11	0.3	52	1.2	201	3.7
Total # Households	1,400	100.0	1,908	100.0	2,396	100.0
Family Households	1,048	74.9	1,344	70.4	1,635	68.2
Female Heads of Households with Children **	59	4.2	116	6.1	129	5.4
Non-family Households **	352	25.1	564	29.6	761	31.8
Average Household Size	Not available		2.34 persons		2.24 persons	

Source of above table: U.S. Census Bureau, 1980, 1990 and 2000
*All non-White classifications ** Percent of all households

Town records indicate that as of the end of 2008, the population has decreased to 5,401.
While it appears that Eastham has lost 52 residents since 2000, population projections prepared by the University of Massachusetts' Donahue Institute estimated that the town's population would increase to as much as 5,614 in 2003 and decrease somewhat to 5,445 in 2007, approximately the same as the 2000 population level and not far off from the 2008 population count of 5,401. Estimates from Nielsen Claritas data, a proprietary data source, suggest that the population will decrease only a bit to 5,394 in 2009 and then down to 5,347 by 2014. Projections by the Massachusetts Institute for Social and Economic Research (MISER) predict substantial population increases of as many as 6,202 residents by 2010 and 6,777 by 2020, which likely wildly overestimate growth.

Population projections have also been prepared by the Cape Cod Commission and are summarized in Table III-2 for Eastham and neighboring communities.

Table III-2
Population Projections to 2010

Town	1990 Population	2000 Population	Population Change #/%	2010 Population Projection	Population Change #/%
Brewster	8,455	10,094	1,639/19%	15,623	5,529/55%
Chatham	6,579	6,625	46/1%	8,048	1,423/21%
Eastham	**4,462**	**5,453**	**991/22%**	**7,280**	**1,827/34%**
Harwich	10,275	12,386	2,111/21%	17,340	4,954/40%
Orleans	5,838	6,341	503/9%	7,672	1,331/21%
Provincetown	3,561	3,431	-130/-4%	3,549	118/3%
Truro	1,573	2,087	514/33%	2,295	208/10%
Wellfleet	2,493	2,749	256/10%	3,338	589/21%
Lower Cape Sub-region	43,236	49,166	5,930/14%	65,145	15,979/33%
Barnstable County	186,605	222,230	35,625/19%	275,504	53,274/24%

Sources: U.S. Census and Cape Cod Commission/Local Comprehensive Plan

These population figures are considerably off for Eastham, projecting a 21% population increase from 2000 to 2010, when the current Town census suggests a small decrease in population as of 2008 to 5,401 residents. Likewise, the Census Bureau's 2008 American Community Service data project a population decrease for the county to 221,049 residents.

2. Race

The population has remained predominately White, as shown in Table III-1, but minority residents are steadily increasing in number and in proportion to the total population from 11 residents or 0.3% of all residents in 1980 to 201 or 3.7% in 2000, a 223% increase. Approximately 40% of the 2000 minority population identified themselves as Black or African American, 8% as Asian, 4% as Native American, and the remaining claimed Hispanic origin or more than one race.

3. Household Type

As Table III-1 shows, smaller, non-family households are becoming a larger segment of Eastham, more than doubling in number between 1980 and 2000, and growing as a percentage of all households from 25.1% in 1980 to 31.8% in 2000. 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%. Correspondingly, the average household size decreased somewhat from 2.34 persons in 1990 to 2.24 persons in 2000, 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. For example, the percentage of non-family households grew from 33% to 36% between 1990 and 2000 in both Barnstable County and the state as a whole.

4. Age Distribution

As Table III-3 demonstrates, Eastham is experiencing some subtle demographic shifts. For example, while the overall population increased by 57% between 1980 and 2000, those under the age of 18 increased by only 24.4%, growing by 189 children and representing a decreasing portion of the population – from 22.3% in 1980 to 17.7% in 2000.

Most significantly is the drop in those between the ages of 21 and 34 entering the labor market and forming their own families, reducing the pool of entry-level workers and service employees. In 1980 this

group comprised about 21.1% of Eastham's residents, but by 2000 the percentage dropped to only 12.1% of all residents. 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 escalating living expenses are increasingly forcing this group to relocate further and further away. This trend further suggests the need for not only workforce development efforts, but also more first-time homebuyer opportunities as starter homes in the private housing market have also become scarcer. Clearly more subsidized rental options would also be extremely helpful in housing this population cohort.

Table III-3
Age Distribution, 1980-2000

	1980		1990		2000	
	#	%	#	%	#	%
Under 5 Years	181	5.2	255	5.7	208	3.8
5 – 17 Years	595	17.1	654	14.7	757	13.9
18 – 20 Years	104	3.0	121	2.7	123	2.3
21 – 24 Years	207	6.0	182	4.1	147	2.7
25 – 34 Years	523	15.1	596	13.4	514	9.4
35 – 44 Years	288	8.3	639	14.3	778	14.3
45 – 54 Years	379	10.9	397	8.9	822	15.1
55 – 59 Years	289	8.3	218	4.9	363	6.7
60 – 64 Years	212	6.1	344	7.7	322	5.9
65 – 74 Years	495	14.2	702	15.7	790	14.5
75 – 84 Years	155	4.5	273	6.1	624	9.6
85+ Years	45	1.3	81	1.8	106	1.9
Total	3,473	100.0	4,462	100.0	5,453	100.0
Under 18	776	22.3	909	20.4	965	17.7
Age 65+	695	20.0	1,056	23.7	1,520	27.9

Source: U.S. Census Bureau, 1980, 1990 and 2000

Another significant population shift is reflected in those between the ages of 35 and 54, who made up 19.2% of Eastham residents in 1980 but 29.4% in 2000, largely correlated to the costs of living. Those between 45 and 54 years of age actually increased by 117%. These more middle-aged residents have been better able to afford to live in town, reflecting the overall aging of the population. More surprisingly however, was the relative decrease of those aged 55 to 64 who comprised 14.4% of all residents in 1980 and only 12.6% in 2000.

The aging of the town's population is striking in the older age categories however. Those 65 years of age or older were 20.0% of the population in 1980, but increased to 27.9% by 2000. Even those seniors over 75 years increased as a percentage of the population from 5.8% in 1980 to 11.5% in 2000, from 200 to 730 residents. This trend is also revealed in the increasing median age in Eastham, from 39.1 years in 1980 to 47.6 years in 2000, as presented in Table II-1, compared to 37.1 years and 31.1 years for the county and state in 1980, respectively, and 44.6 years and 36.5 years, respectively, in 2000. 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.

Table III-4 provides comparative information for Barnstable County and the state, which highlights the trends described above. Eastham and Barnstable County had a significantly lower percentage of children than the state, 17.7% and 20.4%, respectively, as opposed to almost 23.6%. Given past trends in Eastham

and the rest of the Cape, most of which is experiencing declining enrollments, it is probable the town's school-age population will not likely increase much over the next few years particularly given the currently limited development of year-round housing that is affordable to young families.

Notably, Eastham's young adult population of those 21 to 34 years of age is lower than the county as a whole, 12.1% versus 13.2%, and substantially smaller than that of the state at 21% in 2000. While this younger age group is significantly smaller, those baby boomers (born from 1946 to 1964 and age 44 to 62 in 2008 and 36 to 54 in 2000) comprise a somewhat greater proportion of town residents. For example, those age 45 to 54 represent 15.1% of all residents in Eastham in comparison to 14.8% for the Cape and 13.8% for the state, once again a reflection of Eastham's aging population and costly living conditions.

Eastham has a higher proportion of seniors, at 27.9% as opposed to 23.1% for the county and only 13.5% for the state.

Updated figures for Barnstable County from the U.S. Census Bureau's American Community Survey indicate a continued trend towards fewer children, more middle-aged residents and a somewhat higher level of seniors in comparison to the state as a whole. However, the data also suggest a significant increase in young adults, which is surprising given the substantial increase in housing prices from 2000 through 2007 and little rental housing development. It is worth noting that these figures are only estimates, and it will be interesting to review additional projections as they become available in the summer of 2009.

Table III-4
Comparative Demographic Data for Key Age Groups
2000

	Eastham		**Barnstable County**		**Massachusetts**	
	#	%	#	%	#	%
Under 18	965	17.7%	45,440	20.4 (18.3%)	1,500,064	23.6 (22%)
Age 21 to 34	661	12.1%	29,330	13.2 (21.0%)*	1,331,067	21.0 (19.7%)*
Age 45 to 54	822	15.1%	32,802	14.8 (15.4%)	873,353	13.8 (15.1%)
Age 65 +	1,520	27.9%	51,265	23.1 (23.4%)	860,162	13.5 (13.3%)
Median Age	47.6 years		44.6 years (46 years)		36.5 years (36 years)	

Source: U.S. Census Bureau, 2000; Numbers in parentheses indicate updated census projections for Barnstable County based on the 2005-2007 American Community Survey.
*Includes those 20 to 34 years for the updated county figure in parenthesis.

Table III-5 below provides estimated age distribution data for 2009 as well as five-year projections to 2014 in comparison to the 2000 census figures. This data suggests the continued decline in the number of children, with those under the age of 18 decreasing as a percentage of the population from about 15% of the population in 2000 to an estimated 12% in 2009 and 2014. Contrary to past trends, those age 21 to 34 are estimated to increase from about 12% of all residents in 2000 to approximately 15% in 2009 and 2014, which is in reverse of recent trends. Seniors 65 years of age and older are expected to increase in number and as a percentage of the population, from 1,419 or 26% in 2000 to 1,620 or 30% by 2014. The decrease in children and increase in older age groups, including residents age 55 to 64, pushes the median age up from 47.6 years to 52.4 years by 2014. The continued aging of the population suggests some focus on the housing needs of older households who may be looking to downsize at some time in the future and need handicapped accessibility and/or supportive services.

Table III-5
Age Distribution
2000, 2009 Estimates and 2014 Projections

	2000 Census	%	2009 Estimate	%	2014 Projection	%
Age 5 to 9	249	4.6%	197	3.6%	179	3.4%
Age 10 to 14	334	6.1%	225	4.2%	198	3.7%
Age 15 to 17	174	3.2%	173	3.2%	148	2.8%
Age 18 to 20	123	2.3%	139	2.6%	125	2.3%
Age 21 to 24	147	2.7%	235	4.4%	230	4.3%
Age 25 to 34	514	9.4%	567	10.5%	574	10.7%
Age 35 to 44	778	14.3%	608	11.3%	554	10.4%
Age 45 to 49	390	7.2%	370	6.9%	317	5.9%
Age 50 to 54	432	7.9%	388	7.2%	361	6.8%
Age 55 to 59	363	6.7%	445	8.2%	413	7.7%
Age 60 to 64	322	5.9%	387	7.2%	450	8.4%
Age 65 to 74	790	14.5%	732	13.6%	839	15.7%
Age 75 to 84	524	9.6%	588	10.9%	605	11.3%
Age 85 and over	105	1.9%	159	3.0%	176	3.3%
Total	**5,453**		**5,394**		**5,347**	
Age 18 and over	4,488	82.3%	4,618	85.6%	4,644	86.8%
Age 21 and over	4,365	80.0%	4,479	83.0%	4,519	84.5%
Age 65 and over	1,419	26.0%	1,479	27.4%	1,620	30.3%
Median Age	47.56		50.03		52.36	

Source: U.S. Census Bureau 2000, Nielsen Claritas database 2009.

Table III-6 offers additional population projections by age category through to 2020, prepared by the Massachusetts Institute for Social and Economic Research (MISER) of the University of Massachusetts. These projections suggest substantial population growth of as many as 6,202 residents by 2010 and 6,777 by 2020, which most likely overestimate growth significantly given more recent trends of a fairly stable population if not some loss of residents. Nevertheless, the estimates reinforce trends of a declining population of young residents and growing numbers of older residents. The figures suggest proportional decreases in all age categories less than 55 years of age with the exception of those 20 to 34 who are projected to increase somewhat, a surprising outcome given the declines of this age group. The MISER figures do indicate substantial growth of all the older age cohorts, projecting an increase of those age 65 or older from 26% of all residents in 2000 to 36.5% by 2020.

Table III-6
Age Distribution Projections

Age Range	2000 Census	%	2010 Projection	%	2020 Projection	%
Less than Age 5	208	3.8	185	3.0	199	2.9
Age 5 to 19	846	15.5	713	11.5	644	9.5
Age 20 to 34	695	12.8	824	13.3	880	13.0
Age 35 to 44	778	14.3	629	10.1	642	9.5
Age 45 to 54	822	15.1	964	15.5	796	11.8
Age 55 to 64	685	12.6	1,177	19.0	1,393	20.6
Age 65 to 74	790	14.5	940	15.2	1,532	22.6
Age 75 to 84	524	9.6	555	9.0	691	10.2
Age 85 and over	105	1.9	215	3.5	252	3.7
Total	**5,453**	**100.0**	**6,202**	**100.0**	**6,777**	**100.0**
Less than age 20	1,054	19.3	898	14.5	843	12.4
Age 65 and over	1,419	26.0	1,710	27.6	2,475	36.5

Source: U.S. Census Bureau 2000, Massachusetts Institute for Social and Economic Research, MISER, University of Massachusetts, 2003.

5. Income

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%. This 2000 median household income level is fairly comparable to those of neighboring communities with Brewster and Chatham somewhat higher as noted below.

Brewster -- $49,276
Chatham -- $45,519
Dennis -- $41,598
Eastham -- $42,618
Harwich -- $41,552
Orleans -- $42,594
Wellfleet -- $43,558
Truro -- $42,981

The median income of homeowners in Eastham was not surprisingly considerably higher at $46,076 versus $31,406 for renters.

Table III-7 presents income data based on the 1979, 1989 and 1999 census counts, which is also visually presented in the chart in Figure III-1. 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. In 1979 only 3.4% of households were earning between $50,000 and $74,999, but in 1999 this level was 22.6%, 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 gave a big boost to the town's income levels.

Table III-7
Income Distribution by Household, 1979-1999

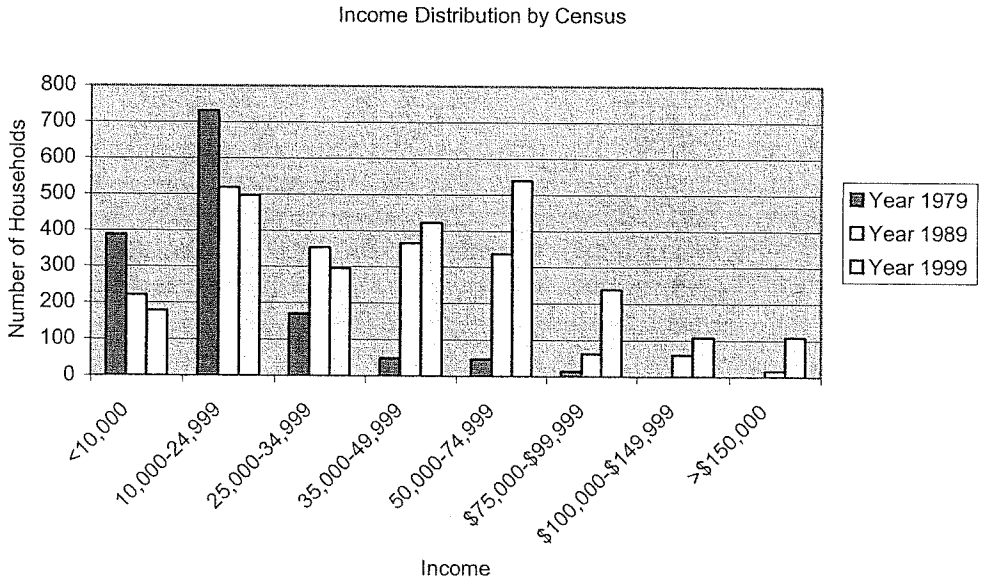
	1979		1989		1999	
	#	%	#	%	#	%
Under $10,000	388	27.7	221	11.4	178	7.5
10,000-24,999	731	52.2	518	26.8	496	20.8
25,000-34,999	170	12.1	353	18.3	295	12.4
35,000-49,999	49	3.5	365	18.9	422	17.7
50,000-74,999	47	3.4	336	17.4	539	22.6
75,000-99,999	15	1.1	62	3.2	238	10.0
100,000-149,999			59	3.1	107	4.5
150,000 or more			16	0.8	108	4.5
Total	1,400	100.0	1,930	100.0	2,383	100.0
Median income	$15,392		$31,339		$42,618	

Source: U.S. Census Bureau, 1980, 1990 and 2000

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 2000 census data. There are substantially more of these households than subsidized units available (58 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 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.

The income distribution for those households that include children – families – is somewhat higher with a median family income in 1999 of $51,269 with 10.2% of all families earning more than $100,000 and 4.0% earning more than $200,000.

Figure III-1



Incomes for Eastham residents are on average somewhat lower than the Cape as a whole with 2000 median household income levels of $42,618 and $45,933, respectively. The county proportionately had lower levels of households in all income categories below $75,000, with the exception of a fairly comparable level of those in the $25,000 to $35,000 category, and higher proportionate levels for the ranges above that threshold, with about the same level for those earning more than $150,000, as documented in Table III-8.

Table III-8
Income Distribution by Household: Barnstable County and Eastham
1999

	Barnstable County		Eastham	
	#	%	#	%
Under $10,000	6,478	6.8	178	7.5
10,000-24,999	16,843	17.8	496	20.8
25,000-34,999	12,148	12.8	295	12.4
35,000-49,999	15,935	16.8	422	17.7
50,000-74,999	20,425	21.5	539	22.6
75,000-99,999	11,243	11.9	238	10.0
100,000-149,999	7,605	8.0	107	4.5
150,000 or more	4,168	4.4	108	4.5
Total	94,845	100.0	2,383	100.0
Median income	$45,933		$42,618	

Source: U.S. Census Bureau, 2000

Eastham's median income level was 18.5% lower than that of the state at $50,502. *Projections of median income, based on the percentage increase of HUD area median income levels for Barnstable County of 57%, would put the 2009 median for Eastham at $66,910.*

Table III-8 below provides estimates of the distribution of household income for 2009 and projections for 2014, in comparison to the 2000 census data. There is a clear trend towards reductions in those earning in the lower income ranges as opposed to increases in those in the upper ranges. While one would expect that inflation alone would drive up incomes, those earning less than $25,000 are expected to decrease markedly, from 28% in 2000 to 17% by 2014. Those earning $100,000 or more increased from 9% to a projected 22% by 2014. It is unclear what impact the current economic recession will have on these projections, however.

Increasing affluence is also reflected in the 38% increase in median income, from $42,618 in 2000 to $58,652 by 2014, projections which appear to underestimate the increase in income levels somewhat given increases in HUD median income levels over the past decade. Per capita income is projected to increase 44%, from $24,642 in 2000 to $35,402 by 2014. Average income is projected to increase by 40%, however averages are often skewed by those in the upper ranges.

Table III-9
Household Income
2000, 2009 Estimates and 2014 Projections

	2000 Census		2009 Estimates		2014 Projections	
Income Range	#	%	#	%	#	%
Less than $15,000	309	13.0%	236	9.7%	210	8.6%
$15,000 to $24,999	365	15.3%	238	9.8%	202	8.3%
$25,000 to $34,999	295	12.4%	285	11.8%	278	11.4%
$35,000 to $49,999	422	17.7%	396	16.3%	352	14.5%
$50,000 to $74,999	539	22.6%	524	21.6%	497	20.5%
$75,000 to $99,999	238	10.0%	345	14.2%	359	14.8%
$100,000 to $149,999	107	4.5%	249	10.3%	342	14.1%
$150,000 to $249,999	75	3.2%	89	3.7%	108	4.4%
$250,000 to $499,999	25	1.0%	46	1.9%	54	2.2%
$500,000 or more	8	0.34%	18	0.74%	26	1.1%
	2,383		**2,426**		**2,428**	
Average Household Income	$55,264		$69,351		$77,231	
Median Household Income	$42,618		$52,767		$58,652	
Per Capita Income	$24,642		$31,519		$35,402	

Source: U.S. Census Bureau 2000, Nielsen Claritas database 2009.

6. Poverty

Table III-10 presents poverty levels in Eastham over the past couple of decades.

Table III-10
Poverty Status
1979-1999

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

Source: U.S. Census Bureau, 1980, 1990 and 2000
*Percentage of total population for whom poverty status was determined
**Percentage of all families for whom poverty status was determined
***Percentage of all related children under 18 years
****Percentage of all individuals age 65+

Overall poverty decreased from 1979 to 1999 with the exception of those 65 years of age or older, where both the numbers and proportions of those in poverty increased from 5.6% to 7.3% after a drop-off in 1989, with an additional 65 added to the ranks of poverty in 1999. The 2000 census indicates that the proportion of those with incomes below the poverty level ($10,850 for an individual and $18,310 for a three-person household for a family of three in 2009) decreased from previous decades for families and children, with actual numbers falling below the 1979 and 1989 levels. There was a small increase in the total number of individuals in poverty since 1979, but the percentages of individuals living below the poverty level decreased in 1989 and 1999 to 7.0%.

Despite overall decreases in poverty from 1989 to 1999, this data demonstrates that, at least in 1999, there still remained a population within the town of Eastham, including 378 individuals and 74 families, who had substantial income limitations and may require public assistance to meet their housing needs. How these residents have fared since then is difficult to predict as some may have been forced to leave Eastham in search of more affordable living conditions elsewhere, others may have joined the ranks of those living in poverty, while others may have successfully improved their economic situations and have been boosted out of poverty. Giving increases in housing prices since 2000, with no new rental units developed, it is likely that the financial situation of many of these households has only gotten worse.

7. Employment

Eastham is located well into the Cape and a fair distance from the major population and job centers of Boston and Providence, approximately 95 miles away, but about 25 miles away from Hyannis. The 2000 census indicated that 29% of Eastham's workers were involved in management or professional occupations, and 63.1% were employed in the lesser paying retail and service-oriented jobs that support the local economy including construction (18.2%), sales and office occupations (28.8%), and service occupations (16.1%). While 65.4% were salaried workers, another 15.9% were government workers and 18.7% were self-employed.

Additional information on employment patterns indicated that of those Eastham residents who were employed over the age of 16 in 2000, only 161, or about 7.2%, worked in the community which is lower than that for the county at 42%, suggesting fewer employment opportunities in town. It should also be noted that most workers drove alone to work, 81.8%, another 6.6% carpooled and only 17 workers used public transportation. The average commuting time was about 26 minutes, likely suggesting employment in Barnstable Village, Hyannis or Provincetown.

More recent labor and workforce data, from 2007, is presented in Table III-11, which shows an average employment of 1,258 workers as opposed to a total workforce in 2000 of 2,251. The data also confirms the concentration of jobs in the retail and service sectors and demonstrates that these jobs tend to have lower wages levels. All industries with an average of 50 employees or more had average weekly wages of less than $800 as highlighted below. As a point of comparison, the average weekly wage for Eastham was $575, about one-third of Boston's at $1,476.

The 2007 state labor statistics project an unemployment rate in Eastham in March 2009 of 12.4%, with 328 Eastham residents unemployed, double that of 2008 at 6.2%. As another point of comparison, the unemployment level in March 2009 was 7.1% for Boston.

It should also be noted that the significant resort economy in Eastham causes fluctuations in the job force that increases in the summer months to serve seasonal needs. At this point there are few housing options in Eastham to accommodate these lower paid seasonal workers, and the Town should explore what other communities are doing with respect to providing temporary housing opportunities for this important labor force.

Table III-11
Average Employment and Wages By Industry in Eastham, 2007

Industry	# Establishments	Total Wages	Average Employment	Average Weekly Wage
Construction	54	$8,091,698	197	$790
Wholesale trade	7	$1,086,929	21	$995
Retail trade	21	$3,200,097	153	$402
Transportation and warehousing	4	$1,240,484	34	$702
Finance & insurance	4	$1,158,413	19	$1,172
Real estate, rental and leasing	9	$478,455	16	$575
Professional and technical services	16	$2,341,624	63	$715
Administrative and waste services	15	$2,142,829	63	$654
Health care and social assistance	9	$2,632,685	109	$464
Arts, entertainment and recreation	6	$1,918,976	130	$284
Accommodation and food services	30	$5,110,369	250	$393
Other services, Exec., Public administration	16	$961,760	41	$451
TOTAL	**207**	**$37,590,352**	**1,258**	**$575**

Source: Massachusetts Executive Office of Labor and Workforce Development, 2008

8. Education

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 and higher than the 2000 figure of 33.6% for the county. 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.

9. Disability Status

Of the 2000 population age 5 to 20 years old, 88 or 9.2% had some disability. Of those aged 21 to 64, 818 residents, or 28.5% of the persons in the age range, claimed a disability. About 64% of this group was employed, leaving another 36% or 295 residents unemployed, likely due to their disability. In regard to the population 65 years of age or older, 371 seniors or 26.1% of those in the age group claimed some type of disability. These levels of disability represent significant special needs within the Eastham community and suggest that Eastham integrate special needs housing, units that are handicapped accessible and housing with supportive services, into its planning for affordable housing development.

10. Residency in 1995

Approximately 37% of the persons in Eastham over the age of five who were living in Eastham in 2000, or 1,959 residents, moved to a new residence in Eastham from 1995 to 2000. Of these, 19% came from somewhere else on the Cape, 18% came from a different county, with 6.4% coming from Massachusetts and 11.8% coming from a different state or elsewhere, representing significant mobility of the town's year-round population.

B. Housing Profile

Housing in Eastham involves two distinct markets, the year-round housing stock and the seasonal or second home market now comprising more than half 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, resulted in soaring housing prices that still, despite a more sluggish housing market, are no longer affordable to most long-term, year-round residents. It has only been in the last couple of years that the market has softened somewhat in response to regional and national market dynamics yet the creation and preservation of affordable housing remains particularly important in enabling the year-round population 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 Characteristics

Table III-12 includes a summary of housing characteristics from 1980 through 2000. Out of the 5,535 total housing units in 2000, Eastham had 2,642 year-round units of which 2,396 were occupied. Of the occupied, year-round units, 1,972 were owner-occupied units, involving 82.3%, and the remaining 424 or 17.7% were renter-occupied. These figures represent a somewhat higher level of owner-occupancy in 2000 than that of Barnstable County where 78% of the units were owner-occupied. Particularly noteworthy is the high level of seasonal units and second homes, representing more than half of all housing units in 2000.

In reviewing changes in the housing stock since 1980, a couple of important trends become apparent including:

- *Slower housing growth:* While housing growth has continued in Eastham, it has slowed down from a growth rate of 33.6% between 1980 and 1990 to 13.8% from 1990 to 2000. Since 2000, an additional 423 units have been added to the housing stock as of the end of 2008, demonstrating a growth rate of 7.6%. *However, the Town estimates that about half of the new units involved the teardown of an existing home, representing net housing growth of less than 4.0%.*

- *Loss of rental units:* After an increase of 195 rental units between 1980 and 1990, more than doubling the rental housing supply, Eastham lost 46 rental units from 1990 to 2000, most likely related to the conversion of rentals to homeownership. Since 2000, no new rental apartments have been built in Eastham. 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.

- *Declining proportion of seasonal or occasional units:* The absolute numbers of seasonal units or second homes has increased from 2,082 units in 1980 to 2,893 in 2000, an increase of 811 such units that involved 42.8% of all new unit creation. Nevertheless, these units have decreased in proportion to the total housing stock from 57.2% in 1980 to 54.6% in 1990 to 52.3% in 2000. The comparison of total housing units to seasonal or occasional units is visually presented in Figure III-2.

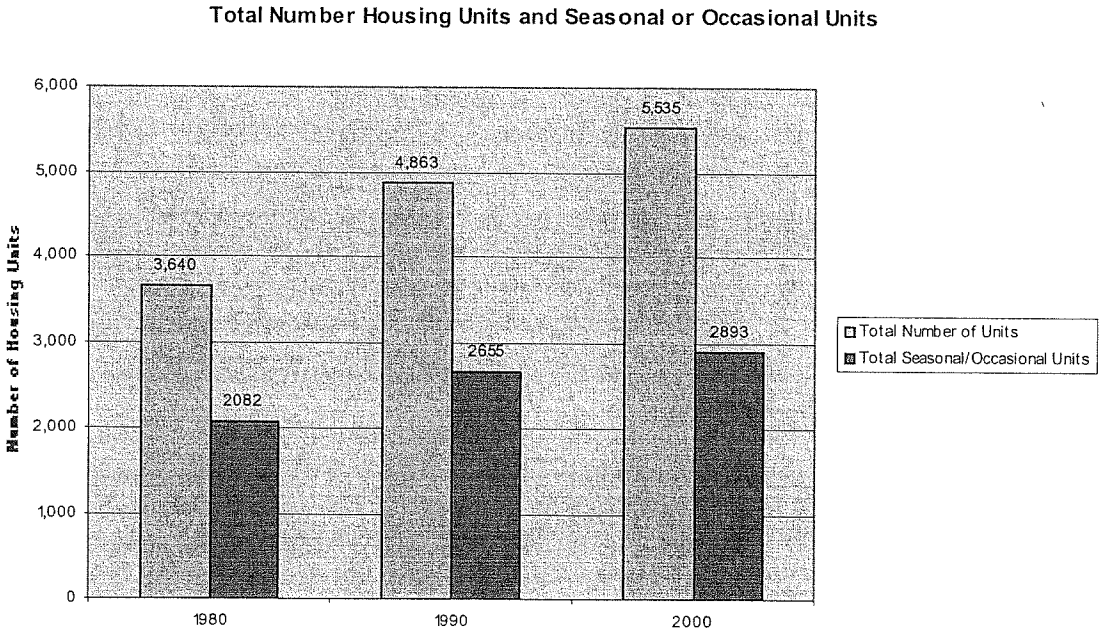
- *Decrease in persons per unit:* The average number of persons per unit declined between 1980 and 2000 from 2.50 persons to 2.27 persons for owner-occupied units and from 2.58 persons to 2.14 persons for rental units. This decrease reflects local, regional and national trends towards smaller household sizes and relates to the change in the average household size in Eastham from 2.34 persons in 1990 to 2.24 in 2000.

Table III-12
Housing Characteristics, 1980-2000

	1980		1990		2000	
	#	%	#	%	#	%
Total # Housing Units	3,640	100.0	4,863	100.0	5,535	100.0
Year-round Occupied Units *	1,406	38.6	1,908	39.2	2,396	43.3
Occupied Owner Units **	1,131	80.4	1,438	75.4	1,972	82.3
Occupied Rental Units **	275	19.6	470	24.6	424	17.7
Total Vacant Units/ Seasonal, Recreational or 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
Average House-Hold Size of Owner-Occupied Unit	2.50 persons		2.34 persons		2.27 persons	
Average House-Hold Size of Renter-Occupied Unit	2.58 persons		2.35 persons		2.14 persons	

Source: U.S. Census Bureau, 1980, 1990 and 2000
* Percentage of total housing units ** Percentage of occupied housing units

Figure III-2



The homeowner vacancy rate in 2000 was only 1.7%, down somewhat from 4.5% in 1990. 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 also declined from 1990 to 2000, from 19.0% to 17.3%, but is much higher than expected and substantially higher than state and national rates as well as that for Barnstable County with a 7.4% rental vacancy rate. This is likely related to the seasonal nature of a considerable portion of the employment base that drives a great many residents out of town for parts of the year.

Table III-13
Vacancy Rates, 1990 and 2000

Vacancy Rates by Tenure				
	1990	**2000**	**MA 2000**	**Nation**
Rental	19.0%	17.3%	3.5%	5%
Homeowner	4.5%	1.7%	0.7%	3%

Source: U.S. Census Bureau, 1990 and 2000

The 2000 census indicated that a great majority of the existing housing units were in single-family, detached structures totaling 5,254 units or 94.9% of Eastham's housing units, significantly higher than the 83% level for the county. There was actually an increase 705 such units between 1990 and 2000, while only 672 units were added to the housing stock suggesting that the loss of some of the small multi-family housing stock was due to the conversion to single-family home, perhaps even including some teardowns that is occurring more frequently in Eastham. In fact, the number of units in structures with two (2) to four (4) units declined from 191 in 1990 to 156 in 2000, a loss of 35 units. Eastham did gain 24 units in mid-size structures of five (5) to nine (9) units and lost all of its mobile homes according to census data. Table III-14 summarizes this information.

Table III-14
Units in Structure, 1990 – 2000

	1990		**2000**	
	#	%	#	%
1 Unit Detached	4,549	93.5	5,254 (285)*	94.9
1 Unit Attached	78	1.6	93 (6)	1.7
2 to 4 Units	191	3.9	156 (134)	2.8
5 to 9 Units	8	0.2	32	0.6
10 or More Units	1	0.02	0	0.0
Other**	36	0.7	0	0.0
Total	4,863	100.0	5,535	100.0

Source: U.S. Census Bureau, 1990 and 2000 *Numbers in parentheses are rental units.
** Mobile homes, boats, RV's, etc.

Table III-15 charts housing growth, identifying that almost half of Eastham' housing supply, 46.1%, was built between 1970 and 1990. Since that time development has slowed considerably. Even since 2000, only 423 new units have been built through the end of 2008. Assuming 500 new units by the end of the decade, this level of housing growth would be half of what occurred during the 1990s.

Table III-15
Year Structure Built, 2000

Time Period	#	%
1999 to March 2000	62	1.1
1995 to 1998	378	6.8
1990 to 1994	584	10.6
1980 to 1989	1,275	23.0
1970 to 1979	1,277	23.1
1960 to 1969	632	11.4
1940 to 1959	939	17.0
1939 or earlier	388	7.0
Total	5,535	100.0

Source: U.S. Census Bureau, 2000

Table III-16 compares Eastham's housing growth from 1970 through 2000 to that of its neighbors.

Table III-16
Recent Housing Development, 1970 to 2000
Eastham and Neighboring Communities, Barnstable County and Massachusetts

Community	# Units Built 1970-2000	% Units Built 1970-2000
Brewster	5,480	74.7
Chatham	3,405	50.7
Dennis	7,162	50.8
Eastham	**3,576**	**64.6**
Harwich	5,416	57.3
Orleans	3,002	58.9
Truro	1,356	53.8
Wellfleet	2,003	50.2
Barnstable County	85,148	57.9
Massachusetts	847,922	32.3

Source: U.S. Census Bureau, 2000

Almost two-thirds of Eastham's housing stock was built during this timeframe, a higher level than that of neighboring towns, except Brewster, and exactly double the level of proportionate growth of the state.

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 426 units (7.7%) to nine (9) rooms or more in 204 dwellings (3.7%), representing a relatively small number of very large residential units. However, this data is based on 2000 information and it is likely that given the economics of new development, new home construction since then focused on the larger, luxury home market, particularly for second homes and summer residences.

The building permit data summarized in Table III-17 indicates that building activity has slowed down in recent years and the average number of permits for new residential units has decreased significantly, going from a high of 140 permits in 1999 to just 11 permits in 2008. This data indicates that since the 2000 census, another 423 units have been added to Eastham's housing stock through the end of 2008, bringing the total number of units to 5,958. However, the Town estimates that about half of the new units

involved the teardown of existing units, leading to a net gain closer to somewhat more than 200 units and a total housing stock closer to 5,750 as of the end of 2008.

Table III-17
Building Permit Data, 1988 to 2008

Building Permits Per Year New Homes	
1988	101
1989	81
1990	70
1991	41
1992	60
1993	65
1994	60
1995	62
1996	75
1997	96
1998	113
1999	140
2000	94
2001	52
2002	47
2003	40
2004	37
2005	52
2006	33
2007	57
2008	11

Source: Eastham Building Department and Eastham Planning Department

Census projections for Barnstable County through the 2008 U.S. Census Bureau's American Community Survey estimates reinforce these high growth rates including:

- Housing growth in Barnstable County between 2000 and 2008 was estimated to be 9,058 units, from 147,083 to 156,141 units, up 6.2% despite a projected decrease in population. During this same time period, building permit activity in Eastham indicates about a 4.0% increase in new housing units, higher than the growth rate of the County and even that of the state at 4.3%.
- Barnstable County's housing growth ranked fifth among all 14 Massachusetts counties as of 2005.
- Housing density increased from 371.6 units per square mile in 2000 to an estimated 394.5 in 2008 for Barnstable County. Statewide housing density was lower, increasing from 334.5 to 349 units per square mile during this same time period, and in fact the Cape's housing density has exceeded the state's since 1990. Eastham's density was lower still at 218.6 units per square mile in 2008.
- The Cape's addition of 17 units per square mile between 2000 and 2005 was third highest of the 14 Massachusetts counties, following only Suffolk and Nantucket Counties, and ahead of its growth during the 1990s when 30 units per square mile were added on the Cape during the entire decade.

- From 1950 to 2000, housing growth for Barnstable County increased nearly fivefold, more than all other counties in the state, from 30,306 to 147,083 units.

Nielsen Claritas data only provides data on year-round, occupied housing units, and indicates only a small increase in these units, from 2,396 in 2000 to 2,428 by 2014, likely underestimating such future development somewhat.

2. Housing Market Conditions

Ownership

Census data also provides information on housing values for homeownership and rental units. While this information is now more than nine (9) years old, it still provides a reasonable frame of reference to compare with more current values, with other communities, the Cape as a whole and the state. The census indicated that the 2000 median house value was $192,300, up only about 7.7% from the median in 1990 of $178,600. As Table III-18 indicates, there were only 23 units valued at less than $100,000 in 2000, and another 324, or 17.5% of the housing stock, valued between $100,000 and $150,000, still relatively affordable. Still another 670 units or 36.3% were valued between $150,000 and $200,000. On the other end of the price range, 81 units, or 4.4% of the housing stock, were priced at $500,000 or more, clearly in the luxury market at the time.

Table III-18
Housing Values, 2000

Value	Number of Units	Percentage of Units
Less than $10,000	0	0.0
$50,000 to $99,000	23	1.2
$100,000 to $149,000	324	17.5
$150,000 to $199,000	670	36.3
$200,000 to $299,999	535	29.0
$300,000 to $499,999	215	11.6
$500,000 to $999,999	52	2.8
$1 million or more	29	1.6
Total	1,848	100.0

Source: U.S. Census Bureau, 2000

The 2000 housing prices in Eastham were higher on average than those for Barnstable County with a median house value of $178,800. The median price was even lower for the state at $162,800.

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 1988 is summarized in Table III-19. The median sales price of a single-family home as of the end of 2006 was $455,000. As of the end of 2008 the median had dropped to $425,000 and then $342,500 as of the end of May 2009, reflecting the continued softening of the housing market that most communities on the Cape and in the Boston region have experienced over the past several years. Nevertheless, house prices climbed dramatically between 1997 and 2006, rising from $135,000 to $455,000, a 237% increase over those ten years. This followed a period of relatively flat prices for years from 1988 to 1998 and remaining lower than the 1990 median until 1998.

Table III-19
Median Sales Prices, January 1988 – May 2009

Year	Months	Single-family	Condo (#)	All Sales	# All Sales
2009	Jan – May	$342,500	0	$334,624	40
2008	Jan – Dec	$425,000	$269,000 (23)	$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
1989	Jan – Dec	$144,625	$117,000 (15)	$130,000	158
1988	Jan – Dec	$160,000	$105,000 (3)	$158,750	157

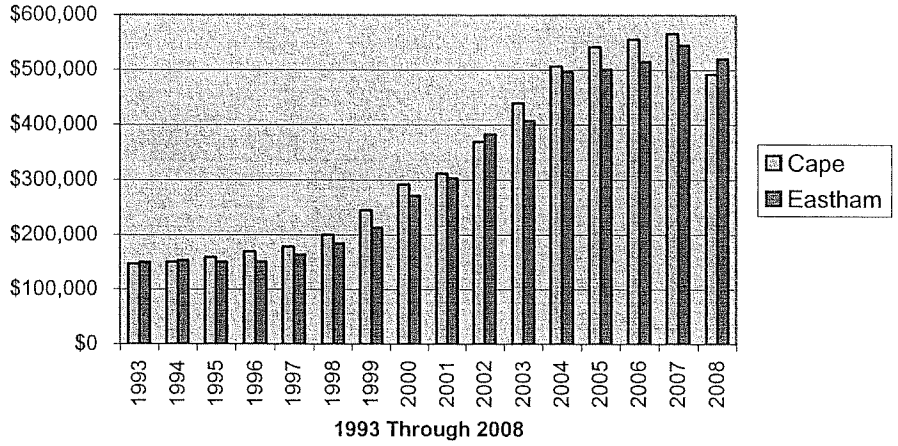
Source: The Warren Group, June 28, 2009

A comparison of Eastham's average selling price to Barnstable County as a whole is presented in Figure III-3. With some exceptions, Eastham housing prices have been somewhat less than the county. However, in 2008 the mean house price was higher for Eastham, $520,149 versus $491,900 for the county. The figure also shows the steep increase in prices during the last decade, particularly between the late 1990s and 2007. It should be noted that mean or average prices tend to be a bit higher than the median as the average tends to be skewed by houses selling in the million dollar range.

As of mid-July 2009, Eastham, as well as the entire Cape, was entrenched in a "buyer's market". The first half of 2009 had in fact been a continuation of 2008, also a sluggish year, but made worse by the continued economic uncertainty. Also, about 80% of purchasers were second-home buyers, and at least half of these came from the Greater Boston area with others from Connecticut and New York. Most buyers have substantial income and assets and used conventional financing, typically putting at least 20% down. Those looking to possibly retire to Eastham, first typically rent then purchase a unit as a second home and then move permanently to the community after retirement. Those who choose to sell tend to do so only upon a death, divorce, or desire to move closer to their children.

Figure III-3[14]

Mean Selling Prices -- Eastham and the Cape and Islands



The volume of sales – including single-family homes, condos and all sales – by year since 2000 is presented in Figure III-3. The number of total sales in Eastham ranged from a low of 131 sales in 1991, during the economic recession at that time, to a high of 317 in 1999. The volume of sales has continued to decline since then, down to only 154 sales in 2008, reflecting the slow down in the housing market. The volume of condominium sales has fluctuated considerably while median sales prices have risen dramatically through the years, from a low of $25,750 in the depths of the early 1990s recession to a high of $269,000 in 2008, most likely due to new more traditional condos coming onto the market as opposed to the typical past cottage-style condo conversions.

Figure III-4

Sales Volume by Year

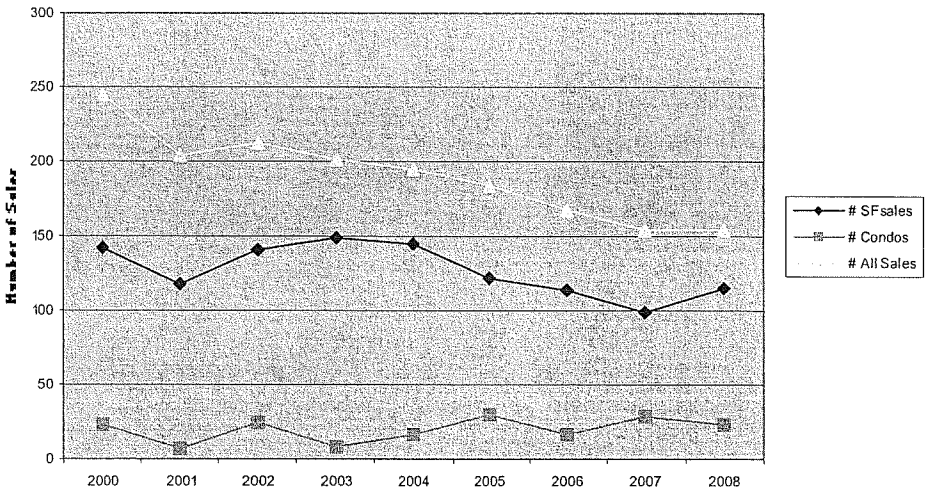


Table III-20 compares Eastham's median single-family home price to specific neighboring communities, presenting comparative data on market conditions from June 2007, May 2008, and May 2009, and

[14] Data provided by Bob Sheldon, ReMax Classic, Eastham, Massachusetts.

demonstrating that there have been significant fluctuations in the housing market, however for the most part the market has declined in all communities. The median values in Eastham have been at about the middle of the range, at $425,000 as of the end of 2008 and $342,500 as of May 2009, a 19.4% reduction.

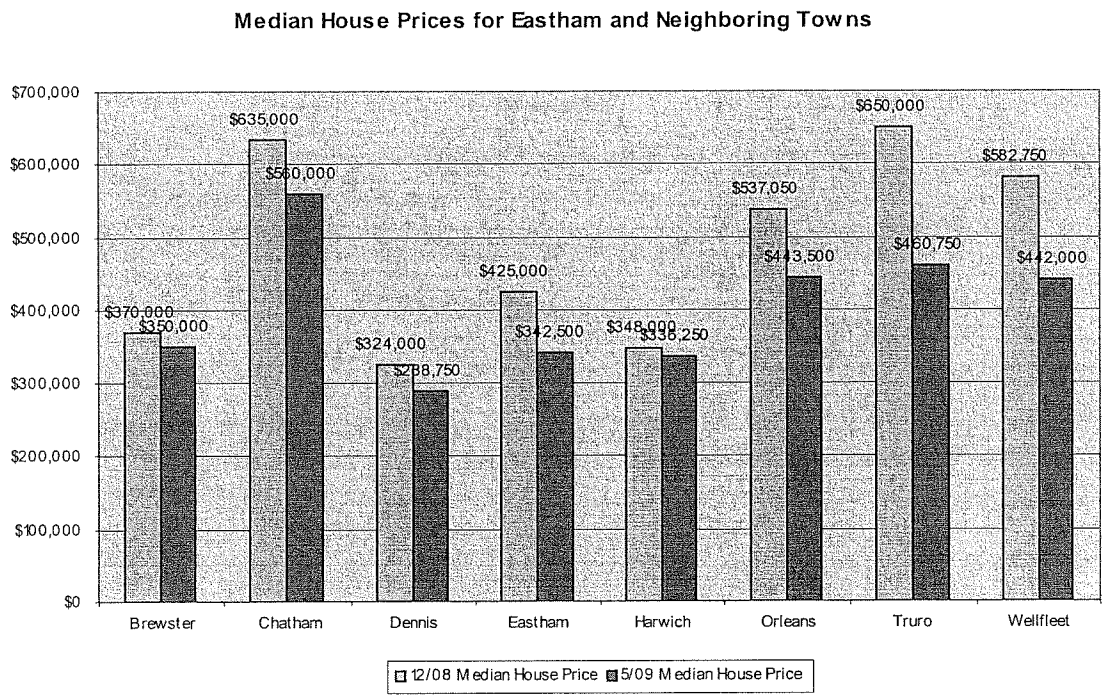
Table III-20
Median Single-family House Values for Eastham and Neighboring Communities
As of June 2007, May 2008, December 2008 and May 2009

Town	Median Price 6-07/5-08/12-08/5-09	% Change 6-07 to 5-08	% Change 5-08 to 12/08	% Change 12-08 to 5-09
Brewster	$411,000/$385,000/$370,000/$350,000	-6.3%	-3.9%	-5.4%
Chatham	$590,000/$560,000/$635,000/$560,000	-5.1%	+13.4%	-11.8%
Dennis	$327,000/$332,500/$324,000/$288,750	+1.7%	-2.6%	-10.9%
Eastham	**$439,500/$405,000/$425,000/$342,500**	**-7.8%**	**+4.9%**	**-19.4%**
Harwich	$353,500/$366,250/$348,500/$336,250	+3.6%	-4.8%	-3.5%
Orleans	$600,000/$554,370/$537,050/$443,500	-7.6%	+3.1%	-17.4%
Truro	$650,000/$750,000/$650,000/$460,750	+15.4%	-13.3%	-29.1%
Wellfleet	$500,000/$512,500/$582,750/$442,000	+2.5%	+13.7%	-24.2%

Source: The Warren Group
Data based on single-family home sales of $1,000 plus, excluding condominiums and foreclosure deeds.

The chart below presents a summary of median sales data for Eastham and neighboring communities as of the end of 2008 and May 2009, demonstrating the downward shift in housing values.

Figure III-4



Another analysis of housing market data is presented in Table III-21, which breaks down sales data from the Multiple Listing Service for *single-family homes*. This data indicates that there were no homes sold during 2008 for under $200,000 that would be affordable to low- and moderate-income households, and there were 16 homes that sold between $200,000 and $300,000 that were typically small homes or

cottages, largely needing improvement and some likely teardowns. About half of the homes were priced between $300,000 and $500,000. There were also eleven (11) sales that were priced above $800,000 including six (6) above $1 million, demonstrating a luxury market in Eastham, most with waterfront views and/or accessibility. Prices in fact ranged from a small home for $218,000 to a sale of $2.4 million for a home that had originally been listed for almost $2.5 million. The mean or average price was $521,229 and the median was $428,750 in 2008, still very high and not showing a significant downturn in the market from previous years. The average time on the market was 152 days, approximately a half-year, but ranged significantly from 51 to 490 days for properties in the $800,000 range.

Table III-21
Single-family House Sales
January 1, 2008 Through December 31, 2008

Price Range	Number of Sales	Percentage of Sales	Average Days on Market
Less than 200,000	0	0.0	NA
$200,000-249,999	2	2.0	204
$250,000-299,999	14	13.7	165
$300,000-349,999	11	10.8	162
$350,000-399,999	17	16.7	143
$400,000-449,999	10	9.8	166
$450,000-499,999	15	14.7	108
$500,000-549,999	4	3.9	113
$550,000-599,999	7	6.9	124
$600,000-649,999	5	4.9	115
$650,000-699,999	3	2.9	215
$700,000-749,999	1	1.0	219
$750,000-799,999	2	2.0	131
$800,000-849,999	2	2.0	51
$850,000-899,999	1	1.0	490
$900,000-949,999	1	1.0	212
$950,000-999,999	1	1.0	183
Over $1 million	6	6.0	From 57 to 296 days
Total	102	100.0	152
Average Price	$521,229	--	--
Median Price	$428,750	--	--

Source: Bob Sheldon, Re/Max Classic, Eastham, July 13, 2009.

Table III-22 includes a summary of single-family homes that were on the market as of July 13, 2009, and those that sold in 2009 through mid-July. There were 30 sales during this time period compared to 45 the same time in 2008, indicating a considerable slow-down in the housing market. Once again, there were no homes that sold or became available for less than $200,000 and only four (4) that sold for less than $300,000 and thus fairly affordable, with another eight (8) on the market in that price range. As was the case with 2008 sales, about half of the listings and sales were in the $300,000 to $500,000 price range. However, while there were 43 listings above $500,000, there had been only six (6) sales above this level as of mid-July 2009. The mean sales prices had come down only a bit to $510,580 in 2009, a decline of 2% since 2008, but the median decreased considerably, to $348,250 from $428,750, an almost 20%

decrease. The mean and median list prices were substantially higher, at $586,506 and $470,000, respectively.

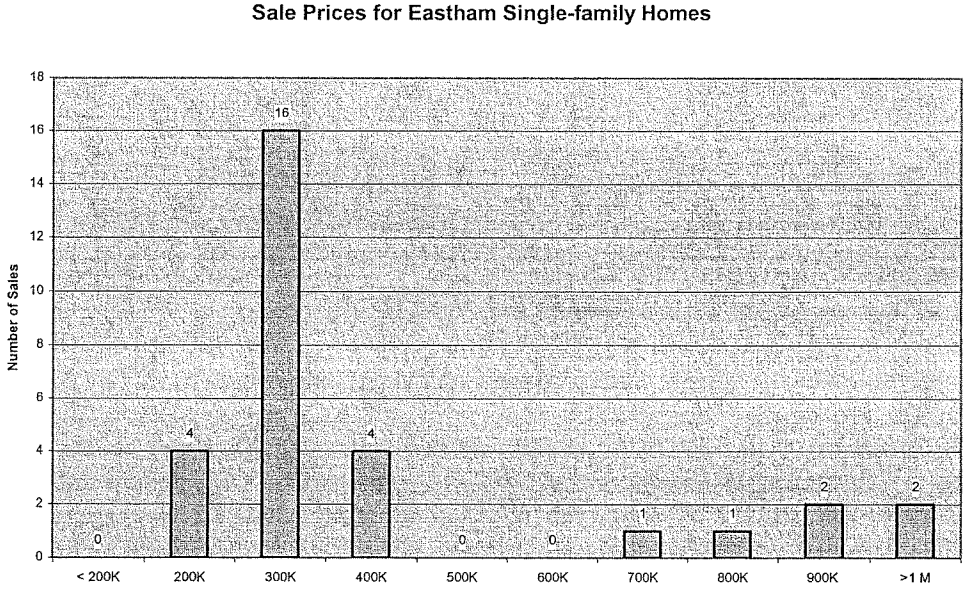
Table III-22
Single-family House Sales
January 1, 2009 Through June 30, 2009

Price Range	Number of Active Listings	Number of Sold Homes	Total #/%
Less than 200,000	0	0	0/0.0
$200,000-249,999	2	2	4/3.0
$250,000-299,999	6	2	8/6.0
$300,000-349,999	11	11	22/16.4
$350,000-399,999	11	5	16/11.9
$400,000-449,999	19	2	21/15.7
$450,000-499,999	12	2	14/10.4
$500,000-599,999	13	0	13/9.7
$600,000-699,999	8	0	8/6.0
$700,000-799,999	4	1	5/3.7
$800,000-899,999	5	1	6/4.5
$900,000-999,999	4	2	6/4.5
Over $1 million	9	2	11/8.2
Total	104/100.0	30/100.0	134/100.0
Average Price	$586,506	$510,580	--
Median Price	$470,000	$348,250	--

Source: Bob Sheldon, Re/Max Classic, Eastham, July 13, 2009.

A graphic representation of single-family home sales from January 1st through June 30th, 2009 is included in Figure III-5.

Figure III-5



Source: Bob Sheldon, Re/Max Classic Real Estate, Eastham.

As Figure III-5 indicates, there were few if any sales in the price range above $400,000 yet more than 40% of the homes on the market are listed in this range. A local realtor stated that most property owners in Eastham do not have pressing time constraints within which to sell their properties and have been waiting until the market improves. Concurrently, those purchasers who can afford a second home priced above $400,000 can also afford to wait to see what the market does and if prices will go lower. Consequently, there is not much activity in the mid-range of Eastham's market of $400,000 to $700,000. The realtor also mentioned that there was some hidden inventory such that sellers had taken properties off the market but given keys to realtors "just in case" a prospective purchaser might be interested in viewing the home. Some sales have been conducted through this avenue. On the other hand, sales were much brisker in the lower price levels, below $400,000, as purchasers were "buying down because they can", as a realtor described the situation.

In regard to *condominium sales,* only two (2) condos sold during the first half of 2009, with an average sales price of $102,000, in comparison to 13 such sales during the same period of 2008. As of mid-July 2009, there were 12 condos on the market, ranging in price from $112,500 to $439,000. Condominiums in fact are a relatively small part of Eastham's housing stock, totaling 255 units, primarily involving 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 $3,000 per year.

Several more traditional condo developments have been built including Brackett Landing that is being built with a "friendly" comprehensive permit for a total of 40 units of which ten (10) of the units will be affordable to those earning at or below 80% of area median income and another four (4) for those earning between 80% and 120% of area median income, typically referred to as workforce units (see photo below). McShane Development is the developer. 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 $289,000 to $459,000 and condo fees are about $350 per month.

It is important to note that it has become increasingly more difficult to obtain financing for condos, and many lenders are requiring that 70% of the units be pre-sold before they will lend.

Multi-family structures represent a very small segment of Eastham's housing stock, only about 264 properties according to Assessor's data (150 properties involving multiple houses on a single lot, 105 two-family homes, 6 three-family dwellings and 3 four to eight-unit structures) and there have not been

any recent listings for such types of dwellings. Nevertheless, because these 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.

Information from the Town Assessor on the assessed values of residential property in Eastham is presented in Table III-23. This data indicates that 2.3% of Eastham's housing stock (128 properties) is valued at less than $200,000, but most of the units in this price range are cottage condominiums that are vacated during the winter. There are only 14 single-family homes assessed below $200,000, still relatively affordable to those earning at about median income, but likely to be very small, "fixer-uppers".

Another 8.2% of the housing stock is valued between $200,000 and $300,000, still relatively affordable given the price surges several years ago. In fact about 82% of the properties in this range are single-family homes, involving 377 properties. Approximately one-third of the housing stock is assessed between $300,000 and $400,000, 93% of which are single-family homes. In fact about 63% of all properties in Eastham are assessed between $300,000 and $500,000 or about 3,500 properties. On the other hand, 337 units are assessed between $700,000 and $1 million, and still another 288 units are valued at more than $1 million, demonstrating a significant if not large luxury market in Eastham. The highest valued residential property was assessed at more than $3 million.

Of the 255 condos, more than 70% were assessed below $300,000, but once again these are largely tiny condos that are vacated during the winter.

Assessor's data also indicated that most of the multi-unit dwellings, including two- and three-family properties, and multiple homes on one lot, were assessed between $300,000 and $500,000.

Table III-3
Assessed Values of Residential Properties

Assessment	Single-family Dwellings		Condominiums		Multi-unit Dwellings		Total	
	#	%	#	%	#*	%**	#	%
0-$199,999	14	0.3	114	44.7	0/0	0.0	128	2.3
$200,000-299,999	377	7.4	69	27.1	6/7	4.9	459	8.2
$300,000-399,999	1,797	35.5	40	15.7	40/48	33.3	1,925	34.5
$400,000-499,999	1,480	29.3	20	7.8	37/40	29.2	1,577	28.3
$500,000-599,999	562	11.1	7	2.8	21/7	10.6	597	10.7
$600,000-699,999	240	4.7	4	1.6	13/9	8.3	266	4.8
$700,000-799,999	146	2.9	0	0.0	2/0	0.8	148	2.6
$800,000-899,999	91	1.8	1	0.4	9/3	4.6	104	1.9
$900,000-999,999	81	1.6	0	0.0	4/0	1.5	85	1.5
Over $1 million	270	5.3	0	0.0	18/0	6.8	288	5.2
Total	5,058	100.0	255	100.0	150/114	100.0	5,577	100.0

Source: Eastham Town Assessor, fiscal year 2009.
* 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.

Rentals
Table III-24 summarizes census data for rental units from 1980 to 2000. Eastham almost doubled the number of its rental units between 1980 and 1990, from 239 units to 470. However, from 1990 to 2000

the town lost 45 rental units, most likely through the conversion to homeownership. Also between 1980 and 1990 the median rent more than doubled but only increased by 3% between 1990 and 2000. The 2000 median rent of $682 was just a bit lower than the 2000 median gross rent of $723 for Barnstable County.

Table III-24
Rental Costs
1980-2000

Monthly Rent	1980		1990		2000	
	#	%	#	%	#	%
Under $200	41	17.2	9	1.9	16	3.8
200-299	89	37.2	10	2.1	8	1.9
300-499	96	40.2	45	9.6	6	1.4
500-749	13	5.4	220	46.8	229	53.9
750-999			88	18.7	107	25.2
1,000-1,499			28	6.0	9	2.1
1,500 or more					7	1.6
No cash rent	36	15.1	70	14.9	43	10.1
Total	239	100.0	470	100.0	425	100.0
Median rent	$292		$662		$682	

Source: U.S. Census Bureau, 1980, 1990 and 2000 (Summary Table 3 – sample data)

Like housing values for homeownership units, rental values tend to be underestimated in the census data, and actual market rents are typically much higher as verified by local realtors. Also overall property values have increased considerably since 2000. Realtors indicate that it is difficult to find a year-round rental of a two-bedroom unit for less than $1,000, not including utilities that can add an additional $150 to $250 per month. The HUD 2010 Fair Market Rents (FMRs) are even higher at $779 for an efficiency unit, $913 for a one-bedroom unit, $1,201 for a two-bedroom unit, $1,433 for three bedrooms, and $1,478 for four bedrooms. Fair Market Rents (FMRs) are the maximum rents allowed by HUD in the Section 8 Rental Assistance Program (also known as the Housing Choice Voucher Program). These maximum rents are updated and published annually and represent HUD's estimate of the actual market rent for an apartment in the conventional marketplace. HUD sets the FMRs by unit size (number of bedrooms) by region in each state, for Barnstable County in the case of Eastham. For a discussion on the methodology for calculating the FMRs, go to www.huduser.org/datasets.

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

While Internet listings of rental properties in Eastham are scarce, these are what were included in July 2009 listings on Craig's List:

Year-round Rentals

- $800 for a room for rent
- $900 for a studio apartment
- $1,000 for a one-bedroom unit
- $1,100 for a two-bedroom unit

Winter Rentals

- $1,250 for a three-bedroom, two-bath unit in a furnished home

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. A local realtor indicated that every year for the past 20 years revenues increased in regard to summer rentals with the exception of this year when both revenues and numbers of rental properties are down close to 10%. Besides the general economic slump, other reasons for this downturn can partially be explained by the following trends:

- More than half of schools are starting before Labor Day, decreasing demand for what has been among the most popular vacation weeks of the summer.
- Many families are deciding to postpone vacation well into July, after their children have been to camp.
- More prospective renters are negotiating with owners about rent levels and conditions than previous seasons.
- More renters are looking for pet friendly homes, which tend to be booked quickly.
- More cancellations based on economic considerations, including recent job losses.
- More owners are deciding to rent out their homes for at least some time who had not in the past.
- More renters are requesting ½-week or five-day stays.

These trends reflect a more relaxed market where those 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, from $2,300 to $6,300 per week, have been booked solidly, and so have homes with water views. Homes with only a short walk to the beach were doing fairly well, but there were plenty of homes available further from the beach in mid-July. Fully equipped three-bedroom, two-bath homes away from beaches were renting for $1,400 to $1,800 per week. Two-bedroom cottages were more difficult to book.

3. *Affordability Analysis of Existing Market Conditions*

The borrowing power of the median income household ($42,618) in 2000 was about $140,000[15], lower than the median house value as reported in the 2000 census of $192,300 based on a 5% down payment. The affordability gap would then be only about $52,300 - the difference between the cost of the median priced home and what a median income household could afford. A three-person household earning 80% of median income at that time, or $36,650, could afford a home priced at little more than $120,000 based on conventional lending requirements, resulting in an affordability gap of $72,300.[16]

To afford the median sales price of the median valued *single-family* home in Eastham of $342,500 (based on The Warren Group information as of the end of May 2009), a household would have to earn approximately $85,000[17], substantially more than the projected 2009 median income of $66,910, based on

[15] Interest rates in 2000 were higher and figures are based on 7.5% interest.

[16] Calculations based on 80% financing, requiring a 20% down payment, would have put the affordability gap at $24,300 for those earning at median income for Eastham and $50,000 for those earning at 80% of area median income for Barnstable County in 2000.

[17] Figures based on 95% financing, interest of 5.5%, 30-year term, annual property tax rate of $5.31 per thousand, insurance costs of $1.25 per $1,000 of combined valuation of dwelling value (value x 0.5), personal property ($100,000 fixed), and personal liability ($100,000 fixed), and private mortgage insurance estimated at 0.3125 of loan amount, and estimated monthly condo fees of $250.

the 57% change in the HUD median income levels for Barnstable County between 2000 and 2009. Applying this updated median income estimate, would result in an affordability gap of $72,500 as of the end May 2009, the difference between what the median income household could afford ($270,000) and the median priced house ($342,500). Therefore, since 2000 the affordability gap has widened from $52,300 to $72,500. *The current affordability gap would in fact be significantly greater but declining mortgage interest rates as well as a softening housing market have made housing more affordable in Eastham and throughout much of the country.*

It should be noted that the above calculations are based on the purchaser's ability to obtain 95% financing, which was not a problem for most in the recent past. However, financial markets have become much more conservative, and lenders are typically requiring a much higher down payment, now back to about 20%. With 80% financing, the affordability gap decreases to about $8,500.

For those earning at 80% of area median income ($55,900 for a family of three), this gap is now $117,500, the difference between the maximum they could afford of $225,000 and $342,500. If a two-person household is considered, which could afford a home costing no more than $200,000 based on an income of $49,700 and conventional lending terms, the affordability gap is $142,500. These figures are based on 95% financing, which can still be found through first-time homebuyers programs such as the state's Soft Second Loan Program or MassHousing's mortgage offerings.

It should also be noted that the median *condominium* price as of the end of 2008,[18] was $269,000 that would require a purchaser with an income of approximately $76,500 assuming a condo fee of $250 per month and 95% financing, and an income of $65,000 with 80% financing.

In regard to *rentals*, the gross median rent of $682, according to the 2000 census, required an income of about $27,300, without consideration for utilities likely requiring an income closer to $32,000 with utilities. These costs are within the means of low- and moderate-income households. Rental listings indicate that year-round market rental listings are actually quite a bit higher with average year-round, two-bedroom units renting for at least $1,000, affordable to a household earning $40,000 annually without the costs of utilities. Summer rentals are priced for a high-end market by the week, starting at about $800 to $900 per week up to more than $5,000 for larger waterfront homes.

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.

Table III-25 provides a breakdown of the number of units existing within various affordability ranges. According to Assessor's data, 13 homes or less than 1% of the Eastham's *single-family homes* are affordable to households earning below 80% of area median income ($55,900) in 2009 based on conventional lending terms, and another 2% of single-family homes or 106 units were affordable to those earning between 80% of area median and median income ($75,400). These units, while reasonably priced, are very limited and most likely need some improvements. However, given interest rates of 5.5% or less, they do provide some potential opportunities for first-time homebuyers. An $8,000 federal tax credit for first-time buyers, which is available through November 30, 2009, sweetens such deals.

Condominiums are valued much more affordably with approximately 4% of units affordable to those earning at or below 50% of area median income, based on a household size of three. Another 91 condos were assessed within a relatively affordable range, likely affordable to those earning between 50% and 80% of area median income with another 62 affordable to those between the 80% and 100% income

[18] The Warren Group had not posted a median price condo for 2009.

range. Therefore, about 64% of the condo market was potentially affordable to those earning within median income based on conventional lending practices and an estimated condo fee of $250. The $8,000 federal tax credit for first-time purchasers would apply to condos as well. Most condos, however, are not available on a year-round basis, as they involved the conversion of small cottages, used seasonally from about April through October, to ownership.

It should also be noted that while Eastham's *multi-family housing* market is relatively small, about 264 properties, such housing is typically more affordable in the lower price ranges as it offers the opportunity of rental income. For example, the median valued two-family home in Eastham, based on Assessor's data, is $400,100, and if owner-occupied with one rental unit would be affordable to a purchaser earning approximately $69,000 (assuming rental income of $1,000 of which 75% -- $750 – is likely to be included in mortgage financing computations) as opposed to a condo at the same price that would require an income of about $109,000 given the additional computation of the condo fee (assuming $250) and no income to the owner.

Table III-25
Approximate Cost of Single-family Units in Eastham
2009

Price Range Single-family/Condo*	Income Range	Single-family Homes Available in Price Range		Condominiums Available in Price Range	
		Number	%	Number	%
Less than $140,000/$98,000	Less than 50% (Less than $34,900)	3	0.1	10	3.9
$140,001-$225,000/ $98,001-$185,000	50% - 80% ($34,900 - $55,900)	10	0.2	91	35.7
$225,001-$305,000/ $185,001-$265,000	80% - 100% ($55,901 - $75,400)	106	2.1	62	24.3
$305,001-$360,000/ $265,001-$325,000	100% - 120% ($75,401 - $90,480)	595	11.8	31	12.2
More than $360,000/more than $325,000	More than 120% (More than $90,480)	4,344	85.9	61	23.9
Total		**5,058**	**100.0**	**255**	**100.0**

Source: Town of Eastham Assessor's Database for fiscal year 2009. 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 and these calculations are based on 95% financing.

In addition to an analysis of the affordability of entering the existing housing market, it is also useful to identify numbers of residents living beyond their means based on their housing costs. The 2000 census 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 1999 data, the census indicated that 72 households or 3.9% of the homeowners in Eastham were spending between 30% and 34% of their income on housing and another 285 or 15.4% of owners were spending more than 35% of their income on housing expenses. In regard to renters, 15 renters or 3.5% were spending between 30% and 34% of their income on housing and another 113 or 26.6% were allocating 35% or more of their incomes for housing. This data suggests that more than 485 households or 20% of all Eastham households were living in housing that is by common definition beyond their means and unaffordable. Housing costs rose precipitously after 2000, until just recently, and it is likely that even more households in Eastham experienced significant cost burdens over the past nine (9) years.

Moreover, given recent housing finance problems associated with high cost mortgages from predatory lenders, it is likely that some homeowners in Eastham have even lost their homes or are confronting possible foreclosure. A local realtor indicated that in the past foreclosures occurred but only infrequently, however, there are now several properties in various stages of foreclosures, including a couple of actual auctions of property. Most of the owners have been able to find refinancing.

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-26.

Table III-26
Type of Households by Income Category and Cost Burdens,* 2000

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% MFI/ # with cost burdens	Total/# with cost burdens
Elderly Renters	0/0	10/0	10/0	0/0	20/0
Small Family Renters	20/10 (10)	40/30	34/14	85/0	179/54
Large Family Renters	0/0	0/0	10/0	0/0	10/0
Other Renters	40/30 (30)	39/29 (25)	45/15	90/0	214/74
Total Renters	60/40 (40)	89/59 (25)	99/29	175/0	423/128 (65)
Elderly Owners	177/128 (65)	145/30 (30)	200/30	445/10	967/198
Small Family Owners	14/4 (4)	34/4 (4)	134/54	565/25	747/87
Large Family Owners	0/0	10/10	0/0	90/35(35)	100/45
Other Owners	4/4 (4)	10/0	25/10 (10)	105/15	144/29
Total Owners	195/136 (73)	199/44 (34)	359/94 (10)	1,205/85 (35)	1,958/359 (152)
Total	255/176 (113)	288/103 (59)	458/123 (10)	1,380/85 (35)	2,381/487 (217)

Source: U. S. Department of Housing and Urban Development (HUD), SOCDS CHAS Data, 2000.
MFI indicates median family income.
* Cost burdens indicate that households are spending more than 30% of their income on housing. The CHAS data also provides data on **those spending more than 50% of earnings on housing as indicated by ( ).**

This report, based on 2000 census data for Eastham, indicates the following:

- More than 20% of all households, or 487 households, were spending more than 30% of their income on housing expenses.
- More than 9% of all households, or 217 households, were spending more than 50% of their income on housing.
- About 30% of all renters (128 households) were spending more than 30% of their income on housing and more than 15% of all renters (65 households) were spending more than half their income on housing.

- About 18% (359 households) of all owners were spending more than 30% of their income on housing and almost 8% of all owners (152 owners) were spending more than half their income on housing.
- There were 255 households earning at or below 30% of area median income, referred to by HUD as extremely low-income households, and of these 195 were owners and 60 were renters. Almost 38% of these owners and 67 % of these renters, or 73 total households, were spending more than 50% of their income on housing-related expenses.
- Of the 288 households earning between 30% and 50% of area median income, referred to as very low-income households, more than 35% (103 households) were spending over 30% of their income on housing and 20% (59 households) were spending more than 50% on housing.
- There were 458 households earning between 50% and 80% of median income and more than one-quarter (123 households) were spending over 30% of their income on housing.

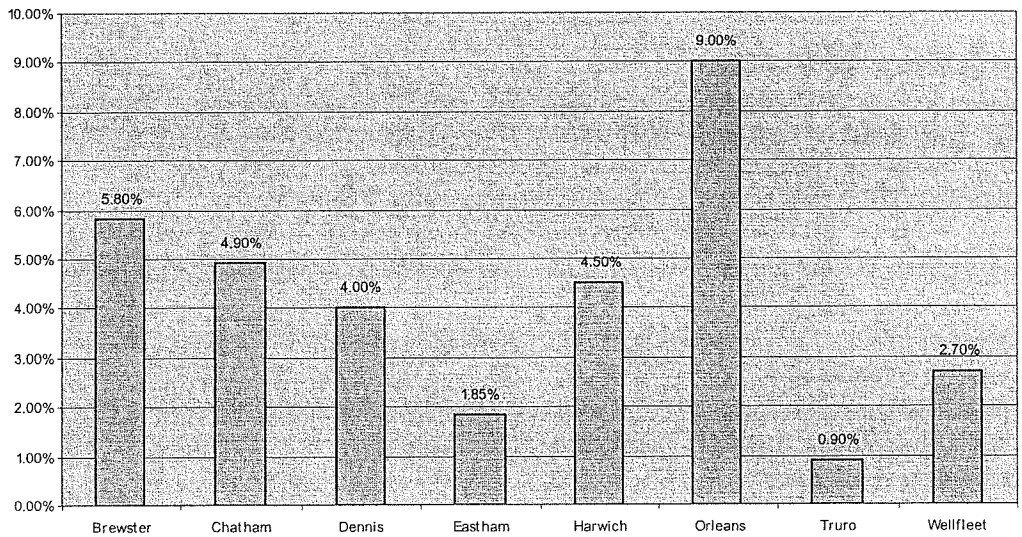
4. *Subsidized Housing Inventory*

The state currently lists 49 affordable housing units in Eastham's state-approved Subsidized Housing Inventory, 1.85% of the total year-round housing stock of 2,642 units. Therefore, the town needs to produce at least 215 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 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-6.

1. Brewster – 253 units (5.8%)
2. Chatham – 175 units (4.9%)
3. Dennis – 327 units (4.0%)
4. **Eastham – 49 units (1.85%)**
5. Harwich – 261 units (4.5%)
6. Orleans – 298 units (9.0%)
7. Truro – 9 units (0.9%)
8. Wellfleet – 39 units (2.7%)

Figure III-6

Level of Affordable Housing: Eastham and Neighboring Communities



While none of Eastham's neighboring towns have produced enough affordable units to meet the state's 10% target of 10%, Orleans has an almost 9% level of affordability and is only 37 units shy of meeting the 10% threshold based on the 2000 figure for its year-round housing stock. There has been a wide range of demonstrated progress exhibited by the remaining towns listed above, and Eastham, at 1.85%, is towards the bottom of the range but ahead of Truro at 0.9%.

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 the 2009 HUD limits for the Barnstable area (see Table II-2 for these levels, adjusted by household size). Using these income guidelines a family of two (the average household size in Eastham is 2.24 persons), earning at the maximum level of $49,700, could afford to purchase a house for no more than approximately $200,000. Based on housing market information described above, the Town has few homes available within this price although the condominium market provides considerably more affordability, however, financing is very difficult to obtain based on recent more stringent lending criteria.

Current Inventory

Table III-27 summarizes the units included in the Subsidized Housing Inventory, the list of affordable dwelling units that are eligible for counting towards Eastham's 10% state affordability goal. The Inventory includes 21 homeownership units and 28 rental units, eight (8) of which include units in group homes sponsored by the Massachusetts Department of Mental Health (DMH).

Table III-27
Eastham's Subsidized Housing Inventory

Project Name	# SHI Units	Project Type/ Subsidizing Agency	Use of a Comp Permit	Affordability Expiration Date
Cross Cart Way/Habitat For Humanity House	1	Ownership/DHCD	No	2009
Nauset Road/Habitat for Humanity House	1	Ownership/DHCD	No	2019
Eastham Duplexes*	8	Rental/DHCD	No	2014
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 Road*	1	Rental/DHCD	No	2056
Brackett Landing	9	Ownership/MassHousing	Yes	Perpetuity
Total	49	28 rental units 21 ownership units	24 units with 40B permit	24 units affordable in perpetuity

Source: Massachusetts Department of Housing and Community Development, June 12, 2009
* Eastham Housing Authority units

A number of these projects involved the development of Town-owned property including the 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), and the Purcell property, the site of the North Eastham Village Center, that was acquired by the Town in 2001 for affordable housing and has yet to be developed.

Two (2) units at 1475 State Highway were developed by the Community Development Partnership, which should be added to the SHI in the near future. On the other hand, the deed restriction for the Habitat for Humanity house at Cross Cart Way was for 15 years, executed in 1994, and consequently this unit is likely to be eliminated from the SHI in 2009. However, Habitat 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.

Proposed Projects
There are other affordable housing units that are in the conceptual or planning stages including the following:

- *Purcell Property*
  The Town of Eastham purchased an 11.5-acre undeveloped parcel, the Purcell property, for the development of mixed uses, including affordable housing. This development will occur within the context of a major planning effort to create a traditional mixed-use village center, the North Eastham Village Center, centered around the intersection of Route 6 and Brackett Road. Town Meeting voted to start testing the feasibility of adding infrastructure in this area as well as other areas with poor water quality that pose public health risks. Local planning committees are currently in the process of developing a suitable, best-use concept, and will most likely include mixed uses.

- *Habitat for Humanity Homes*
  Potentially two (2) new Habitat for Humanity homes given private donation to help subsidize the units. The organization is looking for property on which to build.

- *Housing Authority Buy-Down Initiative*
  The Town of Eastham approved $300,000 in CPA funding to enable the Eastham Housing Authority to purchase units, make necessary improvements and maintain as affordable rentals. The Housing Authority is currently searching for units to acquire.

If these units reach completion, the town will be over the 2% affordability level, demonstrating progress in producing affordable housing within the foreseeable future.

C. Gaps Between Existing Housing Needs and Current Supply

As the affordability analysis indicates in Section III.C above, significant gaps remain between what most current year-round residents can afford and the cost of housing that is available. While housing is becoming more affordable given falling property values and interest rates, there are still many who are shut-out of the private housing market.

In regard to the future, the buildout analysis that was included in the Local Comprehensive Plan and updated to reflect 2000 instead of 1990 census data, 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-28. If even 60% of the units were for year-round use at buildout, the Town would need 360 units defined as affordable to meet the 10% Chapter 40B goal, suggesting 311 additional affordable units, a daunting challenge. The analysis also projected from about 300 to more than 1,000 additional school children, depending on the level of year-round housing at buildout. The implications of growth would also put enormous pressures on the Town's existing infrastructure, including water capacity issues and environmental concerns.

Table III-28
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 @ 60%	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.
* Indicates percentage of seasonal or occasional units/percentage of year-round units.
** Indicates all year-round units.

In an effort to learn more about the extent of local housing needs, including housing preferences and affordability issues, the Town of Eastham conducted a survey of residents in the summer of 2008.[19] The questionnaire was developed to obtain information on housing status, family make-up, income, housing payments and employment status. Responses were received largely from middle to older Eastham residents, employed in professional positions earning between $50,000 to $100,000, with long-term and year-round connections to the community, and homeowners living in smaller households. Despite a considerable effort to distribute the survey and obtain results from the full range of the town's population and workforce, the distribution of the survey during the busy summer months proved difficult, and there were few responses from younger Eastham residents, new families, service-industry workers and renters who were the most likely to be confronting housing affordability challenges. Key findings of the survey included the following:

- The majority of responses were from homeowners, 233 owners versus 23 renters, whose housing costs were within 30% of their income and therefore affordable. The average monthly mortgage costs were between $1,000 and $1,499 for those under 65 and less than $500 for those over 65, many of whom had paid off their mortgage.
- While the median income range for owners was between $75,000 and $100,000, it was between $25,000 and $49,000 for renters with a median rent in the $1,000 to $1,249 range.
- Of the 23 renters who responded, 70% indicated that they had a stable rental situation and 64% expressed interest in purchasing an affordable home in Eastham that might involve some sort of resale restriction.
- The survey indicated that 7.3% of the respondents had grown children living with them, locally referred to as "cellar dwellers", and the percentage rises to 8.4% when respondents over 65 years are filtered out. The report states, "From the questionnaire data it is not possible to determine the 'why' on this element. Adult children could be living with parents for a myriad of reasons: because they are unable to find an affordable rental, to help the parents pay a high rent or mortgage, to help take care of elderly parents, to have parents available to take care of grandchildren, or for a host of other, non-housing related issues. However, it is of significance to note that this situation of adult children living with their parents is not uncommon."

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

- The responses indicated that seniors do not necessarily have unmet housing needs, however a number of comments included a referenced need for more senior housing, including those with supportive services.
- 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.

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.

1. ***Rental Housing Needs***

The analysis included in Table III-29 projects a shortage of at least 195 rental units for low- and moderate-income renters. This data, however, was based only on adjustments to existing renters in 2000 and does not reflect pent-up regional need for additional rental opportunities, particularly in the context of a housing market that has seen extraordinary price increases since 2000. For rental units alone, the 2000 median rental of $682 has climbed to at least $1,000 based on limited year-round real estate listings, a 44% increase. 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, and there are few opportunities for first-time homeownership.

Table III-29
Rental Unit Gap Analysis, 2000 to 2009

Income Group	**2000 Income Range***	**Affordable Rent**	**# Renter Households**** 2000/**2009**	**# Existing Units***** 2000/**2009**	**Deficit/ Surplus** 2000/**2009**
Less than 30% of AMI	$12,400 and less	Less than $310	60/49	24/24	-36/-25
30% to 50% AMI	$12,401 to $20,650	$310 to $516	89/86	21/0	-68/-86
50% to 80% AMI	$20,651 to $33,000	$516 to $825	99/84	246/0	+147/-84
Total			248/**219**	291/**24**	43/-**195**

Source: 2000 HUD SOCDS CHAS Data – Housing Problems Output for All Households
* Based on 2000 HUD Income Levels for average size household of two persons.
** It can be assumed that incomes have increased since 2000, which would likely reduce some of these numbers somewhat. The 2009 projections are based on 90% change in these income categories between 1989 and 1999 per the census, assuming a similar rate of change.
*** The projections assume that all 24 subsidized rental units cover those in the lowest income categories and based on rental listings, all other rentals are beyond the means for those earning below 80% of area median income.

A meeting of Town Planners and Housing Authority Directors on the Outer Cape, convened by the non-profit, Community Development Partnership, provided an opportunity to share experiences concerning housing needs and progress on affordable housing efforts. Several observations regarding rental housing needs included:

- There are increasing housing needs for those with disabilities who require rental subsidies housing to afford housing as well as handicapped accessibility. Housing Authorities are not able to provide more than 14% of the available units in a senior development for those who are disabled and under that age of 60, and there is greater demand from this

population segment than units available.

- They are seeing more income eligible applicants for affordable rental opportunities, however more frequently applicants have problems paying the designated rents, both the high or even low rents required under HOME Program funding. Consequently, rental subsidies would also be extremely helpful in supporting these low-income individuals and families, many of whom are single, working individuals.

A further analysis of the rental needs of different types of households is included in Table III-30. This table indicates that in 2000 there were 128 renter households with housing problems, either overcrowding or spending too much of their income on their existing housing.

Table III-30
Level of Housing Problems by Type of Renter Household, 2000

Household by Type and Income	Elderly Total/with Housing Problems	Small Families Total/with Housing Problems	Large Families Total/with Housing Problems	All Other Renters** Total/with Housing Problems	Total/with Housing Problems
< 30% AMI	0/0	20/10	0/0	40/30	60/40
30-50% AMI	10/0	40/30	0/0	39/29	89/59
50-80% AMI	10/0	34/14	10/0	45/15	99/29
> 80% AMI	0/0	85/0	0/0	90/0	175/0
Total	20/0	179/54	10/0	214/74	423/128

Source: 2000 HUD SOCDS CHAS Data – Housing Problems Output for All Households
* Problems due to overcrowding and paying more than 30% of income on housing.
** Most likely include nonelderly individuals

This Housing Needs Assessment suggests that the 195-unit deficit in Table III-29, based on the difference between projected number of households and estimated number of available units in their price range, and the 128-unit level need included in Table III-30, focusing on those who are overcrowded or paying too much, substantiates a pressing need for more affordable rental units in Eastham. *While this data, even with attempts to update, is likely to be questionable given its roots in the 2000 census, it is also likely that since 2000 housing affordability problems have only worsened and these projections are either very conservative or substantial numbers of lower income renters have been forced to leave Eastham in search of more affordable living conditions.*

The directors of the Eastham Council on Aging and the Eastham Housing Authority both indicated that some Eastham seniors looking to downsize and find affordable housing, have had to move to other communities. 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 or other relatively affordable multi-family developments.

This Housing Needs Assessment recommends that rental unit goals be distributed as follows, summarized in Table III-31:

Table III-31
Projected Distribution of Rental Units
Long-term and Short-term (Five-Year) Goals

Target Renter Households	Target Unit Size	Proportion of Need	# Rental Units Long-term/Short-term
Seniors/Individuals with special needs	One bedroom	20%	40/10
Small Families	Two bedrooms	70%	140/35
Large Families	Three + bedrooms	10%	20/5
Total		100%	200/50

Source: Source: 2000 HUD SOCDS CHAS Data – Housing Problems Output for All Households
The long-term goal is based on rounding the 195 figure in Table III-26.
The short-term goal is based on Housing Production goals of producing affordable housing equivalent to 0.50% of the year-round housing stock (13 in 2010 and likely to increase to about 15 units when the 2010 census becomes available).

This amount of rental housing would comprise about two-thirds of the Town's unit production goals over the five (5) years of the Housing Production Plan, requiring the creation of at least 13 total units per year until the 2010 census becomes available and the annual production goal increases, likely to about 15 total units per year. 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.

2. *Homeownership Needs*

Table III-32 demonstrates that there is not a sufficient number of affordably priced units, single-family or condos, to meet the existing need given projected incomes of those resident owners earning at or below 80% of area median income. However, there is more than an adequate supply of homeownership units for those earning above this threshold. This Housing Needs Assessment therefore recommends that first-time homeownership opportunities be included as a priority in the town's affordable housing agenda either through the development of small single-family homes or two- and three-bedroom condominiums for young workers and their families.

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-32
Homeownership Affordability Analysis, 2000 to 2009

Income Group	Income Range* 2000/2009	Affordable Sales Prices[20] 2000/2009	# Owner Households 2000/2009**	# Existing Units 2009 # Single-family/ #condos	2009 Deficit or Surplus
Less than 80% of AMI	$32,600 and less/$49,700 and less	Less than $115,000/less than $200,000 ($160,000 condo)	753/677	14/83	-580

Sources: 2000 HUD SOCDS CHAS and Census data, Eastham Assessor's Office
*Based on 2000 HUD Income Limits for average size household of two persons.
** It can be assumed that incomes have increased since 2000, which would likely reduce some of these numbers somewhat. The 2009 projections are based on 90% change in these income categories between 1989 and 1999 per the census, assuming a similar rate of change.

Table III-33
Level of Housing Problems by Type of Owner Household, 2000

Household by Type and Income	Elderly Total/with Housing Problems	Small Families Total/with Housing Problems	Large Families Total/with Housing Problems	All Other Renters** Total/with Housing Problems	Total/with Housing Problems
< 30% AMI	177/128	14/4	0/0	4/4	195/136
30-50% AMI	145/30	34/4	10/10	10/0	199/44
50-80% AMI	200/30	134/54	0/0	25/10	359/94
> 80% AMI	445/10	565/25	90/35	105/15	1,205/85
Total	967/198	747/87	100/45	144/29	1,958/359

Source: 2000 HUD SOCDS CHAS Data – Housing Problems Output for All Households
* Problems due to overcrowding and paying more than 30% of income on housing.
** Most likely include nonelderly individuals

This Housing Needs Assessment recommends that homeownership unit goals be distributed as summarized in Table III-34. This amount of first-time buyer, starter housing would comprise about one-third of the Town's affordable unit production goals over the next five (5) years of the Housing Production Plan with the other units targeted to affordable rentals.

[20] Figures based on 95% financing, interest of 5.5%, 30-year term, annual property tax rate of $5.07 per thousand, insurance costs of $1.25 per $1,000 of combined valuation of dwelling value (value x 0.5), personal property ($100,000 fixed), and personal liability ($100,000 fixed), and private mortgage insurance estimated at 0.3125 of loan amount, and estimated monthly condo fees of $250.

Table III-34
Projected Distribution of Homeownership Units
Long-term and Short-term Goals

Target Renter Households	Target Unit Size	Proportion of Need	# Units Long-term/Short-term
Seniors/Individuals with special needs	One bedroom	50%	50/12
Small Families	Two bedrooms	30%	30/8
Large Families	Three + bedrooms	20%	20/5
Total		100%	100/25

Source: Source: 2000 HUD SOCDS CHAS Data – Housing Problems Output for All Households

3. *Special Population Needs*

Besides seniors, this Housing Needs Assessment identified approximately 2,096 residents with some type of disability. Of the 2000 population age 5 to 20 years old, 211 or 8.9% had some disability. Of those aged 21 to 64, 1,885 residents, or 23% of the persons in the age range, claimed a disability. About two-thirds of this group was employed, leaving another third unemployed, likely due to their disability. In regard to the population 65 years of age or older, 1,441 seniors or about 31% of those in the age group claimed some type of disability. These levels of disability, particularly that of seniors, represent significant special needs within the Eastham community and suggest that Eastham integrate special needs housing, units that are handicapped-accessible and housing with supportive services into its planning for affordable housing development of up to 10% of the units created, 20% for senior housing. Long wait times for handicapped-accessible units that are managed by the Eastham Housing Authority further substantiates the need for such units. Additionally, Eastham currently has only 12 special needs units in group homes, and based on the level of disabilities among its residents, additional special needs housing is warranted. Moreover, a recent meeting of Housing Authority Directors and Town Planners of the Outer Cape suggested increasing unmet housing needs of those who are disabled, under the age of 60 with extremely low incomes.

4. *Existing Housing Condition Needs*

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 households.

5. *Summary of Priority Housing Needs*

This Housing Needs Assessment suggests that the Town of Eastham establish targeted affordable housing production goals based on priority housing needs over the long-term and short-term (five years of the Housing Production Plan), as summarized in Table III-35. Of the 300 affordable units to built over the long-term, and 75 units in the short-term, approximately 30% are targeted to single persons or seniors, 57% to small families and the remaining 13% to larger families requiring at least three (3) bedrooms. The goals also assume 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.

Table III-35
Summary of Priority Housing Needs and Targeted Production Goals
Longer-term Goals/Shorter-term, Five-Year Goals

Type of Housing	Seniors/Single Persons** One Bedroom Units	Small Families/ 2 Bedrooms	Large Families/ 3+ Bedrooms	Total
Rental	40/10	140/35	20/5	200/50
Ownership	50/12	30/8	20/5	100/25
Total	90/22	170/43	40/10	300/75
Special Needs*	18/4	17/4	4/1	39/9

Source: 2000 HUD SOCDS CHAS and Census data, Karen Sunnarborg Consulting
* Represents 10% of all units created in family housing and 20% in senior and single person housing and includes handicapped accessibility and/or supportive services.
** Approximately 15% of units in this category directed to non-elderly, single person households.

IV. OBSTACLES 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 current constraints to new development including the following:

A. Infrastructure

As mentioned earlier, a major constraint and cost factor for new development relates to infrastructure, particularly the 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 must rely solely on wells as well as on-site septic systems unless special treatment facilities are 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 a number of 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 is it 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.

The Town of Eastham has recently completed (spring 2009) 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 will assist the Town in developing a comprehensive strategy for wastewater treatment. This project is also being developed to 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. Also, the consulting group, Stearns & Wheeler, identified the need for develop a drinking water master plan to meet the town-wide human health need as a priority for Eastham.

Voters at the 2009 Annual Town Meeting approved $3.15 million for the consultants, Environmental Partners, to undertake the following actions for a phased municipal water supply:

(1) Conduct pumping tests to establish the quantity and quality of water available from water supply wells in Eastham Water Protection Districts G, H, and Nauset Regional High School and work to include completing all required permitting and environmental reviews necessary to provide up to 1 million gallons per day (gpd) from each supply site. The Town and consultant are currently testing municipal well sites.

(2) Conduct an evaluation to determine all costs and the feasibility of obtaining 500,000 gallons per day or more of water from the Town of Orleans.

With knowledge of the quality and quantity of resources available both from Eastham and Orleans in this initial phase of testing and evaluation, a comparative cost benefit analysis can be applied to determine the best option or options to supply a town-wide water system. The town-wide system would be designed to provide 1.8 million gallons per day peak capacity with extra design capacity to reach 2.5 million gallons per day. This article also provides for the Board of Selectmen to act as Water Commissioners, and once the system is operational, to assess charges and collect fees.

It will be important for any new affordable housing development to address existing 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.

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. Also, as noted above, the Town is studying how it will provide municipal sewer services in town, particularly in areas where growth could better be directed.

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 obtains its drinking water from a sole-source aquifer, the Nauset Lens, and efforts to minimize the contamination of this water source have to be 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 its 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.B and C 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 Districts[21], 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

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

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

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 III-36.

Table III-36
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

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 2). Also, maximum rents must comply with HUD Fair Market Rents. This bylaw has not been used to date.

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

- *Accessory Apartments*[23]
  Eastham's bylaw includes provisions for promoting the development of affordable rental housing for year-round residents by allowing accessory apartments based on the following requirements:

  - Lot has at least 20,000 square feet of upland available;
  - 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 800 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;
  - Must meet Title 5 requirements;
  - Units must be deed restricted as affordable to those meeting low- or moderate-income guidelines such that 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. 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 2).
  - Maximum rents must comply with HUD Fair Market Rents.
  - Annual certification of eligibility will be made to check eligibility.

  No affordable accessory apartments have 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

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

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

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

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 divided into two (2) parts:

1. Includes sections on the vision, existing conditions and trends, current land use issues and future opportunities, and the conceptual plan, which have been completed.
2. Includes the preparation of the Village Center Overlay District regulations, general design guidelines, and an implementation program with potential funding sources. The Town hopes to start work with a consultant, Stantec, for Zoning and Design Guidelines this fall or winter.

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.

Regulatory strategies include:

- The Village Center Overlay District;
- A Traditional Neighborhood Development Bylaw;
- Design Guidelines;
- Traffic Circulation Improvements;
- Integration of civic spaces and uses, working closely with local organizations and stakeholders; and
- Consideration of key land acquisitions to enhance connections to various uses.

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, further modifying accessory apartment provisions, promoting mixed-use development, and better integrating affordable housing in its clustered zoning bylaw (see Section VI.B and C).

D. School Enrollment

While the overall population increased by 57% between 1980 and 2000, those under the age of 18 increased by only 24.4%, growing by 189 children and representing a decreasing portion of the population – from 22.3% in 1980 to 17.7% in 2000. Buildout projections included in the Local Comprehensive Plan estimate that the student population will increase from 763 students to 1,085 assuming seasonal housing units are 40% of all housing units at buildout. 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 and up only a bit to 218 in 2009. Many people with children have moved away due to the high cost of living, lack of jobs in particular, others are sending their kids to charter schools and

private schools in the area, and increasing 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 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. Moreover, approximately 85% of the units included in the production goals focus on small one- or two-bedroom units that are not conducive to large families and lots of children.

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 as well. Public transportation is extremely limited and largely requires residents to have access to automobiles, further increasing the cost of living in Eastham and presenting 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 2000 census indicated that only 17 workers (0.8% 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, a new transportation system was introduced, called Flex-Route, 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. One of the strategies included in this Housing Plan is to explore higher density, mixed-use development in North Eastham that has the potential for reducing at least some reliance on the automobile (see Section VI.B.1 for details). Opportunities to direct development to areas that are most conducive to higher densities, such as along Route 6, particularly when sewer services are available in the 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 Transit Task Force, and coordination with the National Park Service. The Town is currently participating in the Cape Cod Joint Transportation Committee, represented by Eastham's Superintendent of its Department of Public Works.

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[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.

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 (see Section III.E for more information on the use of CPA and HOME funds in Eastham). 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 recent meeting of planning directors and housing authority representatives, coordinated by the non-profit Community Development Partnership, discussed changing market conditions and how they are affecting the need and demand for affordable housing. One of the observations was 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. Clearly additional Section 8 vouchers, project-based subsidies in particular, are needed but there are insufficient funds.

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. In an effort to better manage and coordinate funding for affordable housing purposes, this Plan recommends that the Town secure additional professional support (see Section VI.A.2 for details).

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, community perceptions have been tilting in the last few years towards the 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 proposes launching an ongoing educational campaign 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 to garner political support (see details on this strategy in Section VI.A.1). 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 to better promote municipal communication and cooperation in the

implementation of various strategies as well as for local leaders to obtain ongoing training related to affordable housing.

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 an inclusionary zoning bylaw (see Section VI.B) as well as strategies to promote greater housing choices (see Section VI.C).

I. Limited Availability of Town-owned Property

The Town has conveyed Town-owned property for affordable housing purposes in the past, which has supported the development of 22 affordable units (see Section III.B.4). Unfortunately, the Town of Eastham does not have a large inventory of additional parcels that are likely to be appropriate for development. The Town did acquire an 11-acre parcel in North Eastham that it plans to have developed to include some amount of affordable housing as part of new village center zoning to promote mixed uses.

Mitigation Measures: Eastham has conveyed a number of municipally-owned properties for the purpose of producing affordable housing, and the Town Assessor has been reviewing remaining Town-owned property to determine potential feasibility for development and best use(s). Some of these properties that might be suitable for some amount of affordable housing are listed in Table VI-1.

J. More Rigorous Lending Criteria

In response to the financial crisis, 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. Most 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.1, information should be disseminated to prospective purchasers on financing that is more affordable to first-time homebuyers including the Soft Second Loan Program and MassHousing mortgage financing. This outreach might also include information on local lenders that provide such financing. The availability of the $8,000 federal tax credit for first-time homebuyers should also help make purchasing a home in Eastham a bit more accessible. Information on a $6,500 federal tax credit for current homeowners looking to "move up" should also be circulated.

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]

Additional 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 through 2010, still a challenge for a small community like Eastham. Moreover, this goal is likely to increase to about 15 units after the next decennial census count becomes available and future housing growth will continue to drive-up the 10% goal.

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 median income – the **affordable units** – and at least another 10% affordable to those earning up to 120% of area median income – **moderate-income "workforce" units** – depending on project feasibility. The rental projects will also target some households earning at or below 60% of area median income and lower 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.
- 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 V and

[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.

wetlands regulations.

- 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 Municipal 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) where about two-thirds 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 and other 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 – 2010			
Private property development – infill housing Habitat for Humanity units/ownership	2	0	2
Private property development – conversion of existing housing Eastham Housing Authority/rental	2	0	2
Subtotal	*4*	*0*	*4*
Year 2 – 2011			
Development of publicly-owned property Purcell property/mix of rental and ownership	30	4	44
Subtotal	*30*	*4*	*44*
Year 3 – 2012			
Covered under Year 2			
Year 4 – 2013			
Development of publicly-owned Property Tax-title property/ownership	9	0	18
Private property development – infill housing Habitat for Humanity units/ownership	2	0	2
Private property development – conversion of existing housing Eastham Housing Authority/rental	4	0	4
Private development – accessory apartments/rentals	0	2	2
Subtotal	*15*	*2*	*26*
Year 5 – 2014			
Private property development – motel conversion/rental	20	0	20
Private property development – "friendly" 40B/ownership	10	0	40
Private development – accessory apartments/rentals	0	2	0
Subtotal	*30*	*2*	*60*
Total	**79**	**8**	**134**

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

VI. HOUSING STRATEGIES

The strategies outlined below are based on previous plans, reports, studies, the Housing Needs Assessment, local housing goals and the experience of other comparable localities in the area and throughout the Commonwealth. The strategies are grouped according to the type of action proposed – Building Local Capacity, Zoning Reforms, and Housing Production – and categorized according to priority as those to be implemented within Years 1 and 2 and those within Years 3 to 5. 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;*
    - Promote affordable housing in mixed-use development (see strategy VI.B.1)

- *Identification of specific sties for which the municipality will encourage the filing of comprehensive permit projects;*
    - Continue to make suitable public land available for affordable housing (see strategy VI.C.1)
    - Continue to partner with private developers on privately owned sites (see strategy VI.C.2)

- *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.C.2)
    - Modify accessory apartment bylaw (strategy VI.B.5)
    - As indicated in strategy VI.C.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.C.1)

- *Participation in regional collaborations addressing housing development*
    - Participate in Barnstable County HOME Consortium (see Section VI.C)
    - Promote homebuyer counseling and other homebuyer services (see strategy VI.A.1)

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

- Coordinate the development of the North Eastham Village Center with the Cape Cod Regional Transit Authority (see strategy VI.B.1)

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.

Some of the important tasks for insuring that the affordable units, now referred to as Local Action Units (LAU's), meet the requirements of Chapter 40B/LIP include:

- Meet with the developer to discuss requirements for insuring that the unit(s) meets the requirements for inclusion in the Subsidized Housing Inventory through the state's Local Initiatives Program (LIP).
- Contact DHCD to discuss the project and determine the purchase price based on LIP Guidelines.
- Prepare a LIP Local Action Units application submitted by the municipality (chief elected official), working with the developer, including an Affirmative Fair Housing Marketing Plan.
- Execute a regulatory agreement to further insure long-term affordability between the developer, municipality and DHCD.
- Implement the Marketing Plan.
- Hold at least one information session about the lottery.
- Approve applicants for eligibility in the lottery.
- Prepare a letter to those eligible for inclusion in the lottery and another to those who do not qualify.
- Conduct the lottery.[31]

[31] Up to 70% of the affordable units in most developments can be reserved for those who have a connection to the community as defined by Section C of the state's Affirmative Fair Housing Marketing Plan

- Work with winning applicants and lenders to secure mortgage commitments for ownership projects.
- Obtain the deed rider and resale price certificate from DHCD that requires the loan commitment letters, purchase and sale agreements, disclosure statement and contact info for the closing attorneys for ownership projects.
- Work with lenders and the developer to close on the units for ownership projects.
- Submit necessary documentation to DHCD to have the unit counted as part of the Subsidized Housing Inventory.
- Annually recertify the continued eligibility of affordable units.

The Town needs to designate a municipal employee or a consultant to coordinate this work (see strategy VI.A.2). Associated administrative costs could come from the project budget and could also be covered by Community Preservation funding or the Affordable Housing Trust Fund. 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 "community housing" or "workforce housing" units)[32].

Within the context of these compliance issues, local needs, existing resources, affordability requirements and the 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 consider, prioritize, and process, each through the appropriate regulatory channels.*** Moreover, the proposed actions present opportunities to judiciously invest funding from the 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, help preserve the existing affordable housing stock, and build local capacity.

A. Capacity Building Strategies

Eastham is a small town on Cape Cod and unlike most cities or larger communities, does not have substantial state or federal funding to support local housing initiatives nor a staff solely devoted to affordable housing. Nevertheless, Eastham is making considerable progress on building a local structure to better coordinate housing activities including the following:

- ***Municipal Affordable Housing Trust Fund***
  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 that will further the Town's goal of creating greater housing choices in town and ultimately reaching the 10% affordability goal. The Board of Selectmen has appointed ?five (5) members that will work in

guidelines, dated June 25, 2008.

[32] Community housing generally refers to units directed to those earning between 80% and 100% AMI, whereas workforce housing refers to units directed to those earning between 80% and 120% AMI, but still priced out of the private housing market.

partnership with other Town boards and committees, as well as the Eastham Housing Authority and other housing-related agencies and organizations, to promote affordable housing. The Housing Trust will serve as the municipal entity responsible for coordinating affordable housing activities for the Town, including the implementation of this Housing Production Plan.

- ***Plan***
  The Town has prepared this Housing Production Plan that will provide the necessary blueprint for prioritizing and implementing affordable housing initiatives based on documented local needs, community input and existing resources. The Plan will also provide important guidance on how to invest funding from the Housing Trust Fund and CPA for housing and be helpful in making Eastham more competitive for state discretionary funding under the Commonwealth Capital Program (see strategy VI.A.4 for more information on this program). The Plan will also provide the Town with a comprehensive resource on housing issues in Eastham that can be readily updated as necessary.

- ***Professional Support***
  The Town has a full-time professional Town Planner who has not only been providing substantial technical input into the development of this Plan, but is also organizing the Town's information system on affordable housing projects, creating a data base with relevant documentation on all SHI units, including the specific deed restrictions. This information will enable the Town to more effectively and efficiently monitor SHI units and also insure that all required information needed to add units to the SHI meet LIP requirements and is submitted to DHCD. The Town Planner has numerous job responsibilities beyond those related to affordable housing, and consequently limited time to undertake the regular monitoring of SHI units much less additional work. The Town will need additional professional support to coordinate the implementation of this Housing Plan to supplement existing staff resources and is seeking CPA funding to cover a part-time consultant (see strategy VI.A.2).

- ***Partnerships***
  The successful implementation of this Housing Production Plan will require continued access to a wide range of resources – financial and technical – as well as maintaining important partnerships with a range of organizations, funding agencies, developers and lenders on new initiatives. Over the past few years Eastham has relied on a number of important organizations for a significant amount of its housing production activity including the Community Development Partnership, Habitat for Humanity of Cape Cod, and Eastham Housing Authority. The Town should continue to foster these partnerships and reach out to other developers as well via Requests for Proposals (see Section VI.C).

Specific actions to further build local capacity to meet local housing needs and production goals are detailed below. While these strategies do not directly produce affordable units, they provide the necessary support to implement a proactive housing agenda and build local support for new affordable housing initiatives.

1. 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 that can build local support will help generate a greater understanding of the benefits of affordable housing, reduce misinformation, and dispel negative stereotypes. These outreach efforts are mutually beneficial as they provide useful information to community residents and important feedback to local leaders on local

concerns and suggestions.

Next Steps: The presentation of this Housing Production Plan offers an 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 be pursued such as:

- *Forums on specific new initiatives*
  As the Town develops new housing initiatives, the sponsoring entity should 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 such events, at least on an annual basis. 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.

- *Public information on existing programs and services*
  Despite a sluggish housing market, high housing costs are still creating problems for low-income residents. For example, renters continue to confront difficulties finding safe and decent rental units, especially during the summer. Owners, including seniors living on fixed incomes, are finding it increasingly difficult to afford the costs associated with rising taxes, energy costs, insurance and home improvements, and increasingly some may be 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 V compliance issues. The Town should get the word out about existing 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).

  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.

  Additional programs operated by the Housing Assistance Corporation (HAC) are available to qualifying local residents to assist in home improvements including the following:

  - *Existing Homeowner Rehabilitation Assistance Program*
    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 consequently most

properties in Eastham may not qualify. The needs of seniors, handicapped and single parents are given priority consideration for funding, as are houses with substantial repair needs.

- *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.
- *Home Modification Loan Program*
  Offers financial assistance to persons seeking to make modifications to their home to improve accessibility for the physically disabled.
- *Weatherization*
  A federally-funded program to help qualifying property owners make energy-efficient home improvements. Most households that receive fuel assistance also qualify for this program.
- *Heartwrap*
  An emergency repair program for households receiving fuel assistance that require the repair or replacement of their heating system.
- *Keyspan Gas Program*
  Provides installation, caulking and weather stripping to income-eligible tenants and homeowners who heat with Keyspan Gas and receive the lowered gas rate.
- *Cape Light Compact Efficiency Program*
  Offers energy-saving devices (i.e., light bulbs, water conservation and other devices) 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.

- *Housing Advocacy Roundtables*
  The Community Development Partnership (CDP) is convening representatives of the eight (8) communities on the Lower Cape, including Eastham, to discuss issues related to affordable housing, to hear guest speakers, and to share information on what each community is doing with respect to the issue. CDP held its first such meeting in the summer of 2009, and given the positive responses from those attending this particular meeting, decided to formalize regular roundtable discussions with four (4) scheduled for 2010. Those who are encouraged to attend include members of the Board of Selectmen, Housing Committees/Trusts, and Housing Authorities as well as town planners, housing consultants, 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, and any designated housing professional (see strategy VI.A.2), 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.

Timeframe: Years 1-2

Responsible Party: Eastham 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 Housing Trust to sponsor the necessary forums track training opportunities and inform appropriate local leaders. The Housing Trust would coordinate public meetings on zoning-related efforts involving affordable housing with the Planning Board.

2. Secure Sufficient Professional Coordination

Current Status: The Town of Eastham has established working partnerships with several local and regional housing entities on housing development activities including the Eastham Housing Authority, Community Development Partnership and Habitat for Humanity of Cape Cod. It also has a full-time Town Planner who has been instrumental in establishing a system to better track units in the SHI and insure that new affordable units are counted. The Town Administrator has also been very involved in matters related to affordable housing, particularly in regard to launching the Municipal Affordable Housing Trust.

DHCD guidelines require that each community have a "local project administrator" who is responsible for overseeing efforts related to counting accessory apartments as affordable and requires towns to monitor affordability of SHI units or designate this task. It is also difficult to make considerable progress on the implementation of a Housing Plan without professional support that is accountable to the Town for a specified scope of services.

Most communities designate some staff person or entity to do this work, but through different approaches. For example, the Town of Marshfield issued a Request for Proposals for a Housing Coordinator position and has hired consultants over the past few years. The Town of Grafton has an Assistant Planner on board to assume many of these housing-related functions based on initial guidance from a housing consultant. Weston supports a housing position with a combination of CPA and other Town revenues. Bourne and Sudbury have used CPA funds to hire part-time Affordable Housing Specialists. Brewster and Truro have relied on their Assistant Town Administrators and Yarmouth hired a local consulting firm.

Next Steps: The Town should determine how best to insure that it has adequate oversight to coordinate the implementation of this Housing Production Plan including the monitoring of affordability, also insuring that all affordable units are counted as part of the SHI and continue to meet all state requirements. This professional support is also valuable in reviewing proposals that involve the development of affordable housing.

The Town should request CPA funding to support at least a part-time consultant and issue a Request for Proposals (RFP).

Timeframe: Years 1-2

Responsible Party: Board of Selectmen with input from the Housing Trust

Resources Required: Some time from an identified municipal staff person or consultant based on a designated scope of services, the cost of which would vary depending upon the required tasks, typically ranging between $25,000 and $35,000.

3. *Continue to Apply for a Commonwealth Capital Score to Secure Funding from State Capital Spending Programs*

Current Status: The state established Commonwealth Capital as a policy that encourages communities to implement smart growth measures by making municipal land use regulations more consistent with smart growth principles. The state uses these reforms as part of the evaluation of proposals for state funding under a number of state capital spending programs related to economic development, the environment, transportation and infrastructure, as well as housing. Municipalities have been scored based on what progress has been made in bringing local regulations, policies and land use-related initiatives into greater compliance with smart growth principals. This program is summarized in more detail in Appendix 3. It is important to note that the completion of this Housing Plan would result in a higher score as would many of the strategies included in this Plan such as:

- Zoning for mixed-use development
- Modifying the Open Space Residential Subdivision Development bylaw
- Inclusionary zoning
- Attainment of Housing Production certification (meeting annual production goal)
- Production of housing units on municipally owned land or with municipal funding
- Where 66% or more of new units produced is through mixed-use development (including 40R and TOD), cluster development, multi-family housing, single-family development on ¼ acre lots, and/or conversion or redevelopment activities.

The Town has submitted Commonwealth Capital applications in the past and based on considerable progress with respect to affordable housing production and this planning process, anticipates improved scores in the future.

Next Steps: With staff support from the Town Planner, other designated municipal official or the proposed housing consultant (see strategy VI.A.2 above), the Board of Selectmen should continue to prepare and submit the scoring application under Commonwealth Capital prior to applying for any of the state's capital spending programs or as required.

Timeframe: Years 1-2

Responsible Party: Board of Selectmen

Resources Required: Will require staff time from the Town Planner, other municipal staff person or the proposed housing professional to prepare the application for scoring under Commonwealth Capital.

B. Zoning Strategies

Housing production is contingent not only on actual development projects but on the planning and 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 Zoning Bylaw includes a minimum lot requirement of at least 40,000 square feet as well as frontage, setback and other requirements that are not typically conducive to affordable housing. This creates the likely need for regulatory relief for most residential development that includes affordable units, possibly through the "friendly" comprehensive permit process that overrides local zoning if not through normal regulatory channels. Additionally, the Zoning Bylaw incorporates a number of provisions that while intended to encourage affordable housing, have not provided sufficient incentives to realize actual new affordable unit production and should be revisited and revised as necessary (see Section IV.B).

The Town of Eastham should consider the following zoning-related strategies to promote the creation of additional affordable units and to better direct new development. These actions can be considered as tools that the Town will have available to promote new housing opportunities, each applied to particular circumstances and providing a powerful group of resources when available in combination. (Units created through the use of these bylaws are counted as part of housing production strategies included in Section VI.C.)

1. Promote Affordable Housing in Mixed-Use Development

Current Status: Building on the recommendations in the 2002 Local Comprehensive Plan, the Town has embarked on a planning effort to create a traditional mixed-use village center in North Eastham at the intersection of Route 6 and Brackett Road and involving the surrounding private and public properties. This effort, involving rezoning through a Village Overlay District, is the centerpiece of the Town's new development efforts, involving a comprehensive development strategy.

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.[33] The focal point of the area is the 11-acre Purcell property that was acquired by the Town to accommodate a mix of uses, including affordable housing. In addition to promoting mixed uses, the Town is also reinforcing the development of this area by working with the Cape Cod Regional Transit Authority on building a bus shelter to promote greater use of the Flex Bus system for buses going both north and south of the area. The Town is also reconstructing sidewalks to encourage pedestrian access for those living in surrounding existing neighborhoods as well as for future residents who will live in the new units that will be produced following the rezoning.

Next Steps: The Planning Board should complete the planning and regulatory approvals that are necessary to establish the North Eastham Village Center. Opportunities to extend mixed-use development and affordable housing along the Route 6 corridor should also be explored. It should be noted that the Town's lack of sewer services significantly constrains density unless special treatment facilities are available, but the Town is determining the feasibility of introducing sewer and water services, as described in Section III.D.1, and expects that such services will be available in this North Eastham Village area within the next five (5) years.

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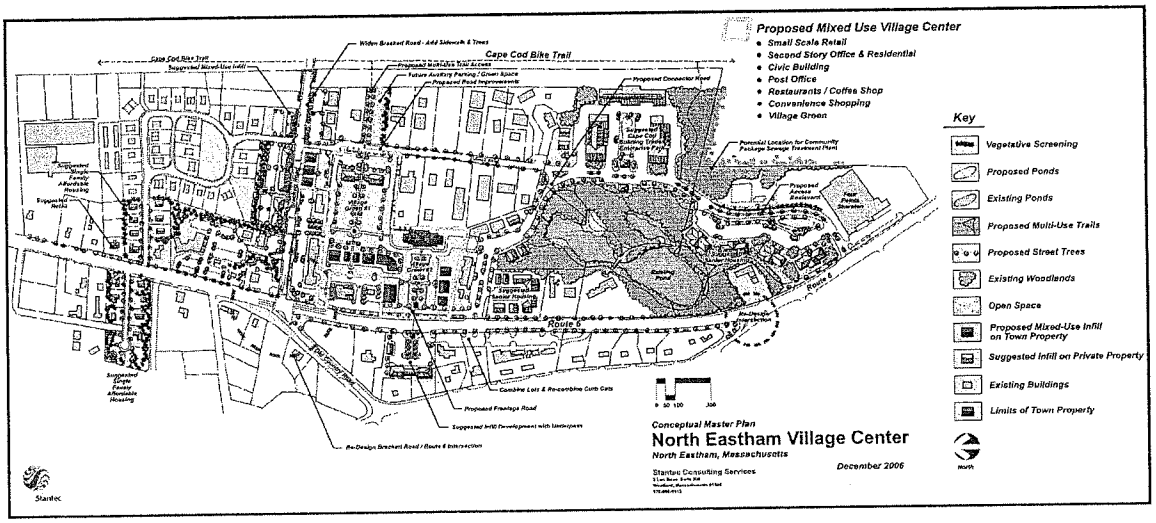
[33] North Eastham Village Center Plan, Stantec Consulting Services, March 2007.

Another option would be to develop policy and design guidelines on mixed-use development and process acceptable mixed-use development projects through the "friendly" 40B process as established under the state's Local Initiative Program (LIP) in areas that are appropriate for such development but will not be a part of the rezoning of North Eastham as described above.

Timeframe: Years 1-2

Responsible Party: Planning Board

Resources Required: This strategy will require staff time from the Town Planner with input from a consultant.



2. Integrate Affordable Housing into the Open Space Residential Subdivision Development 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 and does not include any requirements or incentives for incorporating affordable housing.

Next Steps: The Town should revisit these provisions and determine what measures may better promote its use. The bylaw should also include density bonuses for the integration of 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 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).

Timeframe: Years 1-2

Responsible Party: Planning Board

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 a consultant.

3. *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 in the state to insure that any new development project over a certain size includes a set-aside in numbers of affordable units or funding from the developer to support the creation of affordable housing. This bylaw applies to development that typically meets local zoning requirements, but most communities have determined it appropriate to incorporate density bonuses in their inclusionary bylaw. Many of the municipalities that have inclusionary zoning in place 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. Most of the bylaws include mandated percentages of units that must be affordable, typically 10% to 20% and density bonuses[34]. Some also allow the development of affordable units off-site and/or cash in lieu of actual units.

There are a variety of bylaws that have been adopted in localities throughout the state but requirements vary considerably. 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).

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 adoption. Ideally the adoption 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 Eastham's Municipal Affordable Housing Trust Fund.

Timeframe: Years 3-5

Responsible Party: Planning Board

Resources Required: The research and preparation of the bylaw could be performed by the Town Planner, potentially with input from a consultant. If the Town decided to hire a 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 Priority Development Fund or the Executive Office of Energy and Environmental Affairs (EOEA) Smart Growth TA 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

[34] Density bonuses allow increased densities beyond what is allowed under the Zoning Bylaw.

DHCD if another housing 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. Some professional oversight is required (see strategy VI.A.2), the costs to be budgeted as part of the project. 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.

4. 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 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.

There have been three (3) projects that have involved the conversion of seasonal motels or cottage communities to year-round housing, including some affordable housing. This first project was a traditional motel that was converted to 24 rental units, two one-bedroom units (the office was converted to residential use and the larger manager's unit was included) and 22 studios. The second project was a small cottage colony that required zoning relief to be developed. All ten cottages were sold; however, the condo association has not allowed the units to be rented, and given market conditions, several of the units have been foreclosed on when young families secured more traditional homes and could not sell their cottages. The third project also involves a cottage community where the owner has rented the cottages to the Department of Mental Retardation for permanent housing for their clients.

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 continually and to report on a regular basis to the Commission.

Next Steps: The Planning Board, with support from the Housing Trust, 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.

Timeframe: Years 3-5

Responsible Party: Planning Board in coordination with the Housing Trust

Resources Required: The donated time of local officials with professional support from the Town Planner.

5. Modify Accessory Apartment Bylaw

Current Status: The Zoning Bylaw allows accessory apartments in single-family homes or detached structures by special permit. The bylaw includes a section to certify affordable accessory apartments that has not been used to date, largely because it requires a deed restriction. Moreover, tenants must now be chosen through a pre-approved list of qualifying renters, a "Ready Renters List", and family members are not eligible based on recent changes in state requirements.

Next Steps: Because accessory apartments provide small rental units that diversify the housing stock within the confines of existing dwellings or lots, the Town might consider amending the bylaw to better promote such units even if they are not eligible for inclusion in the Subsidized Housing Inventory. For example, the Planning Board might consider provisions for allowing existing accessory apartments that do not have the necessary permits as well as allowing accessory apartments in commercial structures.

Moreover, the bylaw might promote housing affordability based on Wellfleet's Program that does not require deed restrictions, thus the units would still be affordable although ineligible for inclusion in the Subsidized Housing Inventory. Wellfleet has established the following process for approving Affordable Accessory Dwelling Units:

- Property owner applies for a special permit.
- Building Inspector and Board of Health visit and inspect the unit to determine if there are any health and safety violations that must be corrected prior to the owner obtaining the special permit. Those whose incomes are below 100% of area median are eligible for participation in Wellfleet's

Affordable Accessory Dwelling Unit Loan Program that provides no interest loans to support necessary improvements.

- The ZBA reviews the application and the reports submitted by the Building Inspector and Board of Health, holds a public hearing, and grants the special permit.
- The Building Inspector issues a Certificate of Occupancy prior to the unit being occupied.
- Prospective tenants must submit income information to the Assistant Town Administrator that documents that they qualify for the units. Once qualified, property owners will be officially notified of the monthly rent they are able to charge based on HUD Fair Market Rents. A list of qualified tenants is available to property owners, or owners may be able to select their own.
- The Town Assessor issues a tax abatement to the property owner based on a specified formula, without the need for the owner to submit to a separate application process (this requires state legislative approval).
- The property owner annually submits forms that document the continued eligibility of the tenant and use of HUD Fair Market Rents.

If a property owner decides at some point to opt out of the special permit, they must inform the Building Inspector and remove the kitchen in the accessory unit. They are allowed to convert the space to other uses such as a "private guest house" or office.

Timeframe: Years 3-5

Responsible Party: Planning Board in coordination with the Housing Trust and with input from the Building Inspector

Resources Required: The donated time of local officials with professional support from the Town Planner.

C. Housing Production Strategies

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 rely 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.

In addition to the participation of the development community, it will be important for Eastham to actively seek continued support from state and federal agencies. In addition to the state's Department of Housing and Community Development (DHCD), other state and quasi-public agencies that have resources to support affordable and special needs housing include MassHousing, MassDevelopment, Department of Mental Retardation, Department of Mental Health, Community Economic Development Assistance Corp. (CEDAC), Massachusetts Housing Partnership Fund, and Massachusetts Housing Investment Corporation (MHIC). Regional resources, both financial and technical, should be sought out as well including the Cape Cod Commission (CCC), Barnstable County HOME Consortium, Community Development Partnership (formerly known as the Lower Cape Cod CDC), Housing Assistance Corporation (HAC), and Habitat for Humanity of Cape Cod. Continued work with the Eastham Housing Authority (EHA) is also a significant component of this Housing Plan. Because affordable housing is rarely developed without private financing, developments remain reliant on private lenders as well.

The following strategies provide the basic components for the Town to meet its housing production goals:

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. While the major thrust of many communities' proactive housing agendas has been the identification of Town-owned properties that are suitable for some amount of affordable housing, this is more difficult to do in Eastham as there are fewer options available.

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), and
- The Purcell property, included in the rezoning of the North Eastham Village Center, that was acquired by the Town in 2001 for affordable housing and has yet to be developed.

The Eastham Assessing Department has been reviewing Town-owned property and compiling an inventory that will inform future decisions on the use of such properties. The following is 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 Village Center area, 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	~10
12	211B	10 Ballwic Road	Forrest Ave	~21

In addition to currently owned Town parcels, the Town of Eastham may decide to acquire privately owned sites at some time in the future for the purposes of protecting open space, providing for some municipal use, and developing some amount of housing, including affordable housing, through cluster development on a portion of the sites. Additional smaller sites may be available as well to build affordable new starter homes on in infill basis. Some limited opportunities may also be available through the taking of tax-foreclosed properties for affordable housing. As the Town becomes alert to opportunities for acquiring property that would be suitable for some amount of affordable housing, such properties would ideally meet a number of "smart growth" principals such as:

- The redevelopment of existing structures,
- Infill site development including small home development as starter housing,
- Development of housing in underutilized locations with some existing or planned infrastructure,
- Parcels large enough to accommodate clustered housing,

- Mixed-use properties in village areas or along commercial corridors;
- Good carrying capacity for water and septic systems or can accommodate special treatment facilities,
- Buffer between adjacent properties, and
- Located along a major road.

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

- Where appropriate, the Town should support the costs of preliminary feasibility analyses of existing Town-owned parcels or on sites identified at a later time on the open market, through negotiations with interested sellers for reduced prices or through tax foreclosures that might potentially include some amount of affordable housing. Such analyses could be funded through Community Preservation funds or the Housing Trust Fund.

- Following the necessary approvals for the conveyance of Town-owned properties, the Town's Chief Procurement Officer and potentially a housing professional (see strategy VI.A.2), 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 may require densities or other regulatory relief beyond what is allowed under the existing Zoning Bylaw, and this might be obtained through normal regulatory channels, if community support is assured, or use the "friendly" comprehensive permit process through DHCD's Local Initiative Program (LIP). In fact the Chapter 40B has been used in the past in the development of a number of formerly Town-owned parcels.

- Additionally, the Town will need to be involved in attracting the necessary financial, technical and political support. Evidence of municipal support is often critical when seeking financial or technical assistance from regional, state or federal agencies.

Timeframe: Years 1-2

Responsible Party: Board of Selectmen with support from the Housing Trust

Resources Required: Resources will be required to help subsidize the development. Comprehensive permits typically do not involve external public subsidies but use internal subsidies by which the market units in fact 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 public subsidies through the state and federal government and other financial institutions to accomplish these objectives. Because the costs of development 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.
It is likely that a number of financial and technical resources will be required to produce affordable units in Eastham. Appendix 3 includes summaries of most of these programs.

The donated time of members of the Housing Trust and other Town boards and committees (such as Assessing, ZBA, and Community Preservation Committee) will be important as well as coordination from the proposed housing professional (see strategy VI.A.2).

Projected # Affordable Units Produced: 39 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, and 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 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.

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 zoning strategies included in Section VI.B should provide the necessary framework for new development that will include some amount of affordable housing. In addition to allowing mixed-use development through the rezoning of the North Eastham Village Center area, these zoning changes suggest zoning incentives for the inclusion of affordable or workforce housing in other new development, including cluster development, for the conversion of motels or cottage colonies to year-round use, and for promoting small year-round rentals through accessory apartments.

- *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, as well as possible nonresidential properties that might be converted to residential use such as an existing church property. The introduction of municipal sewer and water services within the next few years will also provide opportunities for greater densities in appropriate locations of town.

- *Conversion of existing housing:* Eastham has already embarked on an initiative to convert existing market units to state-defined "affordable" ones, thus insuring the long-term affordability of existing units. It has provided the Eastham Housing Authority with $300,000 in CPA funding to acquire private property, make necessary improvements, and own and manage the units as rentals for low- and moderate-income households. Such a "buy-down" initiative could also be easily adaptable to first-time homeownership opportunities in Eastham as has been done in other communities on the Cape, utilizing CPA funding and a selected non-profit developer. Given somewhat sluggish market conditions, these buy-down efforts make considerable sense at this point as acquisition prices are more reasonable.

- *Infill development:* Eastham has a number of small-scale infill developments that have involved

affordable housing and is interested in supporting additional projects. For example, Habitat for Humanity of Cape Cod has been given private funding to purchase property on which to build housing for qualifying first-time homebuyers and is in the process for searching for one or two appropriate properties.

The Town should continue to reach out to local developers who have been active in producing affordable housing to discuss the Town's interest in promoting these types of development, possible areas and opportunities for new development, and local guidelines and priorities. To effectively guide development, the Town should also establish a formal process for reviewing local housing proposals in their early conceptual stages through its Housing Trust that would provide useful feedback to developers on preliminary plans.

Timeframe: Years 1-2

Responsible Party: Eastham Housing Trust in cooperation with the Planning Board on necessary zoning changes.

Resources Required: The proposed housing professional (see strategy VI.A.2), other designated municipal official or a consultant (could be paid by CPA funds or through the Town's Affordable Housing Fund) should take the lead in reaching out to affordable housing developers and in staffing the local proposal review process, working with developers on the "friendly" 40B process where appropriate.

Projected # Affordable Units Produced: 40 units

APPENDIX 1

Summary of Housing Strategies

Strategies	Priority for Implementation		# Affordable Units	Responsible Party**
	In Years 1-2	In Years 3-5		
Capacity Building Strategies				
1. Conduct ongoing community education	X		*	HC
2. Secure sufficient professional coordination	X		*	BOS/HT
3. Continue to apply for Commonwealth Capital scoring	X		*	BOS
Zoning Strategies				
1. Promote affordable housing in mixed-use development		X	*	PB
2.Integrate affordable housing in the OSRSD bylaw	X		*	PB
3. Adopt inclusionary zoning	X		*	PB
4. Explore rezoning to convert motels to mixed-income housing		X	*	PB
5. Modify accessory apartment bylaw		X	*	PB/HT
Housing Production Strategies				
1. Continue to make suitable public land available for affordable housing	X		39	HT/BOS
2. Continue to partner with private developers	X		40	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

APPENDIX 2
Local and Regional Organizations

The town of Eastham has a number of local and regional agencies and organizations 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 it 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;
- 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 also referred to as the Nauset Road unit in the SHI.

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.

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.

The May 2008 Annual Town Meeting approved $300,000 in Community Preservation Funds for the Eastham Housing Authority to acquire property that it will maintain as rental housing. The Housing Authority is in the process of searching for appropriate property.

2. Eastham Municipal Affordable Housing Trust

The Eastham Municipal Affordable Housing Trust 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 will work in partnership with the Eastham Housing Authority and other housing-related agencies and organizations to promote affordable housing including important workforce housing.

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, 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, 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. Estimates indicate that the surcharge will raise approximately $459,146 in Fiscal Year 2010, expected to be matched by the state at about a 47% level for a total of about $674,620. The Town currently has $278,000 in its reserve fund available for community housing. The Town has committed specific funding for the following housing-related efforts:

- $300,000 to the Eastham Housing Authority to acquire property to be maintained as rental housing.
- $34,500, also to the Housing Authority, to replace windows.

Another allocation to convert an old gas station to affordable housing was initially awarded but rescinded upon further site assessments that determined that the site was not suitable.

4. *Eastham Council on Aging*

The Eastham Council on Aging 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*

The Cape Cod Commission 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, the Soft Second Loan Program to subsidize mortgages for first-time homebuyers, the DRI Fund Management, and the County Home Ownership Fund (CHOP).
(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. HOME funding for Eastham, as of the mid-2009, totaled $227,000 for the following affordable units:

- $112,000 to support the development of eight (8) rental units through the Eastham Duplexes project, developed by the Community Development Partnership
- $115,000 to the Community Development Partnership to develop five (5) rental units through the Gull Cottages project.

Additional HOME Program funding supported 17 loans to Eastham purchasers for down payment and closing costs for a total loan amount of $102,050 and for four (4) loans through the Homeowner Repair Program, totaling $20,742.
(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 (LCCCDC), 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. The organization also used to manage the Housing Rehabilitation Program throughout the Lower Cape that was supported through Community Development Block Grant (CDBG) funds provided by the state. While the program was suspended given funding constraints, the organization has been able to obtain some state funding to manage the program in Wellfleet and Provincetown.

CDP has developed two (2) 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.

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 60 homes on Cape Cod including two (2) in Eastham, both of which are part of the Subsidized Housing Inventory. It also received a bequest of $124,000 to help subsidize another home in Eastham and has been looking for property.
(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. HAC manages 14 rental subsidies in Eastham, allowing low- and moderate-income households to rent units in the existing year-round housing stock, paying only a specific portion of their income on rent, the rest paid through the subsidy.
(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)

APPENDIX 3
Glossary of Housing Terms[35]

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.

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[35] Heudorfer, Bonnie, "Taking the Initiative: A Guidebook on Creating Local Affordable Housing Strategies", Citizens Housing and Planning Association with funding from the Massachusetts Housing Partnership Fund, November 2002.

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 2
Summary of Housing Regulations and Resources

I. SUMMARY OF HOUSING REGULATIONS

A. Chapter 40B Comprehensive Permit Law

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.

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 met[36]:

- 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.

[36] Section 56.03 of the new Chapter 40B regulations.

- 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.[37] 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 30days 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 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.

Recent changes to Chapter 40B also address when a community can count a unit as eligible for inclusion in the SHI including:

- *40R*
  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 with 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*

[37] 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.

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 within the parameters of fair housing laws and Section III.C of the Comprehensive Permit Guidelines including Eastham residents, employees of the Town of Eastham (including the school district) or employees of businesses located in town.

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 within 80% of 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).

Recent 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 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.

New Chapter 40B regulations now add a number of requirements related to the hearing process that include:

- 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 there 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 that 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.[38]

[38] Massachusetts General Law Chapter 40B, 760 CMR 31.07 (1)(i).

- Request *certification* of compliance with the plan by demonstrating production of at least the number of units indicated above.
- Through local ZBA action, deny a comprehensive permit application during the period of certified compliance, which is 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.
- 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".[39]

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."[40] 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;

[39] 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.

[40] Massachusetts General Law, Chapter 40R, Section 11.

- 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 Payments

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."[41]

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:

- 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

[41] "A Housing Strategy for Smart Growth and Economic Development: Executive Summary," p. 4.

- 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 Rents[42]

- 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 payed by the tenant, the LIP rent is reduced based on the area's utility allowance. Indicate on the DHCD application whether

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

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 fees[43], 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, 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.

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[43] 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.

- 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.
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.
   - 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. For resale questions contact Elsa Campbell, Housing Specialist (phone: 617-573-1321; fax: 617-573-1330; email: elsa.campbell@state.ma.us).

E. Commonwealth Capital[44]

The state established Commonwealth Capital as a policy that encourages communities to implement smart growth by utilizing the smart growth consistency of municipal land use regulations as part of the evaluation of proposals for state funding under a number of state capital spending programs. Those municipalities with higher scores, will be in a more competitive position for receiving state discretionary funding, not just for housing, but for other purposes including infrastructure, transportation, environment, economic development, etc. The state's goal is to invest in projects that are consistent with Sustainable Development Principles that include:

1. Redevelop first;
2. Concentrate development;
3. Be fair;
4. Restore and enhance the environment;
5. Conserve natural resources;
6. Expand housing opportunities;
7. Provide transportation choice;
8. Increase job opportunities;
9. Foster sustainable businesses; and
10. Plan regionally.

Applications can be submitted at any time and will be valid for the programs listed above throughout the current fiscal year. Communities should submit applications prior to the deadline for any Commonwealth Capital program to which they are applying to ensure that their score will count. Applications should be submitted electronically, and each community is assigned its own login and password.

Programs which are affected by Commonwealth Capital include the following that are operated by the Executive Office of Administration and Finance (EOAF), Executive Office of Energy and Environmental Affairs (EOEEA), Executive Office of Housing and Economic Development (EOHED), Executive Office of Transportation and Public Works (EOTPW), Coastal Zone Management (CZM), Massachusetts Office of Business Development (MOBD), Massachusetts Office of Relocation and Expansion (MORE), and the Department of Housing and Community Development (DHCD):

[44] This program was created by the Romney administration and coordinated by the Office of Commonwealth Development. While OCD has been disbanded, applications are still being accepted

- Public Works Economic Development Program (EOTPW)
- Bike and Pedestrian Program (EOTPW)*
- Transit Oriented Development Bond Program (EOTPW)
- Community Development Action Grant Program (EOHED and DHCD)
- State Revolving Fund (EOEEA and DEP)
- Urban Brownfields Assessment Program (EOEEA)*
- Urban Self-Help Program (EOEEA and DCS)
- Drinking Water Supply Protection Grant Program (EOEEA)
- Urban River Visions Program (EOEEA)*
- Coastal Pollutant Remediation Grant Program (EOEEA and CZM)
- Coastal Nonpoint Source Pollution Grant Program (EOEEA and CZM)
- Off-Street Parking Program (EOAF)
- Smart Growth Technical Assistance Program (for this program EOEEA will use inverse Commonwealth Capital scores. Unlike the other 13 programs, a primary goal of this program is to help communities with low scores improve.)

* Indicates programs that are eliminated in proposed program changes.

Changes to Commonwealth Capital add the following programs:

- Small Town Road Assistance Program (EOTPW)
- MA Opportunity Relocation and Expansion (MORE)
- Jobs Capital Program (MOBD)
- Water Transportation Capital Funding Program (EOTPW)
- Alternative Energy Property Program (EOEEA-DOER)

The application involves a maximum score of 140 points, including bonus points. The Commonwealth Capital score will account for 30% of the possible application points for any of the Commonwealth Capital programs, the other 70% points related to the purpose of the particular program and the merits of the proposed project. Communities receive points for zoning, planning, housing, environmental, energy, transportation, and other measures that already exist as well as measures they commit to implement by the end of 2009 (for this year's application). Additionally, communities can receive bonus points for successfully implementing commitments made in their 2008 applications.

The major components of the proposed Commonwealth Capital application and corresponding total point allocations are provided below:

- Plan for and promote livable communities and plan regionally (19)
- Zone for and permit concentrated development and mixed use (26)
- Expand housing opportunities (21)
- Make efficient decisions and increase job and business opportunities (12)
- Protect land and ecosystems (21)
- Use natural resources wisely (7)
- Promote clean energy (9)
- Provide transportation choice (9)
- Advance equity (6)
- Promote sustainable development via other actions (10)
- Bonus points for every prior fiscal year commitment implemented

A greater number of points are granted for actions that are already in place but points are also issued for commitments that have not yet been implemented.

II. SUMMARY OF HOUSING RESOURCES

Those programs that may be most appropriate to development activity in Eastham are described below.[45]

A. Technical Assistance

1. Priority Development Fund[46]

A relatively new state-funded initiative, the Priority Development Fund, provides planning assistance to municipalities for housing production. In June 2004, DHCD began making $3 million available through this Fund on a first-come, first-served basis to encourage the new production of housing, especially mixed-income rental housing. PDF assistance supports a broad range of activities to help communities produce housing. Applications must demonstrate the community's serious long-term commitment and willingness to increase its housing supply in ways that are consistent with the Commonwealth's principles of sustainable development.

Eligible activities include community initiated activities and implementation activities associated with the production of housing on specific sites. Community initiated activities include but are not limited to:

Zoning activities that support the program objectives include:

- Incentive zoning provisions to increase underlying housing density;
- Smart Growth Zoning Overlay Districts;
- Inter- and intra-municipal Transferable Development Rights proposals;
- Zoning that promotes compact housing and development such as by right multi-family housing, accessory apartment units, clustered development, and inclusionary zoning;
- Zoning provisions authorizing live-and-work units, housing units for seasonal employees, mixed assisted living facilities and the conversion of large single-family structures, vacant mills, industrial buildings, commercial space, a school or other similar facilities, into multi-family developments; and
- Other innovative zoning approaches developed by and for an individual community.

Education and outreach efforts that support the program objectives include:

- Establishment of a local or regional affordable housing trust;
- Development of a plan of action for housing activities that will be undertaken with Community Preservation Act funds; and
- Efforts to build local support (grass-root education) necessary to achieve consensus or approval of local zoning initiatives.

Implementation activities associated with the production of housing in site-specific areas include but are not limited to:

- Identification of properties, site evaluation, land assembly and financial feasibility analysis; and
- Development of a Request for Proposal (RFP) for the disposition of land.

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[45] Program information was gathered through agency brochures, agency program guidelines and application materials as well as the following resources: Verrilli, Ann. Housing Guidebook for Massachusetts, Produced by the Citizen's Housing and Planning Association, June 1999.

[46] Description taken from the state's program description.

The PDF assistance is not available to serve as a substitute for pre-development assessment of alternative development scenarios for parcels already controlled by an identified private developer or to supplant municipal funds to pay staff salaries.

Eligible applicants consist of cities and towns within the Commonwealth. Municipalities may enter into third party agreements with consultants approved by DHCD, however only a municipality will be allowed to enter into a contract with MassHousing regarding the distribution of funds. Municipalities will be responsible for attesting that all funds have been expended for their intended purposes.

Joint applications involving two or more communities within a region or with similar housing challenges are strongly encouraged as a way to leverage limited resources, however, one municipality will be required to serve as the lead.

MassHousing and DHCD reserve the right to screen applications and to coordinate requests from communities seeking similar services. For example, rural communities may be more effectively served by an application for a shared consultant who can work with numerous towns to address zoning challenges that enhance housing production. Likewise, it may be more effective to support an application for a consultant to review model zoning bylaws or overlay districts with a number of interested communities with follow-up at the community level to support grassroots education, than it is to support the separate development of numerous zoning bylaws. Communities submitting multiple applications must prioritize their applications.

In exchange for the assistance, municipalities must agree to share the end product of the funded activities with DHCD and MassHousing and with other communities in the Commonwealth through reports, meetings, workshops, and to highlight these activities in print, on the web or other media outlets.

The agencies will focus the evaluation of applications to determine overall consistency with program goals and the principles of sustainable development. Applications will be evaluated based on:

- Eligibility of activity;
- Public support;
- Demonstrated need for funds;
- Likelihood activity will result in production of housing;
- Reasonableness of the timeline;
- Readiness to proceed with proposed project;
- Capacity to undertake activity;
- Cost estimates and understanding of the proposed project cost;
- Proposed activity having clearly defined benefits that will result in the production of housing; and
- Benefits being realized within a 2-3 year-timeframe.

Applications for funding will be accepted and evaluated on a rolling review basis. In order to deploy this assistance as effectively and efficiently as possible, or in the event the planning funds are oversubscribed, communities that have relatively greater planning capacity and/or resources may be requested to provide some matching funds. Additional consideration and flexibility for the assistance will be made for communities with little or no planning staff capacity or resources.

Communities may apply to DHCD for assistance of up to $50,000. The amount of funds awarded will be a reflection of the anticipated impact on housing production. DHCD and MassHousing reserve the right to designate proposals as "Initiatives of Exceptional Merit," in order to increase the amount of assistance and scope of services for certain projects.

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.

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.

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.

5. *Smart Growth Technical Assistance Grants*

The state recently announced the availability of *Smart Growth Technical Assistance Grants* from the Executive Office of Environmental Affairs that provides up to $30,000 per community to implement smart growth zoning changes and other activities that will improve sustainable development practices and increase scores on the Commonwealth Capital application. Eligible activities include:

- Zoning changes that implement planning recommendations;
- Development of mixed-use zoning districts;
- Completion of Brownfields inventory or site planning;
- Implementation of stormwater BMPs;
- Completion of Open Space Residential Design bylaws/ordinances;
- Implementation of Low Impact Development (LID) bylaws/ordinances; and
- Development of a Right-to-Farm bylaw/ordinance or zoning protections for agricultural preservation.

The state requires that localities provide a match of 15% of this special technical assistance fund and encourages communities that are interested in the same issues to apply jointly. Preference will be given to applications that improve sustainable development practices, realize a commitment from a community's Commonwealth Capital application, and implement a specific Community Development or Master Plan action. Additional preference will be offered those communities with lower Commonwealth Capital scores to support towns that have the greatest need for improved land use practices. For FY 2006, applications were due in mid-August for projects that must be completed by June 30, 2006, but no applications were required in FY 2006 if one had been submitted previously. Nevertheless, communities are able to submit supplemental information that will likely help boost their scores and competitiveness for state discretionary resources.

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). Those communities that do not receive HOME or CDBG funds directly from HUD, like Eastham, can apply for up to $65,000 per unit. 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 Soft Second Program.

Like all other communities on Cape Cod, Eastham is part of the Barnstable County HOME Consortium and has access to HOME funding.

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.

The program that potentially has the greatest applicability in Eastham is the **Housing Development Support Program (HDSP)** that provides gap financing for small affordable housing projects with fewer than eight units, including both new construction and rehabilitation. Eligible activities include development, rehabilitation, homeownership, acquisition, site preparation and infrastructure work. There is a maximum of $500,000 plus administrative costs but the program can go up to $750,000 per project for somewhat larger developments of up to ten units that involve mixed-use or adaptive reuse projects. A majority of the units must be affordable. All state and federal grants cannot exceed 75% of total project costs with the exception of special needs projects where such grants can amount to 100% of total costs. Funding involves a two-step process: 1) a notice of intent that provides basic information on the project, and 2) the municipality may be invited to submit a full application. HDSP Program funding is extremely competitive, and projects that receive funding through the state HOME or Housing Stabilization Fund Programs are excluded from applying to HDSP.

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. This may be the best source of CDBG funding for Eastham besides HDSP described above.

Funding is also awarded competitively through an annual Notice of Funding Availability. 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) 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. In addition to the federal Section 8 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. Massachusetts Preservation Projects Fund

The Massachusetts Preservation Projects Fund (MPPF) is a state-funded 50% reimbursable matching grant program that supports the preservation of properties, landscapes, and sites (cultural resources) listed in the State Register of Historic Places. Applicants must be municipality or non-profit organization. Funds can be available for pre-development including feasibility studies, historic structure reports and certain archaeological investigations of up to $30,000. Funding can also be used for construction activities including stabilization, protection, rehabilitation, and restoration or the acquisition of a state-registered property that are imminently threatened with inappropriate alteration or destruction. Funding for development and acquisition projects range from $7,500 to $100,000. Work completed prior to the grant award, routine maintenance items, mechanical system upgrades, renovation of non-historic spaces, moving an historic building, construction of additions or architectural/engineering fees are not eligible for funding or use as the matching share. A unique feature of the program allows applicants to request up to 75% of construction costs if there is a commitment to establish a historic property maintenance fund by setting aside an additional 25% over their matching share in a restricted endowment fund. A round of funding was recently held, but future rounds are not authorized at this time.

12. 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.

13. 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.

14. 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.

C. Homebuyer Financing and Counseling

1. Soft Second Loan Program

The Massachusetts Housing Partnership Fund, in coordination with the state's Department of Housing and Community Development, administers the Soft Second Loan Program to help first-time homebuyers purchase a home. The Program began in 1991 to help families earning up to 80% of median income qualify for a mortgage through a graduated-payment second mortgage and down payment assistance. Just recently the state announced that it had lent $1 billion in these affordable mortgages. Participating lenders originate the mortgages which are actually split in two with a conventional first mortgage based on 77% of the purchase price, the soft second mortgage for typically about 20% of the purchase price (or $20,000 if greater) and a requirement from the buyer of at least a 3% down payment. Borrowers do not need to purchase private mortgage insurance that would typically be required with such a low down payment, thus saving the buyer significant sums on a monthly basis. Program participants pay interest only on the soft second mortgage for the first ten years and some eligible buyers may qualify for an interest subsidy on the second mortgage as well. Additionally, some participating lenders and communities offer grants to support closing costs and down payments and slightly reduced interest rates on the first mortgage. Eastham is already a participating community in the Program.

2. American Dream Downpayment Assistance Program

The American Dream Downpayment Assistance Program is also awarded to municipalities or non-profit organizations on a competitive basis to help first-time homebuyers with down payments and closing costs. While the income requirements are the same as for the Soft Second Program, the purchase price levels are higher based on the FHA mortgage limits. Deferred loans for the down payment and closing costs of up to 5% of the purchase price to a maximum of $10,000 can be made at no interest and with a five-year term, to be forgiven after five years. Another loan can be made through the program to cover deleading in addition to the down payment and closing costs, but with a ten-year term instead, with at least 2.5% of the purchase price covering the down payment.

3. 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 or 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. 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 offers 100% financing for lead paint removal on excellent terms that are based on ownership status and type of property. An owner-occupied, single-family home may be eligible to receive a 0% deferred payment loan up to $20,000 that is due when the house is sold, transferred or refinanced. An owner-occupant of a two-family house could receive up to $25,000 to conduct the de-leading work. Maximum income limits for owner-occupants are $74,400 for one and two-person households and $85,500 for three or more persons. Investor-owners can also participate in the program but receive a 5% fully amortizing loan to cover costs. Non-profit organizations that rent properties to income-eligible residents are also eligible for 0% fully amortizing loans that run from five to 20 years. 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.