

# TOWN OF EASTHAM, MASSACHUSETTS

## HOUSING PRODUCTION PLAN



Village at Nauset Green

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**Prepared for the Eastham Select Board**

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# TOWN OF EASTHAM

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# TOWN OF EASTHAM HOUSING PRODUCTION PLAN

## I. EXECUTIVE SUMMARY

### A. Introduction

Eastham is primarily a residential community with a year-round population of about 5,000 residents. The town is particularly challenged during the summer months when the combination of seasonal residents and visitors, drawn to the town by its stunning natural beauty and wide-ranging recreational opportunities, can increase the population more than five-fold. These visitors bolster Eastham's tourist economy, but also place enormous pressures on local services and the housing market. Pressures on the housing market were amplified during the 2020–2021 Covid-19 pandemic due to the loss of income experienced by some residents and the heightened demand from those seeking Eastham as a safer retreat from the pandemic.

In tandem with growing numbers of seasonal units and second homes, now at about 60% of all units, dramatic demographic shifts have been occurring. Not only is Eastham losing population, but it is also continuing to lose younger residents simultaneously to substantial gains in older ones. These demographic changes are projected to continue and likely contribute to further losses in population diversity, significant shifts away from families and workers, and an extended retirement focus. Rising housing costs are aggravating the situation, leading to wider affordability gaps and severe cost burdens. This situation is not unique to Eastham as it is a trend throughout the Cape, the Lower and Outer Cape in particular. Consequently, planning efforts have focused on strategies to attract younger residents to the community and also meet the needs of Eastham's increasing population of older adults.

This Housing Production Plan represents an update of the Plan that was completed and approved in 2016 and the work that was recently adopted as part of the Eastham Strategic Plan for FY2020–2024, presenting a snapshot of current conditions and trends as well as an outlook on the future. It also analyzes the existing gaps between what housing is available and what residents can afford, including a review of local, regional and state programs and resources to address unmet housing needs. The Plan will also help forward the goals, priorities and actions included in the recent Town-wide Strategic Plan.

### B. Summary of Housing Needs Assessment

A summary of key community demographic and economic characteristics in comparison to Barnstable County and the state is included in Table I-1 and highlighted below. Appendix 1 includes the percentage changes between 2000 and 2019 for these same characteristics, offering another point of comparison.

- *Declining population*

Like Barnstable County as a whole, Eastham has been losing population and at a faster rate, with a 10% rate of loss between 2000 and 2019 compared to 4.2% for the county according to 2019 census estimates. The population is estimated to be down to 4,901 residents from 5,453 in 2000. Town records suggest a somewhat lower rate of loss at 7.6% with 5,037 residents as of 2019 with some uptick to 5,246 residents as of the end of 2020, representing a 3.8% decrease from 2000.<sup>1</sup>

**Table I-1: Summary of Demographic Characteristics for Eastham, Barnstable County and the State, 2000 and 2019**

Demographic Characteristics	Eastham		Barnstable County		Massachusetts	
	2000	2019	2000	2019	2000	2019
Total population	5,453	4,901	222,230	212,990	6,349,097	6,892,503
% less than 20 years	19.3%	18.5%	22.1%	16.6%	26.4%	22.6%
% 20 to 34 years	12.7%	9.1%	13.2%	14.0%	21.0%	21.4%
% 35 to 44 years	14.3%	8.0%	15.3%	9.1%	16.7%	12.3%
% 45 to 54 years	15.1%	10.2%	14.8%	11.5%	13.8%	23.0%
% 55 to 64 years	12.6%	22.0%	11.5%	17.4%	8.6%	13.7%
% 65 years or more	26.0%	38.4%	23.1%	31.5%	13.5%	17.0%
Median age	47.6 years	60.1 years	44.6 years	54.1 years	36.5 years	39.7 years
% Family households	68.2%	63.6%	64.0%	64.1%	64.0%	62.8%
% Non-families	31.8%	36.4%	36.0%	35.9%	36.0%	37.2%
Average household Size	2.24 persons	2.05 persons	2.28 persons	2.18 persons	2.51 persons	2.51 persons
Median hh income	\$42,618	\$72,075	\$45,933	\$74,336	\$50,502	\$85,843
Individuals in poverty	5.5%	8.3%	7.0%	5.2%	9%	9.4%
% Incomes <\$25,000	22.0%	14.8%	24.6%	13.5%	24.6%	15.5%
% > \$100,000	10.2%	29.6%	12.4%	35.6%	17.7%	43.5%

Source: U.S. Census, 2000 and American Community Survey 5-Year Estimates, 2015–2019.

Some population projections for 2030 suggest even greater population losses, down to 3,512 residents according to MAPC estimates and as low as 3,840 residents based on calculations from the UMass Donahue Institute. These projections include further demographic shifts that involve losses in all age groups with the exception of those 65 years of age or older, projected to grow to almost two-thirds of all residents.

<sup>1</sup> The historic disparity between the federal and local figures is largely because federal census counts students as living at their colleges and universities while the Town counts students as living at the home of their parents. Some of those counted are also inactive voters that might have moved but cannot be eliminated from the census for two biennial state elections if they do not return a confirmation notice.

On the other hand, the Cape Cod Commission (CCC) and Barnstable County Regional Housing Market Analysis<sup>2</sup> suggested population growth for the county in general and for Eastham as well to an estimated population of 5,196 residents by 2025, representing a 4.8% rate of growth between 2010 and 2025. The report relied largely on the forecasts from Moody's Analytics that relate to the structural economy instead of typical projections based on changes in births, deaths and migration patterns that are less reliable in seasonal economies and retirement destinations.

- *Loss of younger residents and substantial gains in older ones*  
Demographic shifts have resulted in fewer children, from 19.3% to 18.5% of residents under age 20 between 2000 and 2019, decreases in young adults from 27.0% to 17.1% of those ages 20 to 44, and substantially more older residents with an increase from 26.0% to 38.4% of those 65 years of age or older. This aging of the population is reflected in the increase in the median age to 60.1 years compared to 54.1 and 39.7 years for the county and state, respectively. It is also signaled by increasing numbers of those with special needs as 14.5% of Eastham residents claiming a disability compared to 11.6% for the state based on 2019 census estimates.

The relatively high cost of living in Eastham, the relatively low amount of affordable housing, and limited employment opportunities in particular, are creating barriers for younger age groups and making it increasingly more likely that those who grew up in Eastham will be less able to raise their own families locally without housing subsidies or help from their families. The ability to retain and attract new residents, particularly young families, remains a priority issue for the Town in the years ahead, also addressed in the Town's recently-adopted Strategic Plan.

- *Modest losses of families*  
There has been a small decline in the percentage of families, from 68.2% to 63.6% of all households between 2000 and 2019. The percentage of families has remained about the same during the past two decades for the county, at 64%, but decreased somewhat for the state as a whole, from 64% to 62.8%. These losses are largely due to the aging of the population, driven by the baby boomers<sup>3</sup>, with more people living alone in tandem with fewer children.
- *Lower level of higher-income earners*  
The median household income increased from \$42,618 to \$72,075 between 2000 and 2019 with a median somewhat lower than Barnstable County's at \$74,336 in 2019, and

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<sup>2</sup> Crane Associates, Inc. and Economic & Policy Resources, "Regional Housing Market Analysis and 10-Year Forecast of Housing Supply and Demand for Barnstable County, Massachusetts", prepared for the Cape Cod Commission, June 30, 2017.

<sup>3</sup> Members of the large generation born between 1946 and 1964.

significantly lower than the state level of \$85,843. The percentage of those earning less than \$25,000, at 14.8%, is relatively comparable to 13.5% and 15.5% for the county and state based on 2019 census estimates. On the other end of the income range, the percentage of households earning more than \$100,000 is lower in Eastham at 29.6% compared to 35.6% and 43.5% for the county and state, respectively.

- *Increasing poverty*

The proportion of Eastham residents living in poverty increased from 5.5% to 8.3% between 2000 and 2019 while decreasing for the county from 7.0% to 5.2%. The state level increased only modestly from 9.0% to 9.4%. Clearly some residents have experienced some loss of income, perhaps through unemployment or underemployment, and are likely struggling to remain in the community.

Table I-2 provides a comparative summary of key housing characteristics for Eastham, Barnstable County and the state. Appendix 1 summarizes the percentage changes between 2000 and 2019 for these same characteristics, offering another point of comparison.

**Table I-2: Summary of Housing Characteristics for  
Eastham, Barnstable County and the State, 2000 and 2019**

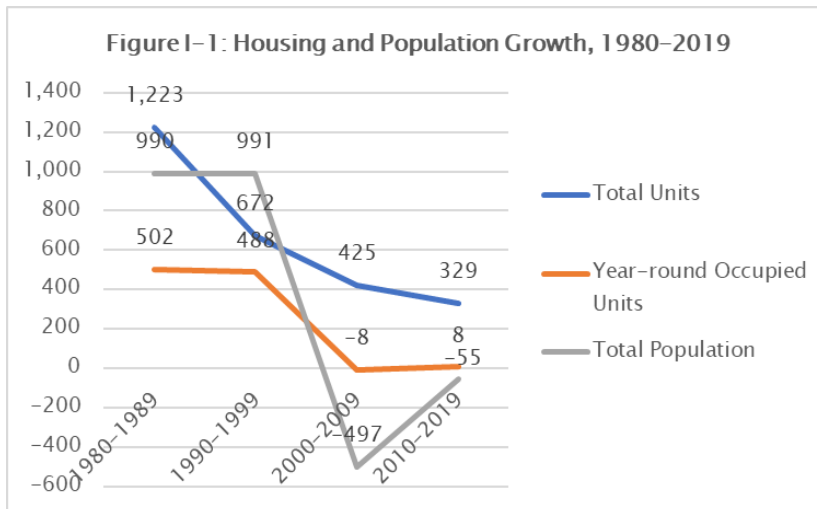
Housing Characteristics	Eastham		Barnstable County		Massachusetts	
	2000	2019	2000	2019	2000	2019
Total housing units	5,535	6,289	147,083	164,686	2,621,989	2,928,818
% Occupied housing (year-round units)	43.3%	38.1%	64.5%	58.6%	93.2%	90.5%
% Seasonal or occasional use	52.3%	60.7%	32.0%	36.8%	3.6%	4.1%
% Owner-occupied	82.3%	90.7%	77.8%	80.0%	61.7%	62.2%
% Renter-occupied	17.7%	9.3%	22.2%	20.0%	38.3%	37.8%
% Single-family, detached structures	94.9%	95.0%	82.9%	83.3%	52.4%	51.8%
Median sales price Banker & Tradesman 2000/2020	\$192,300	\$520,000	\$178,800	\$475,000	\$185,000	\$445,950
Housing growth 2000 to 2019	13.6%		12.0%		11.7%	
Housing density 2000 to 2019	203.4 to 231.1 units per square mile		371.6 to 416.1 units Per square mile		334.5 to 373.6 units per square mile	

Source: U.S. Census, 2000 and American Community Survey 5-Year Estimates, 2015–2019.

- *Slower housing growth*

Despite a decrease in the population of year-round residents, net new housing units increased by 754 units or 13.6% between 2000 and 2019 according to census data, a rate somewhat higher than county and state housing growth rates of 12% and 11.7%,





respectively. Building permit data suggest a somewhat lower level of housing growth, at 667 units, during this period. Housing production is still considerably lower than the boom years of housing construction with a 19.3% rate of growth in the 1980s, for example.

- *High and growing seasonal housing*

#### *pressures<sup>4</sup>*

Housing in Eastham involves two distinct markets, the year-round housing market and the seasonal or second home market now comprising 60% of all dwellings compared to 37% for Barnstable County as a whole and only 4% statewide. In the summer months, Eastham's resident population increases to almost 30,000, putting enormous pressure on Town services and the long-term, permanent population.

Figure I-1 shows the flat growth in new year-round units compared to total unit growth, providing the incremental additions to the housing stock between decades, also showing population change. Almost all new housing growth has been part of the seasonal or second home market.

Year-round production has recently been buoyed by the 65 new units as part of the Village at Nauset Green development that are not included in these census figures as of yet.

- *Relatively low housing density*

Eastham's housing density was significantly lower than the county and the state at about 231 per square mile as compared to 416 and 374, respectively. This is largely reflective of the considerable amount of preserved open space in town, including the National Seashore. In fact, about one-third of the town's land area is part of the National

<sup>4</sup> In the U.S. Census, seasonal units are defined as those that are intended by the owner to be occupied during only certain seasons of the year. They are not anyone's usual residence. A seasonal unit may be used in more than one season; for example, for both summer and winter sports. Published counts of seasonal units also include housing units held for occupancy by migratory farm workers. While not currently intended for year-round use, most seasonal units could be used year-round. In regard to units for occasional use, these are defined by the census units held for weekend or other occasional use throughout the year. Second homes may be classified as occasional use or as seasonal.

Seashore, and about another 500 acres of protected open space are owned by the Town. This significant reserve of open space, as well as other undevelopable natural resources, has helped make Eastham a particularly appealing place to live or visit, attracting tourists, retirees and second-home owners. Nevertheless, such large amounts of protected land put substantial development pressures on the very limited number of parcels that remain undeveloped or may be redeveloped.

- *Loss of rental units*

Census estimates suggest that Eastham lost 201 rental units between 2000 and 2019, 247 since 1990. Consequently, Eastham's rental housing declined proportionately to 9.3% compared to 20.0% for the county and 37.8% for the state. This points to rental housing being converted to owner-occupancy or from year-round to seasonal use. The declining supply of rentals is further reflected in a zero percent vacancy rate according to 2019 census estimates and little or no listings of available units for year-round use or as winter rentals. The Town has made an important effort to increase the supply of year-round rentals through the recent Village at Nauset Green development and the adoption of new zoning for accessory dwelling units (ADUs).

- *Limited diversity in types of housing*

Almost all of Eastham's housing units were single-family detached homes (95%), significantly higher than the county's level at 82% as well as the state where 52% of all units were in single-family detached dwellings. Almost all of the new housing growth, with the exception of the Village at Nauset Green, has been in single-family homes.

- *High and rising housing costs*

The 2020 median single-family house price of \$520,000 was higher than the county and state at \$475,000 and \$445,950, respectively. While housing prices have been increasing at a steady pace, COVID-19 caused a surge in housing demand that drained the inventory of available listings and pushed prices to unprecedented levels.

Special HUD data indicates that of the almost 1,100 households with incomes at or below 80% AMI, 653 or about 60% were experiencing cost burdens as they were spending more than 30% of their income on housing costs. Of these, 379 or more than one-third were spending at least half of their income on housing, up from one-half and one-quarter in 2012, respectively.

Additionally, while the year-round rental housing stock is small, high rental rates were further exacerbated by the pandemic. Some residents, who have relied on more affordable winter rentals in the past, have been outbid by seasonal renters who extended their leases given an ability to work and attend school remotely. While there are few if any listings, realtors suggest that a two-bedroom apartment with upgrades would run about \$1,900. Leasing requirements of a first and last month's rent plus a security deposit create further financial barriers for renters. As housing prices continue to increase, so do the gaps between what

housing residents can afford compared to what is available.

- *Increasing cost burdens*

The 2019 census estimates suggest that 802 households, or one-third of all Eastham year-round households, were living in housing that is by common definition beyond their means and unaffordable as they were spending more than 30% of their income on housing. This is comparable to the state level but higher than the county at 28.5%.

## **C. Summary of Priority Housing Needs**

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

### **1. Households with Very Limited Incomes**

Despite generally increasing household wealth, 355 or about 15% of all households were earning less than \$25,000, substantially more than the 119 subsidized units available. Poverty has also increased over the recent past. Given Eastham's tight housing market, it can be expected that many lower income residents are struggling to afford to remain in the community, made worse by the pandemic.

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

### **2. Affordability Gaps**

A traditional rule of thumb is that housing is affordable if the purchase price is no more than 2.5 times the buyer's annual household income. By this measure, the median income household earning \$72,075 in Eastham could afford a house of approximately \$180,188, 40% of the median house price of \$520,000 as of the end of 2020. *This implies that the household in the middle of the town's income range faced an "affordability gap" of almost \$340,000.*

Additionally, the gap between median household income and the median single-family house price has widened. While incomes increased by 130% between 1990 and 2019, the median single-family house price increased by 239% during this same period based on *Banker & Tradesman* data. In 1990 the median income was 23% of the median house price but decreased to 15.7% by 2019. *Moreover, the gap between income and house value was \$103,661 in 1990 but more than tripled to \$385,925 by 2019.*

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

**Priority Need #2:** *A wider range of affordable housing options is needed, including starter housing for younger households entering the job market and forming their own families as well as opportunities for empty nesters to downsize. This includes those who may not meet all state affordability requirements under Chapter 40B but are still priced out of Eastham's housing market.*

### **3. Special Needs Households**

Eastham has a higher level of residents with disabilities than the state as a whole, at 14.5% of all residents compared to 11.6%. This level of disability, plus an increasingly aging population, point to significant special needs within the Eastham community. Additionally, there were only eight units of special needs housing available (Department of Mental Health group homes), no subsidized housing units available solely for the elderly, and no assisted living units in the community.

**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 55% of Eastham's housing stock was built prior to 1980 and is therefore more likely to have traces of lead-based paint, posing safety hazards to children, as well as problems concerning aging system and structural conditions. Also, because most properties rely on septic systems, some existing systems are likely failing or in disrepair that present problems for Eastham's sensitive environmental conditions.

**Priority Need #4:** *Programs are needed 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 investor-owned properties occupied by qualifying households. Current programs to provide assistance in making home repairs should at least be maintained or increased to meet demand.*

## **D. Summary of Development Challenges**

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

- *The Town's resources for absorbing growth are limited given significant physical constraints.* For example, Eastham has no centralized sewer system and municipal water services were not available until 2015, making denser development more costly and difficult. The backbone of the water system has been completed with water service available along Route 6 (*which serves dual roles as both a major regional highway and Eastham's "Main Street"*) and major public roads. Water service continues to be installed throughout the remainder of the town with full service to all residential areas available by 2023. However, the lack of centralized wastewater infrastructure will continue to limit residential and commercial development capacity.

- *One-third of Eastham's land area is part of the National Seashore where development is extremely limited.* This large area, as well as the western coastline along Cape Cod Bay, includes substantial marshland, tidelands, wetlands, and other ecosystems that are important wildlife habitats. These natural amenities attract millions of visitors annually and provide highly valued opportunities for a wide range of recreational activities that need to be protected to the greatest extent possible. Additionally, Eastham has a very limited supply of land still available for development, and the Town owns a relatively small amount of developable property that could support affordable housing.
- *Eastham's population increases five-fold during the summer season* as visitors are attracted by the community'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. The pandemic has compelled many seasonal visitors looking for a safer retreat from the pandemic to stay longer, thus reducing winter rentals for year-round residents. It has also drained the inventory of for sale housing, driving up prices.
- Like most localities in the Commonwealth, *Eastham's Zoning By-law embraces large-lot zoning of at least 40,000 square feet per unit, largely in consideration of Title 5 regulations, and limits the types of housing that can be built.* While the Town has incorporated several measures to promote greater housing diversity and affordability, low housing density still constrains the construction of affordable housing by severely reducing opportunities for economies of scale in development.
- Despite approving the Community Preservation Act (CPA) and establishing the Eastham Affordable Housing Trust to promote affordable housing, *the Town still has limited resources to subsidize new development and affordability gaps and cost burdens are widening.*

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

housing that is affordable in Eastham and are confronted with long commutes. COVID-19 has precipitated even more financial challenges. Clearly more housing options are required to meet diverse local needs and produce Eastham's fair share of regional needs.

#### **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 0.50% over one year or 1.0% over two years of its year-round housing stock eligible for inclusion in the Subsidized Housing Inventory (SHI). **Eastham would have to produce at least 13 affordable units annually to meet these production goals**, a formidable challenge. If the state certifies that the locality has complied with its annual production goals, the Town's Zoning Board of Appeals may be able to deny comprehensive permit applications without the developer's ability to appeal.<sup>5</sup> **This Plan provides production goals over the next five years which include the creation of affordable and workforce units<sup>6</sup> beyond the 13-unit annual goal as well as other units that are not eligible for inclusion in the SHI but still serve local housing needs.**

The state's subsidizing agencies have entered into an Interagency Agreement that provides more guidance to localities concerning housing opportunities for families with children and require that at least 10% of the units in affordable housing developments that are funded, assisted, or approved by a state housing agency have three or more bedrooms with some exceptions (e.g., age-restricted housing, assisted living, supportive housing for individuals, SRO's, etc.).

#### **F. Summary of Housing Strategies**

This Housing Production Plan identifies that significant progress has been made in implementing the Plan that was approved in 2016. **Of particular importance was the development of 65 units of affordable rental housing through the Village at Nauset Green. This project represented the largest development in the community and is a model of inter-**

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<sup>5</sup> 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.

<sup>6</sup> 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.

community cooperation as Wellfleet and Orleans both contributed \$100,000 towards project financing. Because this rental project involved a Chapter 40B comprehensive permit, all units qualified for inclusion on the Subsidized Housing Inventory, including the 15 units that were targeted to those with incomes between 80% and 90% of area median income. This enabled the Town to boost its SHI considerably, from 50 to 119 units between 2015 and 2020, or from 1.9% to 4.6% of its year-round housing.

The Town also made noted progress in modifying its zoning to make Accessory Dwelling Units (ADUs) easier to administer and create. It is hoped that the changes will generate more interest in ADUs to help develop smaller year-round rental units without negative community impacts.

The strategies listed below build on this progress and are categorized according to approaches for building local capacity to implement the Five-Year Strategic Plan and this Housing Production Plan, continuing development and preservation activities, and adopting new regulatory changes. The strategies also reflect state requirements that ask communities to address a number of major categories of housing production approaches.<sup>7</sup> A summary of these actions is included in Appendix 2 and a summary of the progress made since the 2016 Plan was completed is included in Appendix 3.

*It is important to note that these strategies are presented as a package for the Town to prioritize and process, each through the appropriate regulatory channels.* It should be noted that while a major goal of this Plan is to eventually meet the state's 10% goal under Chapter 40B, another important goal is to serve the wide 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 (SHI).

### ***1. Capacity Building Strategies***

While Eastham has an existing organizational structure in place to focus on affordable housing issues, including partnerships with local service providers and developers as well as the Eastham Affordable Housing Trust, the following strategies are intended to make additional progress in the Town's ability to create more diverse housing options. It is important to note that local planning should address the need for increasing financial assistance, beyond CPA funding, in support of not only housing but economic development and infrastructure to address demographic shifts and unmet needs.

- ***Hire a Housing Coordinator***

The Town has FY22 funding in place and needs to hire a part-time Housing Coordinator to facilitate and promote activities that address Eastham's need for affordable and workforce housing.

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<sup>7</sup> Massachusetts General Law Chapter 40B, 760 CMR 56.03.4.



- *Continue to conduct ongoing community outreach*

It will be important to continue to engage the community in discussions on affordable housing and help galvanize local support, political and financial, for new production. The Housing Trust has made considerable progress in this area by hiring a marketing consultant and creating a new housing website.

- *Explore new local housing support programs*

The Housing Trust has been developing new housing initiatives to help serve a wider range of local housing needs including a Closing Cost Assistance Program to help first-time homebuyers and a Lease to Own Program to support tenants of Trust-owned properties move on to homeownership. These programs are programmed in the Housing Trust budget but are not yet implemented, pending administrative support from Housing Coordinator.

## **2. *Development and Preservation Strategies***

To accomplish the actions included in the Five-Year Strategic Plan and this Housing Plan, it will be essential for the Town to continue reaching out to the development community and sources of public and private financing for necessary technical and financial resources. While some of the units produced may rely on the participation of existing property owners, most of the production will continue to focus on joint ventures with both for-profit and non-profit developers to create affordable units.

- *Continue to make suitable public property available for affordable housing*

The Town will continue to conduct the necessary studies and planning to determine the feasibility of developing publicly-owned properties. For example, the Town has created a Development Committee to explore development options for the former T-Time property on Route 6. This Committee has also been tasked with making development recommendations for two additional Town-owned properties including the current Council on Aging (COA) property and Town Center Plaza. All three properties will likely include affordable housing, senior, and/or workforce housing. Once Town Meeting approves a property for affordable housing, the Town will select a developer through a Requests for Proposals (RFP) process based on the Town's terms and conditions for development and state Local Initiative Program (LIP) requirements.

- *Continue to partner with developers on privately-owned properties*

The Town will continue to work collaboratively with area non-profit and for-profit developers on new development opportunities that include the use of local zoning provisions and "friendly" comprehensive permits through the state's Local Initiative Program (LIP).



- *Continue to partner with non-profit organizations on local housing programs*  
The Town will continue to work collaboratively with area non-profit housing organizations on special programs to promote affordable rental units and make essential improvements to the existing housing stock.
- *Continue to pursue regional opportunities*  
There is a precedent on the Cape to work collaboratively with other communities on a number of housing initiatives. The Town will continue to participate in regional activities including current efforts as well as future opportunities as they arise. For example, establishing a regional land trust to fund and develop land for housing is worth exploring.

### **3. *Regulatory Strategies***

Housing production is contingent not only on actual development projects but on the regulatory tools that enable localities to guide new housing creation. To most effectively and efficiently implement 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 has appointed a Residential Zoning Task Force to explore and recommend zoning changes that will help promote affordable housing. Included in their review will be the following zoning-related strategies:

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

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

The Town should pursue new zoning to proactively provide support for motel or cottage colony redevelopment activity instead of reacting to proposals to convert such properties that do not integrate affordability and other public benefits that meet local needs and priorities. Eastham has a number of properties that might benefit from this type of rezoning, including older motels and small cottage colonies. Such a project might also benefit from local financial support to ensure the integration of affordable or workforce units.

- *Prepare Design Guidelines*

The process of preparing the Strategic Plan FY2020–2024 recommended that the Town prepare Design Guidelines to help ensure greater resiliency and sustainability of new development as well as more architecturally-compatible design. Guidelines will focus on North Eastham that includes a District of Critical Planning Concern (DCPC).

# TOWN OF EASTHAM

## HOUSING PRODUCTION PLAN

## II. INTRODUCTION

### A. Background and Purpose

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

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

In reflection of this significant history, the Local Comprehensive Plan, which was prepared in 2002 and updated in 2010, states, "The Nauset Indians walked these grounds many years ago. Our forefathers, the Pilgrims, followed suit. We, who are presently entrusted with formulating plans for the future of Eastham, must do our best to preserve the essence of these grounds. We will be judged for the courage we demonstrate in our comprehensive planning."<sup>8</sup> 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."<sup>9</sup>

The town's historic and recreational features, as well as Eastham's small-town character, have continued to lure visitors over the years – some who arrive for short or extended periods in the summer, others who have decided to purchase second homes, those searching for a place to retire, and even some more recently in search of a safer retreat from COVID-19. But, as is true with most communities on the Cape, living in Eastham has become expensive with median housing prices for single-family homes at \$520,000 as of the end of 2020, and rents pushing \$1,900 for a two-bedroom apartment with upgrades.

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<sup>8</sup> Town of Eastham, 2002 Local Comprehensive Plan (draft update in 2010) Committee Statement, page iii.

<sup>9</sup> Ibid.

Given local challenges, Eastham embarked on the preparation of the Five-Year Strategic Plan to help prioritize Town investments and activities through a community-wide planning process. The Eastham Strategic Plan was approved unanimously by the Select Board in 2019. One of the six priority goals is to increase the diversity of housing options. The Plan further recognized the recent development of the Village at Nauset Green, a new \$23 million project on Town-owned property that includes 65 rental units with a range of affordability, from those with incomes at or below 30% of area median income (AMI) to 90% AMI. It also identifies key strategies for the Town to undertake over the next five years, many of which were part of the 2016 Housing Production Plan (HPP) and are major components of this updated HPP.

The September 2019 Town Meeting also approved a Family Support Package that provides funding for education, housing and human service needs of Eastham residents. The package calls for an additional \$490,500 and is contingent on the passage of a Prop. 2½ override vote. It includes funding for preschool children, school lunches and nutrition assistance for all resident Eastham children enrolled in Nauset regional schools, summer lunch programs, an elementary after-school program, and additional funding for the Affordable Housing Trust.

This Housing Production Plan (HPP) represents an update of the HPP that was completed and approved in 2016 and the work that was completed on the Strategic Plan for FY2020–2024 in 2019, presenting a snapshot of current conditions and trends as well as an outlook on the future. It also analyzes the existing gaps between what housing is available and what residents can afford, including a review of local, regional and state programs and resources to address unmet housing needs. The Plan will also help forward the goals, priorities and actions included in the recent Town-wide Strategic Plan.

## **B. Housing Goals and Guiding Principles**

This Housing Production Plan builds on the work that has been past including most recently the Strategic Plan for FY2020–2024, adopted in 2019. The Plan highlighted three overarching guiding principles including:

1. Honor Eastham's history and protect its small town identity.
2. Live in harmony with the natural environment and local culture.
3. Enhance community vibrancy and viability for people of all ages.

Of particular importance was the community-wide goal to diversify housing options in Eastham which is of great significance to this Housing Production Plan.

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

1. Increase housing opportunities to those who live and/or work in the community, by prioritizing opportunities that support its local citizenry and that serve a range of local

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

Eastham's Community Preservation Committee also established the following community housing goals as part of its preparation of the Community Preservation Plan in 2014, updated for FY2020–2024:

1. Create affordable units that will serve Eastham's housing needs and will count on the state's Subsidized Housing Inventory.
2. Convert market rate homes to permanently affordable rental units for low-income households with incomes up to 80% of the area median income (AMI).

Of particular importance is the need to further diversify Eastham's housing stock from helping the community's most financially vulnerable residents to those who are priced out of Eastham's housing market but still need access to more affordable housing as starter housing or for downsizing.

3. Continue to support the work of the Eastham Affordable Housing Trust including providing needed staffing support and affordable housing expertise.
4. Support development through new construction of affordable housing for households with incomes up to 80% AMI, including housing for seniors and particularly on sites that can accommodate creation of outdoor recreation facilities.
5. Preserve affordable rental units through physical improvements (as enabled within

- the limitations of the CPA statute) and rehabilitate community housing that was created with CPA funds.
6. Foster first-time homebuyer initiatives to buy-down the cost of mortgages and/or provide down payment assistance for households with incomes up to 100% AMI.

This Housing Production Plan builds on these previous planning efforts and important goals and guiding principles, provides updated and additional information on the housing dynamic in

Eastham, and identifies a responsive set of strategies to address housing needs and meet production goals.

### C. Definition of Affordable Housing

There are a number of definitions of affordable housing, as federal and state programs offer various criteria. For example, the U.S. Department of Housing and Urban Development (HUD) generally identifies units as affordable if gross rent (including costs of utilities borne by the tenant) is no more than 30% of a household's income (with a small deduction for each dependent, for child care, and 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 or cost burdens; and if they are paying 50% or more for housing, they have severe cost burdens.

Housing subsidy programs are often targeted to particular income ranges depending upon programmatic goals. Extremely low-income housing is directed to households with incomes at or below 30% of area median income (AMI) as defined by HUD (up to \$26,100 for a family of three for the Barnstable County area), and very low-income is defined as households with incomes between 30% and 50% AMI (up to \$43,500 for a family of three). Low- and moderate-income generally refers to the range from over 50% and up to 80% AMI (up to \$69,600 for a family of three). These income levels are summarized in Table II-1.

**Table II-1: HUD AREA INCOME LEVELS FOR BARNSTABLE COUNTY, 2020**

# Persons in Household	30% AMI	50% AMI	80% AMI	100% AMI	120% AMI
1	\$20,300	\$33,850	\$54,150	\$67,620	\$81,144
2	\$23,200	\$38,650	\$61,850	\$77,280	\$92,736
3	\$26,100	\$43,500	\$69,600	\$86,940	\$104,328
4	\$29,000	\$48,300	\$77,300	\$96,600	\$115,920
5	\$31,350	\$52,200	\$83,500	\$104,328	\$125,194
6	\$35,160	\$56,050	\$89,700	\$112,056	\$134,467
7	\$39,640	\$59,900	\$95,900	\$119,784	\$143,741
8+	\$44,120	\$63,800	\$102,050	\$127,512	\$153,014

**2020 Median Household Income for the Barnstable Metropolitan Statistical Area (MSA) = \$96,600**

Source: U.S. Department of Housing and Urban Development (HUD) and the Community Preservation Coalition for 100% AMI levels. 120% levels based on 1.2 times CPA limits.

Most state-supported housing assistance programs are targeted to households earning no more than 80% of area median income; however, many rental programs are directed to those earning at lower income thresholds. For example, the Low Income Housing Tax Credit Program, that subsidizes rental units, is targeted to households earning up to 60% AMI, also with some even lower income requirements. First-time homebuyer programs typically apply income limits of up to 80% AMI. *It is worth noting that according to special HUD data,*

*approximately 1,100 households, or about 46% of Eastham's total households would be income-eligible for affordable housing using the 80% AMI 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% AMI, now commonly referred to as “community housing”. Additionally, some housing developments incorporate several income tiers. For example, the Village at Nauset Green included three income tiers, one for those under 30% AMI, a second for those with incomes from 30% to 60% AMI, and a third for those in the 60% to 90% AMI income range.<sup>10</sup>

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). This legislation allows developers to override local zoning if the project meets certain requirements and the municipality has less than 10% of its year-round housing stock defined as affordable under the 40B Subsidized Housing Inventory or meet other statutory minima including annual housing production goals. 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% AMI.

**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 time.
3. Subject to an Affirmative Fair Housing Marketing Plan.

Based on the Massachusetts Department of Housing and Community Development's most recent data on Eastham's supply of affordable housing included in the state's Subsidized Housing Inventory (SHI), the town had 2,632 year-round housing units of which 119 were counted by the state as affordable, representing 4.52% of the year-round housing stock. The percentage will be adjusted when the 2020 census figures are released, potentially decreasing somewhat given limited growth in the year-round housing stock.

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<sup>10</sup> It should be noted, however, that those units that involve occupants with incomes higher than 80% AMI, while still serving local housing needs, will not count as part of the Subsidized Housing Inventory (SHI) and help the Town reach its 10% affordability goal or annual housing production goals unless they are part of a Chapter 40B rental development where 100% of the units qualify for inclusion in the SHI, as was the case with the Village at Nauset Green. Also, at least 25% of the units must be targeted to those earning at or below 80% of area median income (AMI) or 20% targeted to those at or below 50% AMI.

### III. HOUSING NEEDS ASSESSMENT

This Housing Needs Assessment presents an overview of the current housing situation in the Town of Eastham, providing details on demographic and housing characteristics and trends, analyses of market conditions and affordability gaps, and priority housing needs. In the context of continuing rising housing costs and widening affordable gaps, increasing numbers of residents are being shut out of the community's housing market. The recent pandemic has only exacerbated market pressures and increased local needs.

#### A. Demographic and Economic Profile

Eastham is experiencing significant demographic shifts with a declining population, fewer children, an aging population, and greater numbers of smaller households. More affordable and workforce housing options in tandem with better paying jobs might help forestall the exodus of young families from the Lower Cape, a daunting challenge. The arrival of COVID-19 has also put greater pressures on Eastham's residents and businesses.

##### 1. *Population Growth – Continuing population decline*

During World War II, the population in Eastham included only 582 residents, a point when the town was still primarily a fishing and agricultural village. After the war, Eastham began to experience a surge in population growth, particularly between 1970 and 2000 when the population increased by 3,410 residents, from 2,043 to 5,453, with an increase of almost 2,000 residents between 1980 and 2000 alone. This historic housing growth is presented in Table III-1 and Figure III-1.

Table III-1: Population Growth, 1940 to 2019

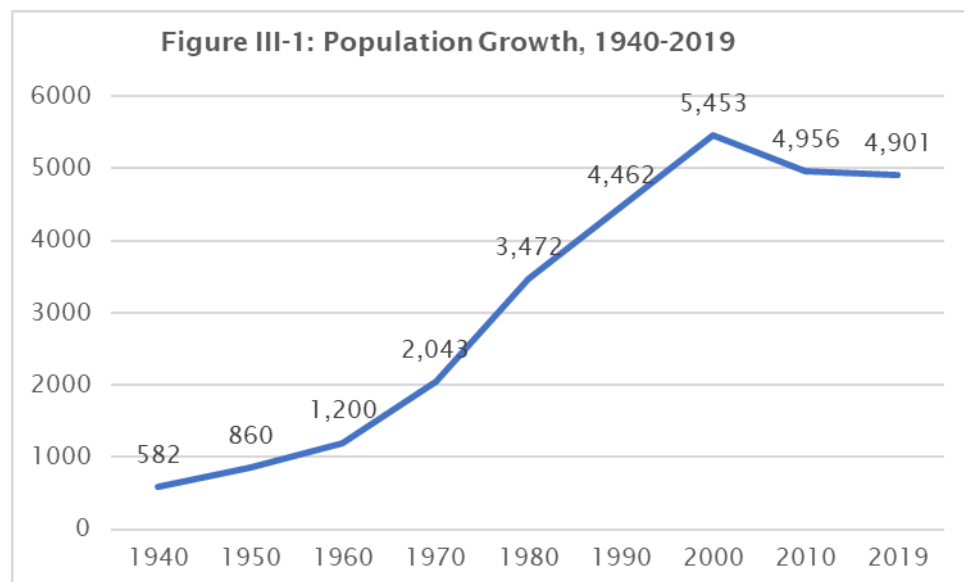
Year	Total Number of Residents	Change Over Previous Decade	Percentage Change Over Previous Decade	Median Age
1940	582	--	--	--
1950	860	98	16.8%	--
1960	1,200	340	39.5%	37.5 years
1970	2,043	843	70.2%	41.1 years
1980	3,472	1,429	70.0%	39.1 years
1990	4,462	990	28.5%	41.7 years
2000	5,453	991	22.2%	47.6 years
2010	4,956	-497	-9.1%	56.6 years
2019	4,901 Census Estimates	-55	-1.1	60.1 years
Town Census	5,037/end of 2019 5,242/end of 2020	81 286	1.6% 5.8%	

Sources: U.S. Census Bureau decennial figures, American Community Survey (ACS) 5-Year Estimates, 2015-2019, and Town Clerk records.



After 2000, Eastham experienced some population loss, down to 4,956 full-time residents by 2010 and just a bit lower to 4,901 in 2019 according to U.S. Census Bureau's American Community Survey estimates.

Town records indicate that as of the end of 2019, the population was 5,037 and thus only modestly higher than the 2019 census estimate, Town records also identify 5,242 residents as of the end of 2020, higher than expected given past trends. The historic disparity between the federal and local figures is largely because federal census counts students as living at their colleges and universities while the Town counts students as living at the home of their parents. Some of those counted are also inactive voters that might have moved but cannot be eliminated from the census for two biennial state elections if they do not return a confirmation notice. It is also important to note that these figures do not include seasonal visitors or second homeowners.



: Source: U.S. Census Bureau decennial figures and American Community Survey 5-Year Estimates 2015-2019

The Metropolitan Area Planning Council (MAPC) has calculated population growth projections, summarized by age range in Table III-4. These projections suggest that the population will decrease to 4,307 residents by 2020, which certainly will not be the case given 2019 census estimates of 4,901 residents. Projections estimate a still further decline to 3,512 by 2030, likely overestimating population losses. Population projections from the State Data Center at the University of Massachusetts' Donahue Institute (UMDI) suggest dramatic population losses as well to 3,840 residents by 2030 and 2,865 by 2040, as summarized in Table III-5.

The Cape Cod Commission (CCC) and Barnstable County commissioned a Regional Housing Market Analysis which was completed in June 2017.<sup>11</sup> This report suggested some growth in population growth for the county in general and for Eastham as well to an estimated population of 5,196 residents by 2025, representing a 4.8% rate of growth between 2010 and 2025. The report, which was prepared by Crane Associates, Inc. and Economic & Policy Resources, relied largely on the forecasts from Moody's Analytics that relate to the structural economy in the county, forecasting the county's future economic performance and demographic changes within a larger prospective view of its economic, financial and demographic dynamic. A Cape Cod Commission economist suggests that the MAPC and State Data Center projections may not consider unique factors in typical retirement communities where the outpacing of births by deaths may be a less reliable measure for population trends than the ability of the community to attract new residents from outside the region.<sup>12</sup> These projections are likely a more reliable source for demographic forecasts than the MAPC and State Data Center figures although they do appear somewhat optimistic given past trends.

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

As Table III-2 and Figure III-2 both demonstrate, Eastham is continuing to experience the following demographic shifts:

- ***Decreases in children***

While the overall population increased by 41% between 1980 and 2019, children under the age of 18 decreased by 29% according to census estimates, representing a decreasing portion of the population – from 22.3% in 1980 to 11.2% by 2019. In just the period between 2000 and 2019, the decrease was still high at 43% in comparison to a total population decline of 10% during this period.

- ***Declines in young adults***

Young adults between the ages of 18 and 34, who would be entering the labor market and forming their own families, decreased by 40% between 1980 and 2019, and even by 36% between 2000 and 2019. This has reduced the pool of entry-level workers and service employees. In 1980 this group comprised about 24% of Eastham's residents, but by 2000 the percentage had dropped to only 14.4%. The 2019 census estimates suggest a further drop to 10.3%.

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<sup>11</sup> Crane Associates, Inc. and Economic & Policy Resources, "Regional Housing Market Analysis and 10-year Forecast of Housing Supply and Demand for Barnstable County, Massachusetts", prepared for the Cape Cod Commission, June 30, 2017.

<sup>12</sup> Ramachandran, Mahesh, Environmental Economist for the Cape Cod Commission, "The Cape's Population Problem Isn't a Problem," from Banker & Tradesman, November 28, 2016.

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

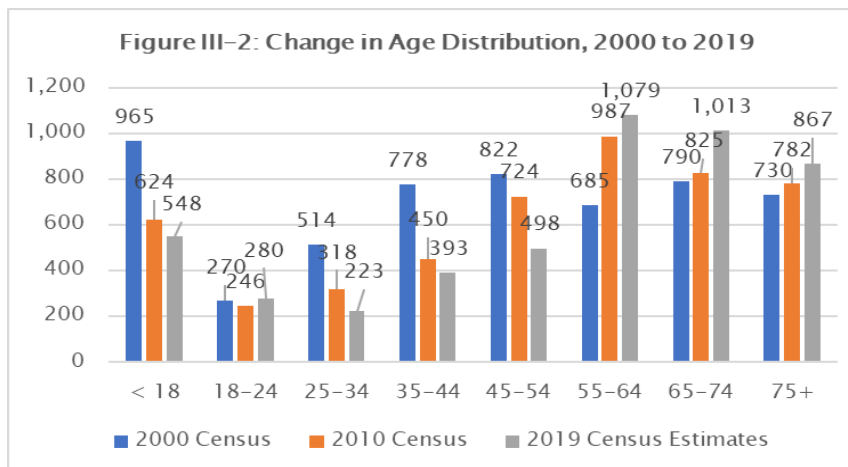
**Table III-2: Age Distribution, 1980 to 2019**

Age Range	1980		1990		2000		2010		2019	
	#	%	#	%	#	%	#	%	#	%
Under 5 Years	181	5.2	255	5.7	208	3.8	141	2.8	63	1.3
5 – 17 Years	595	17.1	654	14.7	757	13.9	483	9.7	485	9.9
18 – 24 Years	311	9.0	303	6.8	270	5.0	246	5.0	280	5.7
25 – 34 Years	523	15.1	596	13.4	514	9.4	318	6.4	223	4.6
35 – 44 Years	288	8.3	639	14.3	778	14.3	450	9.1	393	8.0
45 – 54 Years	379	10.9	397	8.9	822	15.1	724	14.6	498	10.2
55 – 64 Years	501	14.4	562	12.6	685	12.6	987	19.9	1,079	22.0
65 – 74 Years	495	14.2	702	15.7	790	14.5	825	16.6	1,013	20.7
75 – 84 Years	155	4.5	273	6.1	624	9.6	563	11.4	612	12.5
85+ Years	45	1.3	81	1.8	106	1.9	219	4.4	255	5.2
<b>Total</b>	<b>3,473</b>	<b>100.0</b>	<b>4,462</b>	<b>100.0</b>	<b>5,453</b>	<b>100.0</b>	<b>4,956</b>	<b>100.0</b>	<b>4,901</b>	<b>100.0</b>
<b>Under 18</b>	<b>776</b>	<b>22.3</b>	<b>909</b>	<b>20.4</b>	<b>965</b>	<b>17.7</b>	<b>624</b>	<b>12.6</b>	<b>548</b>	<b>11.2</b>
<b>Age 65+</b>	<b>695</b>	<b>20.0</b>	<b>1,056</b>	<b>23.7</b>	<b>1,520</b>	<b>27.9</b>	<b>1,607</b>	<b>32.4</b>	<b>1,880</b>	<b>38.4</b>

Source: U.S. Census Bureau, 1980, 1990, 2000 and 2010; American Community Survey 5-Year Estimates for 2015–2019.

- *Additional losses of younger middle-age residents*

There have been significant fluctuations in the proportion of residents between the ages of 35 and 54, as they comprised 19.2% of Eastham residents in 1980, up to 29.4% in 2000, and down to 18.2% by 2019. These residents totaled 1,600 in 2000 and have fallen to 891 by 2019, a 44% decline.



- *Major increases in older adults*

The aging of the town's population is striking, largely driven by the baby

boom generation and the area's attraction as a retirement destination. For example, residents between the ages of 55 and 64 comprised 14.4% of the population in 1980, decreased to 12.6% by 2000, and then increased to 22% by 2019. *The population of those 65 years of age or older has increased substantially over the past several decades* as they comprised 20% of the population in 1980, increased to about 28% by 2000, and by 2019 included 38.4% of the Town's residents. Even those seniors over 75 years increased as a percentage of the population from 5.8% in 1980, to 11.5% in 2000, and then to 17.7% by 2019, from 200 to 867 residents.

While the total population increased by 41% between 1980 and 2019, those age 65 or older increased by 170% and those 75 or older by 334%.

The aging trend is also revealed in the increasing median age in Eastham, from 39.1 years in 1980, to 47.6 years in 2000, and 60.1 years by 2019 as presented in Table III-1. This level is high in comparison to 37.1 years and 31.1 years for the county and state in 1980, respectively; 44.6 years and 36.5 years, respectively, in 2000; and 54.1 and 39.7 years by 2019.

Based on 2019 census estimates, 60.4% of all residents are age 55 or older.

*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 options for downsizing with greater handicapped-accessibility and support services. It should be noted, however, that it is difficult to qualify long-term residents with substantial home equity for housing assistance given limits on financial assets.*

Table III-3 provides comparative information for Barnstable County and the state, which highlights the trends described above with continued trends towards fewer children and young adults, and a higher level of older adults. For example, Eastham and Barnstable County had a significantly lower percentage of children than the state in 2019, 11.2% and 14.9%, respectively, compared to 19.6% for the state. On the other hand, **Eastham's percentage of those age 65 or older was 38.4%, more than double the state level of 17%.**

**Table III-3: Comparative Age Distribution Data, 2010 and 2019**

Age Range	Eastham		Barnstable County		Massachusetts	
	% 2010	% 2019	% 2010	% 2019	% 2010	% 2019
Under 18	12.6	11.2	17.3	14.9	21.7	19.6
18 to 34	11.3	10.3	14.8	15.7	23.1	24.4
35 to 44	9.1	8.0	10.6	9.1	13.6	12.4
45 to 54	14.6	10.2	15.9	11.4	15.5	13.0
55 to 64	19.9	22.0	16.6	17.3	12.3	13.6
Age 65+	32.4	38.4	25.0	31.5	13.8	17.0
Median Age	56.6/60.1 years		49.9/54.1 years		39.1 /39.7 years	

Source: U.S. Census Bureau, 2010 and American Community Survey, 2010–2014 5–Year Estimates for Eastham and 1–Year 2014 Estimates for the county and state.

Table III–4 presents population projections by age range through 2020 and 2030, prepared by the Metropolitan Area Planning Council (MAPC). These projections suggest a continuation of population trends with declines in younger residents and substantial increases in seniors. For example, those older adults aged 65 years or more are projected to increase from about one-third to almost two-thirds of the population by 2030. There are considerable reductions in all other age categories with those under age 35 dwindling to only 8.7% of the population.

**Table III–4: MAPC Population Projections for 2020 and 2030**

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

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

Table III–5 provides projections of the age distribution in Eastham through 2040 from the State Data Center at the University of Massachusetts Donahue Institute (UMDI), forecasting a decline to 3,840 residents by 2030 and 2,865 by 2040. It also provides some additional confirmation of dramatic demographic shifts that involve decreases in all age groups with the exception of those 65 years of age or older.

**Table III–5: UMDI Population Projections for 2020, 2030 and 2040**

Age Range	2010 Census		2020 Projections		2030 Projections		2040 Projections	
	#	%	#	%	#	%	#	%
Less than 5	141	2.8	104	2.3	68	1.8	19	0.7
5 to 19 years	565	11.4	403	8.9	320	8.3	179	6.2
20 to 34 years	482	9.7	283	6.3	112	2.9	30	1.0
35 to 64 years	2,161	43.6	1,594	35.3	964	25.1	505	17.6
65+ years	1,607	32.4	2,132	47.2	2,376	61.9	2,132	74.4
Total	4,956	100.0	4,516	100.0	3,840	100.0	2,865	100.0

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

As noted earlier, the Regional Housing Market Analysis, which was commissioned by Barnstable County and the Cape Cod Commission in 2017,<sup>13</sup> suggested some population growth for the

<sup>13</sup> Crane Associates, Inc. and Economic & Policy Resources, “Regional Housing Market Analysis and 10–year Forecast of Housing Supply and Demand for Barnstable County, Massachusetts”, prepared for the

county in general and for Eastham as well to an estimated population of 5,196 residents by 2025, representing a 4.8% rate of growth between 2010 and 2025, This analysis did not include a breakdown of the projected age distribution by municipality, however,

*Despite the degree of population loss, such demographic changes continue to affect the character of the community given substantial losses in population diversity, shifts away from traditional families, and an extended retirement focus. This situation is not unique to Eastham as it is a trend throughout much of the Cape, the Lower and Outer Cape in particular. Nevertheless, planning needs to focus on strategies to attract younger residents to the community, and the provision of greater housing diversity is an important ingredient.*

### 3. **Race – Limited but increasing racial diversity**

The population has remained predominately White as shown in Table III–6, however, minority residents have steadily increased 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, and then up to 372 residents and 7.6% of the population according to 2019 census estimates. In 2019, half of these residents were Asian or Native Americans with the remaining half Black or African–American or of two or more races. Almost 1% of the population claimed Hispanic or Latino heritage.

**Table III–6: Population and Household Characteristics, 1980–2019**

Demographic Characteristic	1980		1990		2000		2019	
	#	%	#	%	#	%	#	%
Population	3,473	100.0	4,462	100.0	5,453	100.0	4,901	100.0
Minority Population*	11	0.3	52	1.2	201	3.7	71	7.6
Households	1,400	100.0	1,908	100.0	2,396	100.0	2,396	100.0
Families**	1,048	74.9	1,344	70.4	1,635	68.2	1,523	63.6
Non–families**	352	25.1	564	29.6	761	31.8	873	36.4
Female Headed Families with Children <18**	59	4.2	116	6.1	129	5.4	125	5.2
Ave. Household Size	Not Available		2.34 persons		2.24 persons		2.05 persons	

Source: U.S. Census Bureau, Census 1980, 1990 and 2000 Summary File 1; 2015–2019 American Community Survey 5–Year Estimates \*Percent of total population \*\* Percent of all households

### 4. **Household Characteristics – Increases in smaller, non–family households**

As Table III–6 shows, smaller, non–family households are becoming a larger segment of Eastham, growing as a percentage of all households from 25.1% in 1980 to 36.4% by 2019.<sup>14</sup>

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Cape Cod Commission, June 30, 2017.

<sup>14</sup> Non–family households include individuals who are living alone and unrelated household members without children.

While the number of families increased substantially from 1980 to 2000, from 1,048 to 1,635 households, they decreased in proportion to all households from about 74.9% to 68.2%. The

While the population increased by 41% between 1980 and 2019, the number of households increased by 71%, demonstrating growth in smaller households largely driven by an increasingly aging population and fewer children.

2019 census estimates suggest some further loss of families, down to 63.6% of all households. Non-family households correspondingly increased to 36.4%, relatively comparable to 35.9% and 37.2% for the county and state. Female-headed households remained at about the same level between 2000 and 2019, at somewhat more than 5%.

The trend towards smaller households is reflected in the decline of average household size from 2.34 persons in 1990 to 2.05 persons in 2019, and part of demographic shifts that are occurring throughout the state and country. Both Eastham and the county had relatively low average household sizes, at 2.18 persons for the county compared to 2.52% for the state. Average family size was 2.52 persons for Eastham compared to 2.68 for the county and 3.12% statewide.

**Table III-7: Types of Households by Size for Eastham and Barnstable County, 2019**

Households by Type and Size	Eastham		Barnstable County	
	#	%	#	%
<b>Family Households</b>	<b>1,579</b>	<b>63.2</b>	<b>55,751</b>	<b>60.5</b>
2-person household	1,044	41.8	33,107	35.9
3-person household	201	8.0	10,375	11.3
4-person household	228	9.1	8,069	8.8
5-person household	106	4.2	2,131	2.3
6-person household	0	0.0	1,439	1.6
7+ person household	0	0.0	630	0.7
<b>Non-family Households</b>	<b>918</b>	<b>36.8</b>	<b>36,397</b>	<b>39.5</b>
1-person household	803	32.2	30,943	33.6
2-person household	104	4.2	5,024	5.5
3-person household	11	0.4	310	0.3
4-person household	0	0.0	71	0.1
5-person household	0	0.0	0	0.0
6-person household	0	0.0	0	0.0
7+ person household	0	0.0	49	0.1
<b>Total</b>	<b>2,497</b>	<b>100.0</b>	<b>92,148</b>	<b>100.0</b>

Source: U.S. Census Bureau, 2015–2019 American Community Survey 5-Year Estimates for Eastham and 1-Year Estimates for Barnstable County.

Table III-7 provides a breakdown of household size by household type, comparing 2019 census estimates for Eastham to Barnstable County as a whole. This information indicates that there were proportionately somewhat fewer persons living alone in Eastham, at 32.2% of all households compared to 33.6% countywide. On the other hand, proportionately there were more two-person households living in Eastham, at 46% of all households compared to 41% for the county. Eastham also had proportionately fewer three-person households, at 8.4% compared to the county at 11.6%. Eastham and Barnstable County both had relatively low levels of larger families, at 13% with four or more persons, compared to 21% statewide.

##### **5. *Income – Comparable median income to other Cape communities but growing income disparities***

Eastham has gained increasingly more affluent residents over the past several decades, as have

The median household income increased by 69% between 1999 and 2019, far more than the inflationary rate of 54%.

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. This occurred during a time of significant population growth when the number of households grew by 70%.

Population growth has slowed since then, but the median household income has continued to increase, to \$72,075 based on 2019 census estimates. As shown in Table III-8, this 2019 median household income level is fairly comparable to those of neighboring communities and the county as a whole, with a low of \$68,367 in Truro and a high of \$83,839 in Chatham.

**Table III-8: Comparison of Median Household Incomes for Eastham and Neighboring Communities, 2000 and 2019**

<b>Community</b>	<b>2000 Median Income</b>	<b>2019 Median Income</b>
Brewster	\$49,276	\$75,321
Chatham	\$45,519	\$83,839
Dennis	\$41,598	\$65,616
Eastham	\$42,618	\$72,075
Harwich	\$41,552	\$76,822
Orleans	\$42,594	\$73,778
Truro	\$42,981	\$68,367
Wellfleet	\$43,558	\$74,639
Barnstable County	\$45,933	\$74,336

Source: U.S. Census Bureau, 2000 Census, Summary File 3, and 2015–2019 American Community Survey 5-Year Estimates.

Table III-9 presents income data based on census estimates from 1979 to 2019, also visually presented in Figure III-3. Those earning more than \$75,000 increased from only 15 households in 1979, to 137 in 1989, to 453 in 1999 or almost 20% of all households. It subsequently climbed to 1,145 or 48% of all households by 2019. Of particular note is the rise

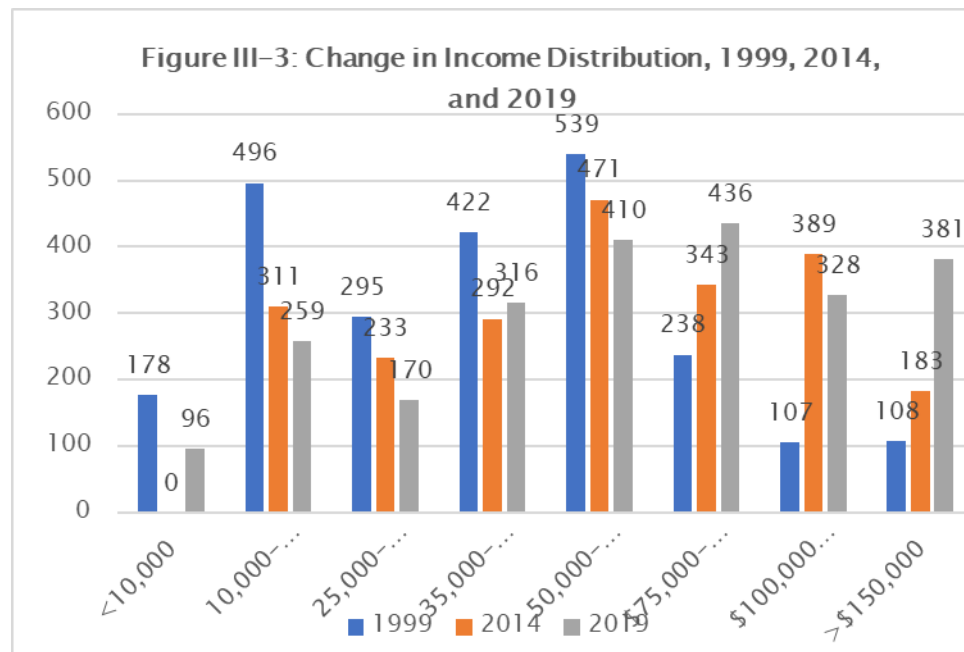


in those with incomes of more than \$100,000, from 19% of all households in 1999 to almost 30% by 2019. While it is to be expected that the incomes would largely increase over time, the influx of new residents with higher income levels has boosted the town's income levels considerably.

**Table III-9: Income Distribution by Household, 1979–2019**

Income Range	1979		1989		1999		2014		2019	
	#	%	#	%	#	%	#	%	#	%
Under \$10,000	388	27.7	221	11.4	178	7.5	0	0.0	96	4.0
\$10,000–24,999	731	52.2	518	26.8	496	20.8	311	14.0	259	10.8
\$25,000–34,999	170	12.1	353	18.3	295	12.4	233	10.5	170	7.1
\$35,000–49,999	49	3.5	365	18.9	422	17.7	292	13.1	316	13.2
\$50,000–74,999	47	3.4	336	17.4	539	22.6	471	21.2	410	17.1
\$75,000–99,999	15	1.1	62	3.2	238	10.0	343	15.4	436	18.2
\$100,000–149,999			59	3.1	107	4.5	389	17.5	328	13.7
\$150,000 +			16	0.8	108	4.5	183	8.2	381	15.9
Total	1,400	100.0	1,930	100.0	2,383	100.0	2,222	100.0	2,396	100.0

Source: U.S. Census Bureau, Census 1980, 1990 and 2000 Summary File 3: 2010–2014 and 2015–2019 American Community Survey 5-Year Estimates



: U.S. Census Bureau 1999 Summary File 3 and American Community Survey 5-Year Estimates for 2010–2014 and 2015–2019

Despite this increasing household wealth, there were substantial numbers of households with incomes below \$25,000, including 674 households or more than 28% of all households based on 1999 census data, down to 311 households or 14.0% of all households by 2014, and then

up a bit to 355 and 14.8% in 2019. There are substantially more of these limited income households than subsidized units available (119 units), and they are challenged to compete in Eastham's tight housing market. It is likely that many of the households in the lower income ranges may in fact be long-term residents who own their homes, which are now worth a considerable amount of money. As such, they are cash poor but equity rich. Nevertheless, continued increases in taxes, insurance and energy bills, as well as health-related issues, may drive at least some of these households out of the community given the limited supply of affordable units for seniors and relative lack of service-enriched housing alternatives in Eastham for both seniors and special needs individuals.

It should be noted that some homeowners who have significant equity in their home may qualify for affordable housing based on their income but ultimately determined to be ineligible because of their financial assets or age. For example, those under 55 years of age cannot have owned a home within the last three years of applying for affordable housing with some minor exceptions. Moreover, the asset limit for these households is \$75,000. For age-restricted housing targeted to those 55 years or older, up to \$200,000 in net equity from a previous house is allowed plus another \$75,000 in financial assets. Earned income from financial assets is also added to household income in determining eligibility.

As documented in Table III-10, incomes for Eastham residents were on average somewhat lower than the Cape as a whole with 2019 median household income levels of \$72,075 and \$74,336, respectively. The County proportionately had a somewhat lower levels of households earning below \$25,000 but a higher proportion of those earning above \$100,000 at 35.6% for the county and 29.6% for Eastham.

**Table III-10: Income Distribution for Barnstable County and Eastham, 1999 and 2019**

Income Range	Barnstable County				Eastham			
	1999		2019		1999		2019	
	#	%	#	%	#	%	#	%
Under \$10,000	6,478	6.8	3,207	3.4	178	7.5	96	4.0
\$10,000–24,999	16,843	17.8	9,715	10.1	496	20.8	259	10.8
\$25,000–34,999	12,148	12.8	7,829	8.3	295	12.4	170	7.1
\$35,000–49,999	15,935	16.8	10,564	11.2	422	17.7	316	13.2
\$50,000–74,999	20,425	21.5	16,412	17.4	539	22.6	410	17.1
\$75,000–99,999	11,243	11.9	13,111	13.9	238	10.0	436	18.2
\$100,000–149,999	7,605	8.0	17,261	18.3	107	4.5	328	13.7
\$150,000 or more	4,168	4.4	16,318	17.3	108	4.5	381	15.9
Total	94,845	100.0	94,323	100.0	2,383	100.0	2,396	100.0
Median income	\$45,933		\$74,336		\$42,618		\$72,075	

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

Table III-12 presents the distribution of household income data by age of the head of the

household, comparing 2000 and 2019 census figures. This information indicates that there are very few households headed by those younger than 25 years old, although the number of these households increased somewhat, from 34 to 50, between 2000 and 2019. All of these households were earning less than \$50,000.

Those households in the 25 to 44 age range decreased from 626 to 267 during this period, more than half earning less than \$50,000 in 2000 decreasing to 17% by 2019. It is likely that some of these households left the community to seek better-paying jobs and/or more affordable living conditions elsewhere. On the other hand, 38% of these households had incomes of more than \$100,000, and the median income is estimated to have increased substantially between 2014 and 2019 to \$95,305, likely driven by the departure of more moderate-income households and arrival of much more affluent ones.

The numbers of households in the 45 to 64 age range decreased from 839 to 729 households, representing 30% of all households in 2019. These households should include those in the height of their earning potential with 29% earning more than \$75,000 in 2000, increasing to 43% by 2019. Households in this age category with incomes of more than \$100,000 increased as well from 10.6% in 2000 to 33.7% in 2019. The median household income in this age group decreased somewhat between 2014 and 2019, however, to \$69,531, lower than the town-wide median.

Households with heads 65 years of age or older increased from 884 households in 2000 to 1,228 by 2019, growing to represent more than half, 51.3%, of all households. Two-thirds of these households earned less than \$75,000 in 2014, 41% below \$50,000, largely due to the high proportion in retirement and thus living on fixed incomes. By 2019, the numbers in the lower income ranges had decreased to 54% with incomes of less than \$75,000, 36% with less than \$50,000. On the other end of the income range, those with incomes of more than \$100,000 increased from 11% in 2014 to 28% in 2019. These shifts are reflected in the change of median income from \$57,005 in 2014 to \$71,926 by 2019.

**Table III-12: Income Distribution by Age of Householder, 2000/2019**

Income Range	Under 25 Years		25 to 44 Years		45 to 64 Years		65 Years and Over	
	#	%	#	%	#	%	#	%
Under \$10,000	13/0	38.2/0.0	15/0	2.4/0.0	49/50	5.8/6.9	101/47	11.4/3.8
10,000–24,999	0/0	0.0/0.0	124/35	19.8/13.1	95/48	11.3/6.6	277/158	31.3/12.9
25,000–34,999	14/0	41.2/0.0	60/0	9.6/0.0	121/61	14.4/8.4	100/110	11.3/9.0
35,000–49,999	0/50	0.0/100	137/11	21.9/4.1	140/123	16.7/17.3	145/132	16.4/10.7
50,000–74,999	7/0	20.6/0.0	227/59	36.3/22.1	190/122	22.6/16.7	115/212	13.0/17.3
75,000–99,999	0/0	0.0/0.0	36/60	5.8/22.5	155/70	18.5/9.6	47/229	5.3/18.6
100,000–149,999	0/0	0.0/0.0	9/59	1.4/22.1	57/106	6.8/14.5	41/153	4.6/12.5
150,000 +	0/0	0.0/0.0	18/43	2.9/16.1	32/140	3.8/19.2	58/187	6.6/15.2
Total	34/50	100/100	626/267	100/100	839/729	100/100	884/1,228	100/100

Source: U.S. Census Bureau, Census 2000 Summary File 3; 2015–2019 American Community Survey 5–Year Estimates

The income disparity between owners and renters is reflected in changes of median income. While the median for owners is estimated to have increased by 11% between 2014 and 2019, from \$69,048 to \$76,652, it decreased by 13% for renters, from \$44,079 to \$38,207.

Table III–13 presents a comparison of income levels for both owner and renter households. About 46% of renters earned less than \$35,000 compared to only 20% of homeowners in 2014 but by 2019 this level decreased to 36.8% for renters but remained at 20% for owners. On the other hand, about 30% of the homeowners earned more than \$75,000 compared to only 13% of the renter households in 2014, but by 2019 the percentage increased to 46.5% for owners and remained about the same for renters at 13.5%. Of particular note are the levels of those with incomes of more than \$100,000, which in 2019 was 32% for owners and 4.5% for renters.

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

**Table III–13: Income Distribution by Tenure, 2000 and 2019**

Income Range	Homeowners				Renters			
	2000		2019		2000		2019	
	#	%	#	%	#	%	#	%
Under \$10,000	0	0.0	88	4.0	0	0.0	9	4.0
\$10,000–24,999	219	11.7	196	9.0	92	26.6	63	28.3
\$25,000–34,999	164	8.7	161	7.4	69	19.9	10	4.5
\$35,000–49,999	273	14.6	237	10.9	19	5.5	79	35.4
\$50,000–74,999	350	18.7	386	17.8	121	35.0	24	10.8
\$75,000–99,999	320	17.1	408	18.8	23	6.6	20	9.0
\$100,000–149,999	367	19.6	318	14.6	22	6.4	10	4.5
\$150,000 +	183	9.8	379	17.4	0	0.0	0	0.0
Total	1,876	100.0	2,173	100.0	346	100.0	223	100.0

Source: U.S. Census Bureau, American Community Survey 5–Year Estimates, 2010–2014 and 2015–2019

## 6. *Poverty – Increasing rates of poverty especially for families and children*

Table III–14 presents poverty levels in Eastham over the past several decades.<sup>15</sup> The 2014 census estimates indicated that overall poverty had not only decreased but had surprisingly

<sup>15</sup> The 2020 federal poverty level from the U.S. Department of Health and Human Services was \$12,760 for an individual and \$21,720 for a three-person household.

been reduced to zero for families and children. More recent 2019 census estimates suggest an upsurge in poverty across the board. Clearly some residents have experienced some loss of income, perhaps through unemployment or underemployment, and are likely struggling to remain in the community.

**Table III-14: Poverty Status, 1979-2019**

Demographic Characteristic	1979		1989		1999		2014		2019	
	#	%	#	%	#	%	#	%	#	%
Individuals *	360	10.4	383	8.6	378	7.0	252	5.1	404	8.3
Families **	88	8.4	93	6.9	74	4.5	0	0.0	97	6.4
Related Children Under 18 Years***	127	16.4	159	17.5	61	6.5	0	0.0	110	20.7
Individuals 65 and Over****	39	5.6	25	2.4	104	7.3	25	1.6	76	4.0

Source: U.S. Census Bureau, Census 1980, 1990 and 2000 Summary File 3; 2010-2014 and 2015-2019 American Community Survey 5-Year Estimates. \* Percentage of total population \*\* Percentage of all families \*\*\* Percentage of all related children under 18 years \*\*\*\* Percentage of all individuals age 65+

Estimates identify 404 persons or 8.3% of all residents who were living below the poverty level including 76 individuals who were 65 years of age or older. This 8.3% level of poverty was lower than the state at 9.4% but significantly higher than the county at 5.2%. Of particular concern are the estimated increases in poverty for families and children. Given COVID-19, it is likely that more individuals and families could be added to the ranks of those living in poverty.

## **7. *Employment – Significant seasonal shifts further impacted by COVID-19***

Eastham is located in the Lower Cape and approximately 95 miles away from the major population and job centers of Boston and Providence and about 25 miles away from Hyannis.

### ***Labor Force***

The 2019 census estimates indicate that 41% of Eastham's workers were involved in management or professional occupations, and the remaining workers were employed in the largely retail and service-oriented jobs that support the local economy including construction (10.4%), sales and office occupations (23.3%), production/transportation (6.9%), and service occupations (18.0%). While 64.0% of Eastham workers were salaried and wage earners for private for-profit companies, 6.7% worked for private non-profit organizations, another 14.6% were government workers, and 21.9% were self-employed.

It should also be noted that most workers drove alone to work, 76.7% (down from 80.8% in 2014), and another 6.3% carpooled. Almost 13% of workers worked at home. The average commuting time for those who did not work at home was 26.7 minutes, likely suggesting employment in Barnstable Village, Hyannis or Provincetown. Almost 6% worked outside of

Barnstable County.

### *Local Employment*

Table III-15 provides comparative 2007 and 2019 data about those who were employed in Eastham from the state's Department of Labor and Workforce Development. This information shows a relatively stable average employment of 1,258 and 1,270 workers, respectively. The data also confirm the concentration of jobs in the construction, retail and service sectors. As a point of comparison, the average weekly wage for Eastham was \$853, up from \$575 in 2007, and about 40% of Boston's at \$2,015. Additionally, the 2019 average weekly wages were higher for the Upper Cape communities of Bourne and Falmouth at \$1,028 and \$1,061, respectively, as well as the off-Cape communities of New Bedford, Plymouth and Attleboro for example. at \$937, \$1,036 and \$1,043, respectively.

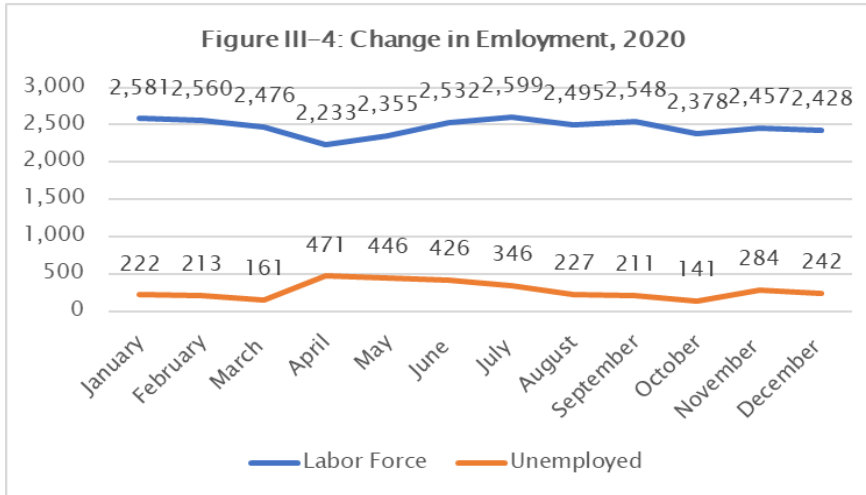
State labor statistics indicate an unemployment rate in Eastham as of the end of 2020 of 10%, during COVID-19, with 242 Eastham residents unemployed. This is down somewhat from 10.9% in 2010 when the economy was still recovering after the recession. As another point of comparison, the unemployment level in December 2020 was lower for Boston at 7.3%.

**Table III-15: Average Employment and Wages by Industry in Eastham, 2007/2019**

<b>Industry</b>	<b># Establishments</b>	<b>Total Wages</b>	<b>Average Employment</b>	<b>Average Weekly Wage</b>
Construction	54/43	\$8,091,698/\$15,393,890	197/265	\$790/\$1,117
Wholesale trade	7/5	\$1,086,929/\$2,114,769	21/39	\$995/\$1,043
Retail trade	21/21	\$3,200,097/\$3,531,696	153/123	\$402/\$552
Transportation and warehousing	4/6	\$1,240,484/\$2,550,666	34/49	\$702/\$1,001
Finance & insurance	4/3	\$1,158,413/\$1,530,710	19/21	\$1,172/\$1,402
Real estate, rental and leasing	9/6	\$478,455/\$664,858	16/18	\$575/\$710
Professional and technical services	16/19	\$2,341,624/\$2,823,133	63/42	\$715/\$1,293
Administrative and waste services	15/17	\$2,142,829/\$3,079,310	63/68	\$654/\$871
Health care and social assistance	9/12	\$2,632,685/\$2,586,671	109/97	\$464/\$513
Arts, entertainment and recreation	6/6	\$1,918,976/\$1,832,543	130/77	\$284/\$458
Accommodation and food services	30/31	\$5,110,369/\$7,137,273	250/241	\$393/\$570
Other services, Exec., Public administration	16/10	\$961,760/\$2,224,822	41/54	\$451/\$792
<b>TOTAL</b>	<b>207/196</b>	<b>\$37,590,352/\$56,353,592</b>	<b>1,258/1,270</b>	<b>\$575/\$853</b>

Source: Massachusetts Executive Office of Labor and Workforce Development, 2008 and 2019 (as of

January 30, 2020).



It should also be noted that Eastham's resort economy causes fluctuations in the job force with increases in the summer months to serve seasonal needs. Further fluctuations occurred in 2020 as a result of the pandemic. As Figure III-4 shows, unemployment surged during March with the arrival of COVID-19,

from 161 to 471 workers or from a 6.5% to 21.1% unemployment rate. After that, unemployment started declining as the economy prepared for the summer season, dropping to a low of 141 workers or 5.9% in October and then back up to 284 and 11.6% in November.

#### **8. Education – Higher educational attainment and declining enrollments**

The educational attainment of Eastham residents has improved over the last couple of decades. In 2000, 93.4% of those 25 years and older had a high school diploma or higher and 35.3% had a Bachelor's degree or higher, up a bit from the 1990 figure of 31.7% with a college degree, also higher than the 2000 figure of 33.6% for the county. Based on 2019 census estimates, these attainment levels have increased to 97.5% with at least a high school degree and 49.3% with a college degree or higher.

Those enrolled in school (nursery through graduate school) in 2000 totaled 988 residents or 18.1% of the population, and those enrolled in kindergarten through high school included 812 students, 82% of whom were enrolled in school and representing 14.9% of the total population. By 2019, there were 618 residents enrolled in nursery school through graduate school, representing a lower percentage of the population at 12.6% of all residents.

Public school enrollments also reflect decreasing numbers of children. For example, those children enrolled at the Eastham Elementary School decreased from 286 students in the 2000–2001 school year to 194 by 2020–2021. Comparably, enrollments at the Nauset Regional Schools (Middle School and High School) – that include students from Brewster, Orleans, Wellfleet and Eastham – decreased from 1,790 in 2000–2001, to 1,515 by 2014–2015, and 1,426 by 2020–2021. These declines are reflective of the substantial demographic shift towards fewer younger residents and increasing numbers and proportions of older ones that is occurring throughout the Cape but is particularly worrisome for the Lower and Outer Cape communities.

### **9. Disability Status<sup>16</sup> – Increasing numbers of residents with special needs**

Eastham has a higher level of residents with disabilities than the state as a whole, with 717 residents claiming a disability and representing 14.6% of all residents (up from 13.3% in 2014) instead of 11.6% based on 2019 census estimates. Of the 2019 population under age 18, only 8 or 0.2% reported a disability compared to 471 residents or 9.6% of all residents 65 years of age or older. There were also 238 residents age 18 to 64 that reported some type of disability, representing 4.9% of all residents. These levels of disability, plus an increasingly aging population, indicate that there are significant special needs within the Eastham community. They further suggest that Eastham integrate special needs housing units that are handicapped accessible and/or with supportive services into future affordable housing development.

The 2019 census estimates also identify numbers of residents with particular disabilities, as summarized in Table III-16. It should be noted that some residents will have multiple challenges but almost half of the 717 residents who claimed a disability experience a hearing difficulty with almost 40% and 30% with an ambulatory or independently living problem, respectively.

**Table III-16: Types and Distribution of Disabilities, 2019**

<b>Type of Disability</b>	<b># Residents</b>	<b>% Disabled</b>	<b>% All Residents</b>
Hearing Difficulty	331	46.2	6.8
Vision Difficulty	98	13.7	2.0
Cognitive Difficulty	156	21.8	3.2
Ambulatory Difficulty	276	38.5	5.7
Self-care Difficulty	45	6.3	0.9
Independent Living Difficulty	212	29.6	4.9

Source: U.S. Census Bureau, Census American Community Survey 5-Year Estimates for 2015–2019.

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<sup>16</sup> Disabled households contain at least one or more persons with a mobility or self-care limitation. It should also be noted that the term “disabled” is being replaced by some within the housing community with “people first” terminology as those with special needs are interpreted to be the people first who need affordable, available and/or accessible housing.



## B. Housing Profile

Housing in Eastham involves two distinct markets, the year-round housing market and the seasonal or second home market now comprising 61% 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, have resulted in high housing prices. Housing prices have put a strain on the ability of some year-round residents, including essential workers, to stay in the community. There are also few if any housing options for seasonal workers who are required to help sustain Eastham's significant resort and tourist economy. All of these market pressures have been exacerbated by the pandemic.

### 1. *Housing Growth – Declining growth and substantial teardown activity*

Most housing development took place between 1960 and 2000 when two-thirds of all units were built. Like many communities on the Cape, this was a time when development was largely targeted to the higher-priced market based on the growing demand for second homes and places to retire on or near the seashore. Since 2000, residential building activity has slowed down considerably to only about a 10% level of growth between 2000 and 2019 compared to double that between 1980 and 1989 as shown in Table III-17.

The 2010 census counted a total of 5,960 units, which suggests there was only an increase of 329 units, to 6,289 units, according to the 2019 census estimates summarized in Table III-19 or 5.5%. This is higher than what was reported in the census estimates under Table III-17 of 146 new units. Moreover, it is also higher than building permit data that identified 203 new units approved between 2010 and 2019. Discrepancies in these figures is not unusual, and the lower figure in Table III-17 may be most on mark given that permit data does not fully reflect teardown activity.

**Table III-17: Housing Units by Year Structure Was Built, 2019**

Time Period	#	%
2010 or later	146	2.3
2000 to 2009	487	7.7
1990 to 2000	968	15.4
1980 to 1989	1,213	19.3
1970 to 1979	1,069	17.0
1960 to 1969	1,011	16.1
1950 to 1959	851	13.5
1940 to 1949	191	3.0
1939 or earlier	353	5.6
Total	6,289	100.0

Source: U.S. Census Bureau, American Community Survey 5-Year Estimates, 2015–2019

Table III-18 also documents the decline in residential building activity, showing a slowing down of building activity over the years. Between 2000 and 2009 there was a total of 442 units permitted as opposed to about half that amount between 2010 and 2020 according to the Eastham Building Department. Also, the average value per unit rose dramatically in over the years, from \$182,553 in 2000, to \$364,143 in 2011, and then as high as \$557,118 in 2020.

As noted earlier, these figures do not reflect *teardown activity*. Taking demolition and replacement activity into consideration brought the net new unit production down to 40 units between 2011 and 2014 instead of 82. More recently, of the six new residential building permits issued in 2019, all involved demolition and/or teardowns and replacement. Consequently, the census figures over-estimate actual net new housing growth.

**Table III-18: Residential Building Permits, 2000 through 2020**

<b>Year</b>	<b># Building Permits for New Units*</b>	<b>Average Cost/Unit</b>
2000	94	\$182,553
2001	52	\$167,900
2002	47	\$208,270
2003	40	\$222,420
2004	37	\$219,050
2005	52	\$224,081
2006	33	\$312,079
2007	52 5 two-family = 10 units	\$228,085 \$102,000
2008	12 1 two-family = 2 units	\$316,250 \$200,000
2009	11	\$197,500
<i>Subtotal</i>	<i>442</i>	
2010	14	\$330,143
2011	14	\$364,143
2012	22	\$229,961
2013	24	\$245,806
2014	22	\$253,612
2015	13	\$376,423
2016	5	\$590,000
2017	19	\$335,228
2018	11 1 two-family = 2 units	\$522,190 \$213,143
2019	6 65 multi-family (Village at Nauset Green)	\$384,167 \$213,319
2020	8	\$557,118
<i>Subtotal</i>	<i>225</i>	

<b>Total</b>	<b>667</b>	
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Source: University of Massachusetts, Donahue Institute, State Data Center and Eastham Building Dept.

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

## ***2. Housing Types and Occupancy – Continuing loss of rental units and increases in seasonal housing or second homes at almost 61% of all units***

Table III-19 includes a summary of housing occupancy characteristics from 1980 through 2019. Out of the estimated 6,289 total housing units in 2019, Eastham had 2,396 year-round occupied units, comparable to 2000 and 2019 despite a 13.6% level of housing growth during this period. Consequently, all new housing growth through 2019 was focused on the seasonal and second home market.

**Table III-19: Housing Occupancy Characteristics, 1980-2019**

<b>Housing Characteristics</b>	<b>1980</b>		<b>1990</b>		<b>2000</b>		<b>2010</b>		<b>2019</b>	
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>
Total units	3,640	100.0	4,863	100.0	5,535	100.0	5,960	100.0	6,289	100.0
Occupied units*	1,406	38.6	1,908	39.2	2,396	43.3	2,388	40.1	2,396	38.1
Vacant units/ Seasonal, and occasional use*	2,234/ 2,082	61.4/ 57.2	2,955/ 2,655	60.8/ 54.6	3,139/ 2,893	56.7/ 52.3	3,572/ 3,328	59.9/ 55.8	3,893/ 3,818	61.9/ 60.7
Occupied owner units**	1,131	80.4	1,438	75.4	1,972	82.3	2,050	85.8	2,173	90.7
Occupied rental units**	275	19.6	470	24.6	424	17.7	338	14.2	223	9.3
Average House- Hold Size of Owner Units	2.50 persons		2.34 persons		2.27 persons		2.09 persons		2.05 persons	
Average House- Hold Size of Renter Units	2.58 persons		2.35 persons		2.14 persons		1.97 persons		1.97 persons	

Source: U.S. Census Bureau 1980,1990, 2000 and 2010 and American Community Survey 5-Year Estimates 2015-2019

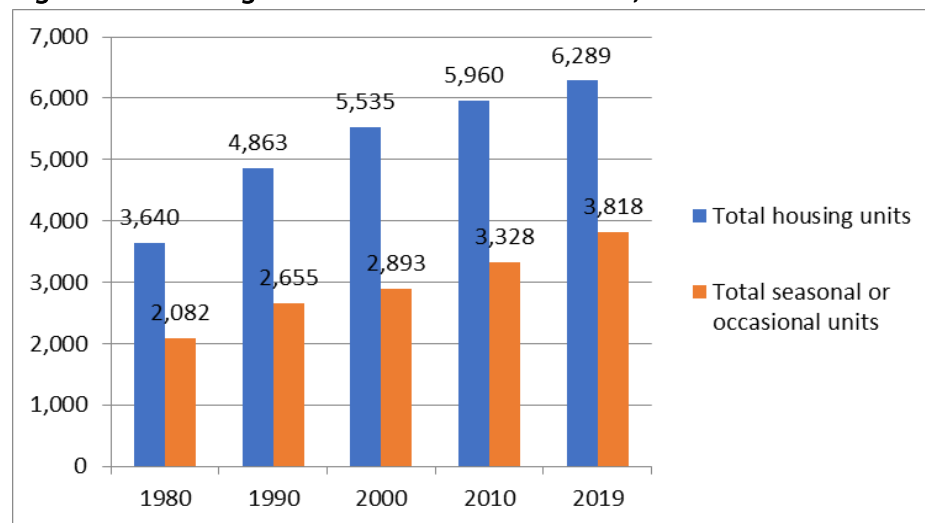
\* Percentage of total housing units \*\* Percentage of occupied housing units

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

- *Growth in owner-occupancy:* Of the occupied, year-round units, 2,173 or 90.7% were owner-occupied units according to 2019 census estimates, up from 82.3% in 2000. This represents a gain of 201 such units since 2000 and 123 units since 2010. These figures indicate a significantly higher level of owner-occupancy than Barnstable County at 80% in 2019.

- Loss of year-round rental units:* After the addition of 195 rental units between 1980 and 1990, increasing the rental housing supply by 71%, Eastham lost 46 rental units from 1990 to 2000, most likely related to the conversion of rentals to homeownership or more likely to seasonal use. Since 2000 the community lost another 201 rental units, to 223 total units from a high of 470 in 1990. While there has been very limited new rental housing development for decades with the exception of seven units through the Town's Rental Expansion Program (some part of the Brackett Landing development) and a handful of accessory apartments, 65 apartments have recently been approved as part of the Village of Nauset Green Chapter 40B project. This units in this project had not yet been included in the census estimates.
- All net new housing growth was for seasonal or occasional use:* The comparison of total housing units to seasonal or occasional units is visually presented in Figure III-5. The inventory of seasonal units or second homes increased from 2,082 units in 1980, to 2,893 in 2000, and then to 3,818 by 2019. This represents an increase of 1,736 such units during this timeframe that involved 66% of all new-unit creation. According to 2019 census estimates, there were 329 total new units produced between 2010 and 2019 and 490 seasonal or occasional units, indicating an erosion of year-round units.

**Figure III-5: Change in Total and Seasonal Units, 1980 to 2019**



Source: : U.S. Census Bureau 1980,1990, 2000 and 2010 and American Community Survey 5-Year Estimates 2015-2019

Because of this very high level of seasonal housing, during the summer months Eastham's population increases substantially, putting high demands on local services but bolstering the town's economy. However, having 61% of all housing units unavailable for year-round occupancy further limits the supply of housing that is relatively affordable for year-round residents. Even those earning below the Town's median income of \$72,075 are finding themselves increasingly shut-out of Eastham's

housing market.

The Cape Cod Commission's Regional Housing Market Analysis suggested that for Barnstable County "over the next ten years seasonal housing units are expected to increase at more than twice the rate of year-round units... This continued growth in seasonal units will likely make it more difficult for year-round resident households to find year-round units at affordable prices".<sup>17</sup>

The Cape Cod Commission also contracted with the University of Massachusetts Donahue Institute to conduct a survey of second homeowners and prepare a report on the findings.<sup>18</sup> The survey followed up on a similar one conducted in 2008, examining how such homes were being used, how they might be used in the future, and how second homeowners participate in the local economy. Results were also provided for sub-regions. The Outer Cape results included 125 responses, or 10% of all responses, with the following major findings:

- Second homeowners on the Cape are above average in terms of education, and income with 87% having a bachelor's degree or higher (compared to 80% Cape-wide), 63% with an advanced degree (compared to 51%), and 72% with a pre-tax household income of \$100,000 or higher (compared to 70%).
  - More second home owners are renting their homes, most heavily in the summer. The survey indicated that 54% never rented their homes (compared to 71% Cape-wide) during the previous five years with the largest group of 32% renting solely on a weekly basis in the summer season (compared to 18% Cape-wide).
  - Over the next 20 years, 11% of respondents anticipate that they will convert their second home to a full-time residence (compared to 13% Cape-wide). This translates into the eventual conversion of 11,000 second homes to year-round ones throughout the Cape. Forty percent of those who plan to convert expect to work full or part-time.
- *Decrease in persons per unit:* The average number of persons per unit declined between 1980 and 2019 from 2.50 persons to 2.05 persons for owner-occupied units and from 2.58 persons to 1.97 persons for rental units. This decrease reflects local, regional, and national trends towards smaller households and an aging population. It also relates to the change in the average household size in Eastham from 2.34 persons in 1990 to 2.05 by 2019.

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<sup>17</sup> Crane Associates, Inc. and Economic & Policy Resources, "Regional Housing Market Analysis, Barnstable County, Massachusetts," prepared for the Cape Cod Commission and Barnstable County, June 30, 2017.

<sup>18</sup> UMASS Donahue Institute, "Cape Cod Second Homeowners: Technical Report of 2017 Survey Findings," prepared for the Cape Cod Commission, June 2017. This survey involved a random sample of 6,448 second homeowners on the Cape with a response rate of 20%.

- *Declining vacancy rates:* The homeowner vacancy rate was 4.5% in 2000 and has since decreased, down to zero in 2010 and then up somewhat to 1.3% by 2019 as shown in Table III-20. The change in the homeowner rate is relatively insignificant as any level below 5% is considered to represent tight market conditions and the rate remains well below that of the state and nation as a whole.

The rental vacancy level was very high in 1990 and 2000, at 19.0% and 17.3%, respectively, then decreased to 10.6% in 2010. According to 2019 census estimates, the rate has fallen to zero (0). Given the natural turnover of units, this rate is surprising but nevertheless signals extremely tight market conditions in Eastham and the very high demand for year-round rentals.

**Table III-20: Vacancy Rates, 2000, 2010 and 2019**

Vacancy Rates by Tenure					
Tenure	2000	2010	2019	County 2019	MA 2019
Rental	17.3%	10.6%	0.0%	7.9%	3.1%
Homeownership	1.7%	0.0%	1.3%	2.3%	1.1%

Source: U.S. Census Bureau, 2000 and 2010, and American Community Survey 5-Year Estimates, 2015–2019.

- *Little diversity in types of housing:* As shown in Table III-21, almost all of Eastham’s housing units were single-family detached homes, significantly higher than the county’s level at 82% as well as the state where 52% of all units were in single-family detached dwellings. Almost all of the new housing growth has been in single-family dwellings, which is not surprising given zoning. The 2019 census estimates show nine units in structures of more than 10 units. Mobile homes have also disappeared since 1990. There does remain a very small segment of the housing stock, 4.9%, that is comprised of single-family attached units and smaller multi-family dwellings.

**Table III-21: Units in Structure, 1990 to 2019**

Type of Structure	1990		2000		2010		2019	
	#	%	#	%	#	%	#	%
1 Unit Detached	4,549	93.5	5,254	94.9	5,469	95.2	5,976	95.0
1 Unit Attached	78	1.6	93	1.7	158	2.7	184	2.9
2 to 4 Units	191	3.9	156	2.8	105	1.9	120	2.0
5 to 9 Units	8	0.2	32	0.6	15	0.3	0	0.0
10 or More Units	1	0.02	0	0.0	0	0.0	9	0.7
Mobile homes	36	0.7	0	0.0	0	0.0	0	0.0
Total	4,863	100.0	5,535	100.0	5,747	100.0	6,289	100.0

Source: U.S. Census Bureau, 1990 and 2000 Summary File 3 and American Community Survey 5-Year Estimates, 2010–2014 and 2015–2019.

As indicated in Table III-22, about half of all rental units were in single-family units, detached and attached, likely not easily recognizable from owner-occupied ones. The remaining portion of rental units, 41.7%, was located in small multi-family structures of two to four units.

**Table III-22: Tenure by Units in Structure, 2014 and 2019**

Type of Structure	Owner-occupied Units				Renter-occupied Units			
	2014		2019		2014		2019	
	#	%	#	%	#	%	#	%
1 Unit Detached	1,792	95.5	2,083	95.9	204	59.0	109	48.9
1 Unit Attached	38	2.0	90	4.1	19	5.5	12	5.4
2 to 4 Units	46	2.5	0	0.0	123	35.5	93	41.7
5 to 9 Units	0	0.0	0	0.0	0	0.0	0	0.0
10 or More Units	0	0.0	0	0.0	0	0.0	9	4.0
Other	0	0.0	0	0.0	0	0.0	0	0.0
Total	1,876	100.0	2,173	100.0	346	100.0	223	100.0

Source: U.S. Census Bureau, 2000 and American Community Survey 5-Year Estimates, 2010–2014 and 2015–2019.

- *Moderately-sized housing stock on average:* The median number of rooms per housing unit was 5.7, indicating that the average home was medium-sized with three bedrooms. The number of rooms per dwelling ranged from three rooms or less in 413 units (6.6%) to nine rooms or more in 365 dwellings (5.8%), up from 196 dwellings in 2014.

### **3. Housing Costs – Increases in prices and sales activity due to COVID-19**

#### *Ownership*

Census data also provides information on housing values for homeownership and rental units. Table III-23 offers a comparison of the distribution of housing values for owner-occupied properties for 2000, 2010 and 2019. The data shows the dramatic increase in housing values with some fluctuations. For example, the median sales price increased from \$192,300 in 2000 to \$485,700 in 2010, but then declined to \$464,300 in 2019. Nevertheless, there was still a net increase in the median price of 141% between 2000 and 2019, almost three times the 48% rate of inflation during that period.

The census data also indicated that only 81 owner-occupied homes or 4.4% were valued above \$500,000 in 2000, growing to 987 or 46% in 2010, and then down somewhat to 889 units or 41% of all such units by 2019. On the other end of the range, there were only 23 units valued at less than \$100,000 in 2000 with another 994, or 53.8% of the housing stock, valued between \$100,000 and \$200,000, still relatively affordable. The 2010 census figures indicate that only 27 units were valued below \$200,000, which increased somewhat to 89 units in 2019.

**Table III-23: Housing Values of Owner-occupied Properties, 2000, 2010 and 2019**

Value	2000		2010		2019	
	#	%	#	%	#	%
Less than \$50,000	0	0.0	0	0.0	10	0.5
\$50,000 to \$99,000	23	1.2	0	0.0	9	0.4
\$100,000 to \$149,000	324	17.5	0	0.0	21	1.0
\$150,000 to \$199,000	670	36.3	27	1.3	49	2.3
\$200,000 to \$299,999	535	29.0	144	6.7	100	4.6
\$300,000 to \$499,999	215	11.6	993	46.2	1,095	50.4
\$500,000 to \$999,999	52	2.8	824	38.3	799	36.8
\$1 million or more	29	1.6	163	7.6	90	4.1
Total	1,848	100.0	2,151	100.0	2,173	100.0
Median	\$192,300		\$485,700		\$464,300	

Source: U.S. Census Bureau, 2000 and the 2010–2014 and 2015–2019 American Community Survey, 5-Year Estimates

More updated market data is tracked by The Warren Group from Multiple Listing Service (MLS) information based on actual sales. This market information since 2010 is summarized in Table III-24 and Figure III-6. The median sales price of a single-family home as of the end of 2010 was \$381,000, significantly lower than the median in 2006 of \$455,000 at the height of the market prior to the financial recession. **After 2010, the market remained relatively flat and then picked-up in 2017 when the median rose to \$456,500. Following a decline in 2019, the median increased significantly to \$520,000 in 2020, buoyed by the Covid-19 pandemic.**

**Table III-24: Median Sales Prices, 2010 – 2020**

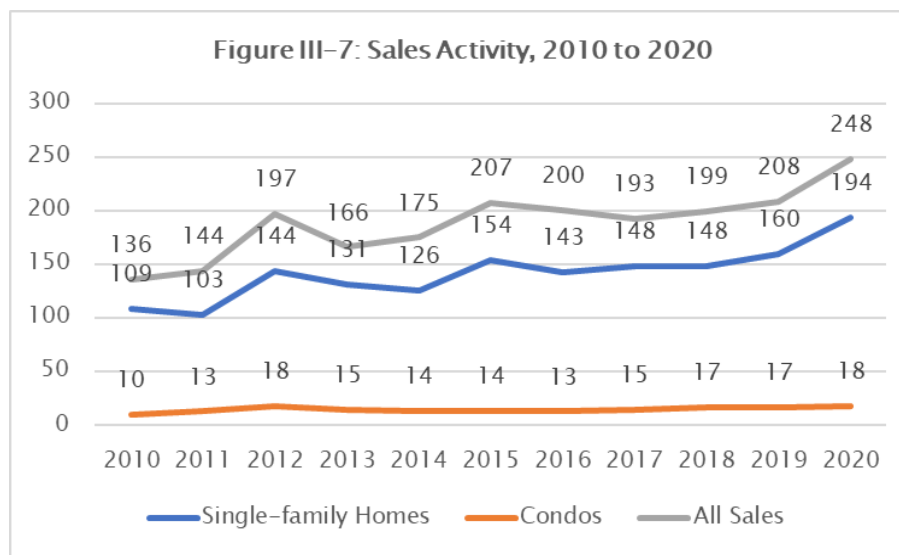
Year	Months	Single-family Median	# Single-family Sales	Condo Median	# Condo Sales
2020	Jan - Dec	\$520,000	194	\$273,500	18
2019	Jan - Dec	\$458,000	160	\$299,000	17
2018	Jan - Dec	\$470,000	148	\$246,000	17
2017	Jan - Dec	\$456,500	148	\$287,500	15
2016	Jan - Dec	\$405,000	143	\$244,000	13
2015	Jan - Dec	\$398,750	154	\$275,333	14
2014	Jan - Dec	\$395,000	126	\$250,000	14
2013	Jan - Dec	\$405,000	131	\$200,000	15
2012	Jan - Dec	\$386,750	144	\$220,500	18
2011	Jan - Dec	\$388,000	103	\$162,500	13
2010	Jan - Dec	\$381,000	109	\$170,700	10

Source: The Warren Group, *Banker & Tradesman*, February 1, 2020

Condominiums are a relatively small segment of Eastham's housing stock, with approximately 293 units according to Town Assessor's data. Values for these units, however, did not follow a pre- and post-recession track similar to the single-families, nor has COVID-19 had much



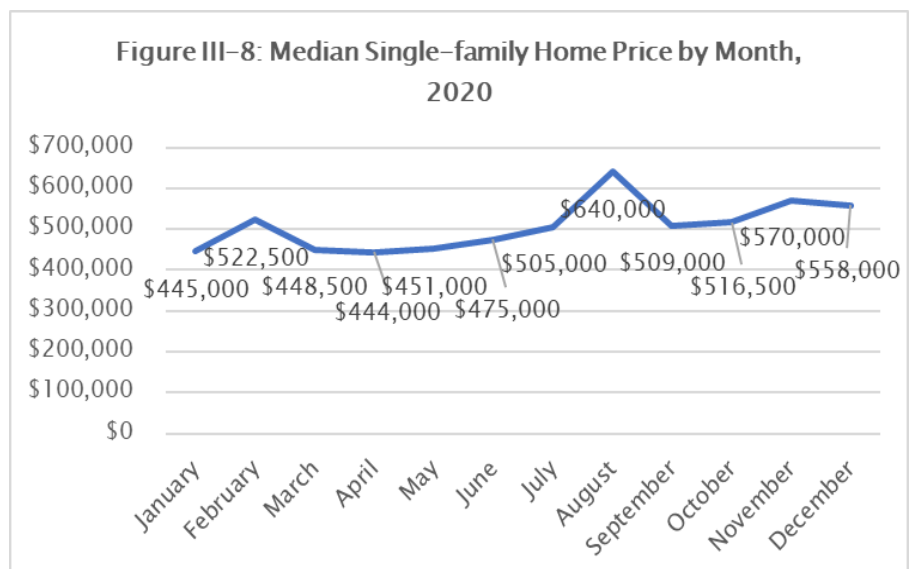
impact based on this data. For example, in 2006 the median condo price was \$262,500, then climbed to \$299,000 and \$291,250 in 2008 and 2009, respectively, during the financial crisis. Values then fluctuated over the next few years to a high of \$299,000 in 2019. Because of the small size of the condo market, a couple of very high or low prices can skew the medians however. Median sales prices for condos have in fact risen dramatically through the years, from a low of \$25,750 in the depths of the early 1990s recession to a high of \$299,000 in 2019. This increase is largely due to new more traditional condos coming onto the market rather than the typical cottage-style condo conversions of the past. Market pressures are driving condo prices much higher, however, as signaled by the estimated starting prices of a one-bedroom condo as part of the Cedar Banks Landing development of \$569,000.



The volume of sales for Eastham – including single-family homes, condos and all sales – by year since 2010 is presented in Figure III-7. This data is from the *Banker & Tradesman* included in Table III-24. After a decline in sales activity between 2007 and 2009, reflective of the recession, volume picked up considerably

in 2012, and tapered off, then rebounded in 2015. Figure III-7 shows the substantial increase in sales activity in 2020 due largely to the uptick in demand due to the pandemic as homebuyers were searching for a safe retreat from COVID.

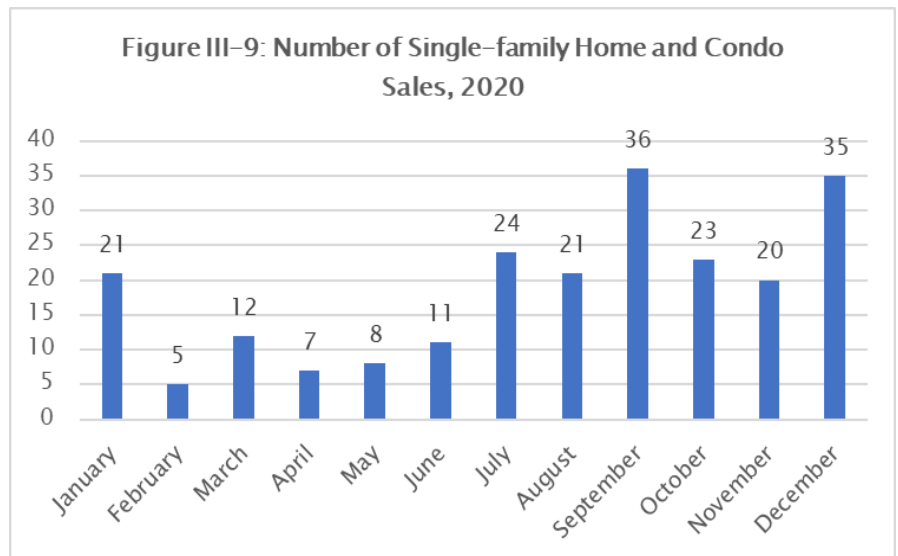
Figure III-8 shows the market response to the pandemic over the course of 2020. Starting with a median of \$445,000 in January and after a blip to \$522,500 in February, median prices remained relatively flat until the end of the summer when sales activity increased markedly. As summarized by a local realtor, “Demand increased



dramatically because many individuals were forced to work remotely while their kids did remote learning. The rural aspects of the Cape made it a preferred place to live during the pandemic. Supply dried-up for the same reason. The net result was that our inventory shortage became even more acute, new listings came online at a slower rate, and prices (both average and median) were up by percentages we haven't seen in recent years.”<sup>19</sup> Correlated to this demand was the surge in the prices and number of sales in September with a median of \$640,000 and number of sales at 36, shown in Figure III-9. Prices and sales activity remained higher than average through 2020.

Nevertheless, the inventory of new listings has dwindled considerably, from 49 in early 2020 to only five in February 2021, and two of these listings were priced above \$1 million. Stories of sales with more than 15 offers are not rare.

A comparison of median values for Eastham and neighboring communities, as well as the Cape and state as a whole, is presented in Table III-25 and Figure III-10. This information provides the median single-family house price at pre-recession levels in 2006, post-recession levels in 2015, and 2020. The table also shows the percentage changes between these periods, demonstrating which communities have experienced the greatest market stability versus volatility.



This information identifies the following market trends:

- While the median values of all neighboring communities fell between 2006 and 2015, the medians rebounded somewhat after that.
- None of the communities' 2015 median prices have surpassed pre-recession levels, ranging from a -5.2% in Harwich to -21.8% in Wellfleet, with Eastham in the middle at -13.6%. This is not the case in other parts of the state, particularly those in the Metro West area of Greater Boston, where median prices quickly surpassed pre-recession ones. This is reflected in the relatively small percentage change between 2006 and 2015 for the state of -1.4%.

<sup>19</sup> Bob Sheldon, RE/MAX Realty, Bob's Eastham Real Estate Newsletter, February 2021.

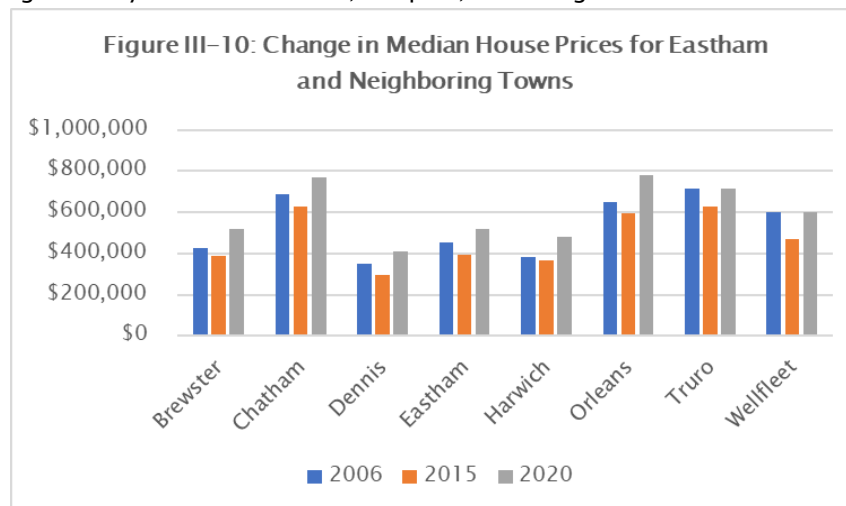
- Between 2015 and 2020, median values increased significantly in all communities, from a low of 14.6% in Truro to a high of 39% in Dennis. Eastham was at 32.3%, somewhat lower than the Cape as a whole but higher than the state.
- The percentage increase in median sales prices varied considerably among these communities between 2006 and 2020, from no real change for Truro and Wellfleet to a high of 24.7% in Harwich. Eastham was again in the middle of the range at 14.3%.
- The median sales values in Eastham have been at about the middle of the range, at \$520,000 as of the end of 2020, higher than the low of \$410,000 in Dennis, comparable to levels in Harwich and Brewster, but significantly lower than Chatham, Orleans and Truro.

**Table III-25: Median Single-family House Price for Eastham and Neighboring Communities as of 2006, October 2015 and 2020**

Place	Median Single-family House Price			% Change 2006 to 2015	% Change 2015 to 2020	% Change 2006 to 2020
	12/2006	10/2015	12/2020			
Brewster	\$428,000	\$389,750	\$519,500	-8.9%	33.3%	21.4%
Chatham	\$690,000	\$625,000	\$771,000	-9.4%	23.4%	11.7%
Dennis	\$350,000	\$295,000	\$410,000	-15.7%	39.0%	17.1%
<b>Eastham</b>	<b>\$455,000</b>	<b>\$393,000</b>	<b>\$520,000</b>	<b>-13.6%</b>	<b>32.3%</b>	<b>14.3%</b>
Harwich	\$385,000	\$365,000	\$480,000	-5.2%	31.5%	24.7%
Orleans	\$647,500	\$595,000	\$779,000	-8.1%	30.9%	20.3%
Truro	\$717,000	\$625,000	\$716,000	-12.8%	14.6%	-0.1%
Wellfleet	\$600,000	\$469,500	\$600,000	-21.8%	27.8%	0.0%
County	\$387,000	\$350,000	\$475,000	-8.6%	35.7%	22.7%
State	\$345,000	\$340,000	\$445,950	-1.4%	31.2%	29.3%

Source: The Warren Group, Banker & Tradesman, December 20, 2015 and February 1, 2021.

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



Source: The Warren Group, *Banker & Tradesman*, February 1, 2021

A further analysis of more recent market data is presented in Table III-26, which breaks down sales data from the Multiple Listing Service as compiled by *Banker & Tradesman* for single-family homes and condominiums from January through December 2020. Of the 206 single-family home sales (up from 133 in 2015), 12 would have been relatively affordable, selling for less than \$300,000. Almost half of the sales were in the \$400,000 to \$600,000 range while about the same percentage sold between \$300,000 and \$400,000 in 2015, further demonstrating the largely increasing in home values.

**Table III-26: Single-family Home and Condo Sales, 2020**

Price Range	Single-families		Condominiums		Total	
	#	%	#	%	#	%
< \$200,000	4	1.9	4	25.9	8	3.6
\$200,000–299,999	8	3.9	6	37.5	14	6.3
\$300,000–399,999	26	12.6	4	25.0	30	13.5
\$400,000–499,999	59	28.6	1	6.3	60	27.0
\$500,000–599,999	43	20.9	0	0.0	43	19.4
\$600,000–699,999	32	15.5	0	0.0	32	14.4
\$700,000–799,999	12	5.8	1	6.3	13	5.9
\$800,000–899,999	4	1.9	0	0.0	4	1.8
\$900,000–999,999	5	2.4	0	0.0	5	2.3
> \$1 million	13	6.3	0	0.0	13	5.9
Total	206	100.0	16	100.0	222	100.0

Source: The Warren Group, *Banker & Tradesman*, February 4, 2021

There were 16 condo sales, all for less than \$500,000 except for one at \$700,000. About 62% sold for less than \$300,000, demonstrating the relative affordability of the condo market. Condominiums are a small part of Eastham's housing stock, totaling 293 units, up from 255 in 2009 and 275 in 2015. These condos primarily involve the conversion of small cottage communities, where the owner sells the individual cottages that had typically been rented during the summer season. The owner's cottage, that was used year-round, must continue to serve as a year-round residence. However, the cottages continue to be more seasonal and are

not used during the winter months, and therefore do not adequately address local housing needs.

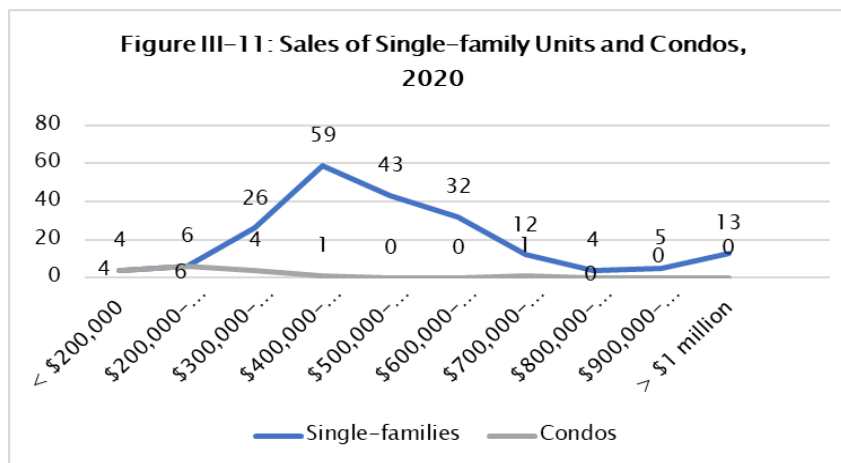


Figure III-11 presents this distribution of single-family home and condo sales for 2020. It shows the highest amount of activity at the \$400,000 to \$600,000

range with another increase above the \$1 million level.

Information from the Town Assessor on the distribution of the Fiscal Year 2020 assessed values for residential properties in Eastham is presented in Table III-27. This information indicates that 2% of Eastham's housing stock (129 properties) was valued at less than \$200,000, but 81% of the properties in this price range are cottage condominiums that are vacated during the winter. There were only 24 single-family homes assessed below \$200,000, still likely affordable to those earning at or below 80% of area median income, but likely very small, "fixer-uppers".

Another 2% of the housing stock, or 127 properties, was valued between \$200,000 and \$300,000, still relatively affordable. Only 27 of the properties in this range were single-family homes, also including 88 condos. Approximately 29% of the housing stock was assessed between \$300,000 and \$400,000, 93% of which were single-family homes. In fact, about 58% of all properties in Eastham, some 3,710 properties, were assessed between \$300,000 and \$500,000.

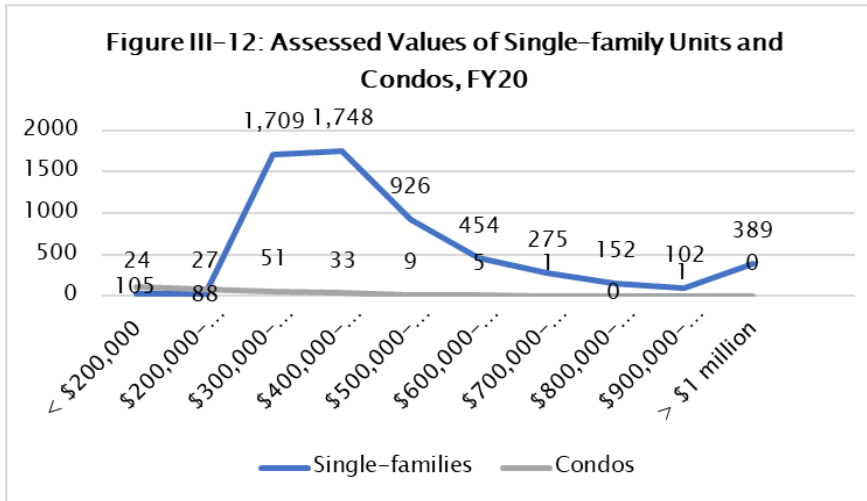
On the other end of the range of assessments, 1,089 properties were assessed between \$700,000 and \$1 million, and still another 423 properties were valued at more than \$1 million, which is more than double the number in FY16. This demonstrates a significant luxury market in Eastham. The highest valued single-family properties were assessed at almost \$4 million.

**Table III-27: Assessed Values of Residential Properties, FY 2020**

Range of Assessed Values	Single-family Dwellings		Condos		Multi-unit Dwellings*		Total	
	#	%	#	%	#	%	#	%
0-\$199,999	24	0.4	105	35.8	0	0.0	129	2.0
\$200,000-299,999	27	0.5	88	30.0	12	3.9	127	2.0
\$300,000-399,999	1,709	29.4	51	17.4	78	25.2	1,838	28.7
\$400,000-499,999	1,748	30.1	33	11.3	91	29.4	1,872	29.2
\$500,000-599,999	926	16.0	9	3.1	34	11.0	969	15.1
\$600,000-699,999	454	7.8	5	1.7	23	7.4	482	7.5
\$700,000-799,999	275	4.7	1	0.3	21	6.8	297	4.6
\$800,000-899,999	152	2.6	0	0.0	12	3.9	164	2.6
\$900,000-999,999	102	1.8	1	0.3	2	0.6	205	1.6
Over \$1 million	389	6.7	0	0.0	36	11.7	423	6.6
Total	5,804	100.0	293	100.0	381	100.0	6,406	100.0

Source: Eastham Town Assessor, Fiscal Year 2020.

\* Includes multiple dwellings on one lot as well as two-family and three-family properties.



Assessor's data indicates a median single-family house value of \$459,300 which is comparable to the *Banker & Tradesman* median sales price in 2019. The median condo value was \$239,600 for the same period, significantly lower than the *Banker & Tradesman* median sales prices for both 2019 and 2020.

Source: Eastham Town Assessor, Fiscal Year 2020.

Multi-family structures also represent a very small segment of Eastham's housing stock, including only 309 properties according to Assessor's data (177 properties involving multiple houses on a single lot, 123 two-family homes/246 units, and 9 three-family dwellings/27 units). Assessor's data indicated that most of the multi-unit dwellings were assessed between \$300,000 and \$500,000. Nevertheless, because these smaller multi-family properties offer an income stream, they are typically more affordable to purchasers, whether owner-occupants or absentee investors, and they also tend to offer some more affordable rental units as well.

Assessor records also include seven residential properties with more than four units as well as 93 mixed residential and commercial structures, 38 that were primarily residential and 55 primarily commercial. Records also include 527 properties involving vacant land in a residential zone or accessory to a residential parcel.

### Rentals

Table III-28 summarizes census data for rental units from 1980 to 2019, indicating significant overall increases in rent levels. For example, the median rent in 1980 was \$292 which more than doubled to \$662 in 2000, stayed relatively flat at \$682 in 2010, and then almost doubled again to \$1,311 in 2019. The table also shows the considerable decrease in lower-priced units in tandem with increases in higher-priced ones over the years. For example, between 2010 and 2019, the number of units with rents of more than \$1,000 increased from 16 to 92. It should be noted that the decrease in the supply of year-round rentals during this period was a likely factor for driving up rent levels.

Rental costs also tend to be underestimated in the census data, and actual market rents are typically much higher. One reason is that reported rents include subsidized units and for Eastham this involves 92 units or 41% of the total rental housing stock. The data is further skewed by 79 renters who paid no rent at all.

**Table III-28: Rental Costs, 1980 to 2019**

<b>Gross Rent</b>	<b>1990</b>		<b>2000</b>		<b>2010</b>		<b>2019</b>	
	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>	<b>#</b>	<b>%</b>
Under \$200	41	17.2	9	1.9	16	3.8	9	4.0
\$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	43	19.3
\$750-999			88	18.7	107	25.2		
\$1,000-1,499			28	6.0	9	2.1	82	36.8
\$1,500 +					7	1.6	10	4.5
No Cash Rent	36	15.1	70	14.9	43	10.1	79	35.4
Total*	239	100.0	470	100.0	425	100.0	223	100.0
Median Rent	\$292		\$662		\$682		\$1,311	

Source: U.S. Census Bureau, Census 1980, 1990, and 2000 Summary File 3 and American Community Survey 5-Year Estimates, 2015-2019.

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. Additionally, due to seasonal demands for rentals, some year-round renters have had to rely on winter rental options. While these are more affordable, they leave these households basically homeless during the summer months with the need to find somewhat affordable short-term rentals further away or double-up with friends and family. While listings of year-round or winter rentals in Eastham have typically been scarce in the past, there were no such listings on the internet in early February 2021.

As is the case with homeownership, there is little to no inventory of new rental listings. Some seasonal renters have chosen to stay in their units given the opportunity to work remotely. This has impacted those who have relied on winter rentals over the years who have had to find alternative housing with friends or family or move out of the community.

Realtors indicate that a year-round rental of a two-bedroom unit with some upgrades can easily fetch \$1,900. Moreover, landlords typically require first and last month's rent plus a security deposit, representing substantial up-front cash requirements at lease-up.

These year-round market rents are generally higher than HUD Fair Market Rents (FMRs) at \$1,100 for an efficiency unit, \$1,265 for a one-bedroom unit, \$1,667 for a two-bedroom unit, \$2,089 for three bedrooms, and \$2,261 for four bedrooms based on 2021 limits. Fair Market Rents (FMRs) are the maximum rents allowed by HUD in the Section 8 Housing Choice Voucher Program. The maximum rents are updated and published annually and represent HUD's estimate of the actual market rent for an apartment in the conventional marketplace although they typically underestimate actual market conditions. HUD sets the FMRs by unit size (number of bedrooms) by region in each state, for Barnstable County in the case of Eastham. Through

the Housing Choice Voucher Program, HUD will pay the landlord the difference between a percentage of a household's income and the FMR, but these vouchers, including the state's relatively comparable Massachusetts Rental Voucher Program (MRVP), are very limited. For a discussion on the methodology for calculating the FMRs, go to [www.huduser.org/datasets](http://www.huduser.org/datasets). It should be noted that the Housing Assistance Corporation (HAC), which manages many of these rental subsidies, including 29 in Eastham.

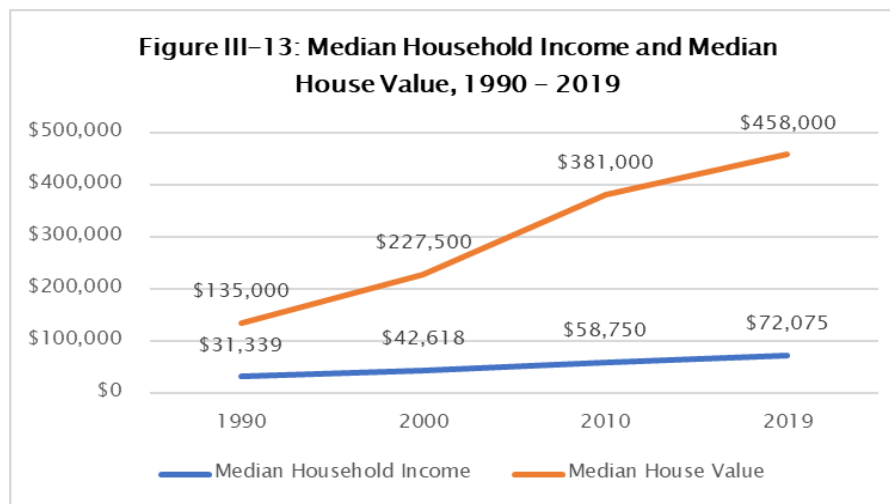
Summer rentals, like most of this part of the Cape, are very pricey, especially near the water. In fact, realtors indicate the property owners can earn just as much renting a unit in the summer as they can year-round, without as much wear and tear and a formal lease. Moreover, as mentioned above, some summer renters are opting to remain in their units as a retreat from the pandemic given the ability to work remotely.

#### 4. ***Affordability Analysis of Existing Market Conditions – Widening affordability gaps and increasing cost burdens***

##### *Affordability Gaps – Homeownership*

While it is useful to have an understanding of past and current housing costs, it is also important to analyze the implications of these costs on residents' ability to afford them. A traditional rough rule of thumb has been that housing is affordable if it costs no more than 2.5 times the buyer's household income. By this measure, the median income household earning \$72,075 in Eastham could afford a house of approximately \$180,188, 35% the median house price of \$520,000 as of the end of 2020. *This implies that the household in the middle of the town's income range faced an "affordability gap" of \$339,812.*

Housing prices have in fact risen faster than incomes, making housing less affordable as demonstrated in Figure III-13. As time went by, the gap between median household income and the median single-family house price widened. While incomes increased by 130% between 1990 and 2019, the median single-family house price increased by 239% based on *Banker & Tradesman* data.



In 1990 the median income was 23% of the median house price but decreased to 15.7% by 2019. *Moreover, the gap between income and house value was \$103,661 in 1990 but more than tripled to \$385,925 by 2019.*



As noted earlier, the pandemic caused a surge in housing prices which correspondingly increased the affordability gap to record levels of at least \$128,000.

Another way of calculating the affordability gap is to estimate the difference between the median priced house and what a median income earning household can afford to pay based on spending no more than 30% of income on housing costs, the traditional affordability threshold.<sup>20</sup> To afford the median sales price of a

single-family home of \$520,000, based on *Banker & Tradesman* data as of the end of 2020, a household would have to earn an estimated \$95,670 with 80% financing, \$108,825 with 95% financing.<sup>21</sup> These incomes are much higher than the median household income for the Town per 2019 census estimates of \$72,075, and point to a sizable affordability gap.

The median income-earning household could likely afford a single-family home of about \$344,000 based on 95% financing. *The affordability gap is then about \$176,000* – the difference between the price of the median priced single-family home (\$520,000) and what a median income household can afford (\$344,000). In the case of 80% financing, requiring a 20% down payment, a purchaser would need to borrow less and therefore could afford a home of about \$392,000 and thus the affordability gap would decrease to \$128,000. It is also worth noting that while the affordability gap for the 80% financing option is lower, the 20% down payment and closing costs close to \$110,000 can be a challenge for many purchasers, particularly first-time homebuyers without the benefit of equity from a former home.

*The affordability gaps would in fact be significantly greater if not for unprecedentedly low mortgage interest rates that have made housing more affordable in Eastham and throughout the country.* Eastham's property tax rate of \$8.72 per thousand in property value also helps make housing more affordable.

*For those earning at the 80% of area median income limit (\$69,600 for a family of three), this gap is \$187,500*, the difference between the maximum they could afford of \$332,500 and the median single-family house price of \$520,000. These figures are based on 95% financing, which can still be found through first-time homebuyer programs such as the state's One Mortgage Program or MassHousing's mortgage offerings.<sup>22</sup>

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<sup>20</sup> Based on the 2019 census estimate of \$72,075 for median household income.

<sup>21</sup> Figures based on 80% financing, interest of 3.0%, 30-year term, annual property tax rate of \$8.72 per thousand, and insurance costs of \$4 per \$1,000 for condominiums and \$6 per thousand for single-family homes. The calculations are also based on the purchaser spending no more than 30% of gross income on mortgage (principal and interest), taxes and insurance. It also assumes that in the case of 95% financing, the purchaser could qualify for subsidized mortgage financing from the ONE Mortgage Program or MassHousing mortgage offerings and therefore pay no private mortgage insurance (PMI).

<sup>22</sup> The affordable purchase price of \$332,500 for a single-family house is for those earning at the 80% AMI limit. Sales prices for actual affordable units are calculated with some marketing window and for households earning at 70% AMI with some other assumptions based on state requirements.

Table III-29 provides an estimated breakdown of the number of units existing within various affordability ranges. According to Assessor's data, 642 homes or 11% of the Eastham's single-family homes were affordable to households earning at or below 80% AMI (\$69,600 for a household of three) in 2020. Almost 43% of the homes or 2,480 units were affordable to those with income between 80% AMI and 100% AMI (\$86,940); however, calculations in this income range were based on the purchasers having sufficient down payment and closing costs to support 80% mortgage financing, which is now more the norm than the exception. Nevertheless, these figures suggest some relative affordability of existing homes.

*Condominiums* are typically valued much more affordably, with 190 or about 65% of these units affordable to those earning at or below 80% AMI based on a household size of three. Another 67 condos or 23% were also assessed within a relatively affordable range, likely affordable to those earning between 80% and 100% AMI. Therefore, almost 88% of the condo market was potentially affordable to those earning within the area median income based on an estimated conservative condo fee of \$250 and Assessor values which underestimate market values somewhat. Most condos, however, are not available on a year-round basis, as they involved the conversion of small cottages to ownership that are used seasonally from about April through October. New condo development, however, signals considerable increases in condo values such as the projected \$569,000 starting prices for the upcoming Cedar Banks Landing project.

**Table III-29: Approximate Cost of Single-family Homes and Condos in Eastham Based on Income, 2020**

Price Range Single-family/ Condo*	Income Range based on HUD Area Median Income (AMI) Limits**	Single-family Homes		Condominiums Available	
		#	%	#	%
\$332,500/\$294,500*	At or below 80% AMI (\$69,600)	642	11.1	190	64.8
\$332,501-\$472,500/ \$294,501-\$434,000	80% - 100% AMI (\$69,601 - \$86,940)	2,480	42.7	67	22.9
\$472,501-\$567,000/ \$434,001-\$532,000	100% - 120% AMI (\$86,941 - \$104,328)	1,086	18.7	26	8.9
More than \$567,000/ more than \$532,000	More than 120% AMI (More than \$104,328)	1,596	27.3	10	3.4
<b>Total</b>		<b>5,804</b>	<b>100.0</b>	<b>293</b>	<b>100.0</b>

Source: Town of Eastham Assessor's Database for Fiscal Year 2020. Please note that as a standard practice, assessed value is assumed to be 93% or sometimes even less than actual value or potential sale price.

\* Figures based on a three-person household. Includes estimated condo fee of \$250 per month.

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

It should also be noted that while Eastham's *multi-family housing* market is relatively small consisting of approximately 381 properties (includes two-family and three-family properties as well as multiple homes on one lot), such housing may be more affordable as two-family and three-family dwellings often provide rental income. For example, the median valued two-family home in Eastham, based on Assessor's data, was \$428,400. If this unit was owner-occupied with one rental unit it could potentially be affordable to a purchaser earning approximately \$50,650 (assuming rental income of \$1,300 of which 75% or \$975 is likely to be included in mortgage underwriting computations as well as 95% financing).

#### *Affordability Gaps – Rentals*

In regard to rentals, the gross median rent of \$1,311, reported by the 2019 census estimates, requires an income of about \$60,440 assuming a monthly average utility allowance of \$200 and occupants paying no more than 30% of their income on housing. This income is considerably higher than the median income of renter households of \$38,207. It is therefore not surprising that so many renters are paying too much for their housing (see Table III-30).

The affordability gap for rentals would therefore be approximately \$558, the difference between the median rent and what a median income earning renter household could afford or \$755 based on the above assumptions.

Even rents in subsidized developments can be problematic. For example, Housing Authority units that apply HOME Program rents can be too high for target households earning at or below 60% AMI to afford. A one-bedroom rent of \$1,149 based on 2020 High HOME rents would be a struggle for someone earning at the 60% limit, or \$40,620 for a single-person household, to afford. It is also well beyond what someone earning the minimum wage of \$13.50 per hour could afford even if working full-time all year round. On the other hand, a couple earning \$46,380 would be over income and not qualified for the unit.

Actual market rents are considerably higher. The average year-round rental listing was closer to \$1,900. As noted above, a median income-earning renter household (\$38,207) could afford a rent of approximately \$755 based on spending no more than 30% of income on housing and assuming average monthly utility costs of \$200. Even the median income-earning household in Eastham (\$72,075) would be hard-pressed to pay more than \$1,600 in rent. The very short supply of year-round rentals, seasonal rental prices, and impacts of COVID-19 further complicate the rental market dynamic, pushing up prices. It is no wonder that there are illegal apartments in town that operate under the radar.

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

### *Cost Burdens*

The census also provides data on how much households spent on housing whether for ownership or rental. Such information is helpful in assessing how many households are overspending on housing or encountering housing affordability problems, defined as spending more than 30% of their income on housing. Based on 2019 census estimates, 122 homeowners in Eastham were spending between 30% and 34% of their income on housing and another 556 owners were spending more than 35% of their income on housing expenses. This suggests that 31% of homeowners were overspending on their housing. In regard to renters, no renters were spending between 30% and 34% of their income on housing but 124 or 56% of all renter households were spending at least 35% of their income on housing costs.

*This census data suggests that 802 households or one-third of all Eastham year-round households were living in housing that is by common definition beyond their means and unaffordable.* This level of cost burdens is comparable to the state level but higher than the county at 28.5%.

HUD provides additional data on housing affordability 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-30. For example, the first cell indicates that there were 20 elderly renters (62 years and older) with incomes at or below 30% AMI, and of these none were spending between 30% and 49% of their income on housing costs while 10 were spending more than half of their income on housing, or experiencing severe cost burdens.

This report, based on special tabulations of 2013–2017 census data for Eastham (the latest report available), indicates that *833 households or 34% of all households were spending too much on their housing, up from 764 households in 2012. Of these, 429 households or almost 18% were experiencing severe cost burdens as they were spending more than half of their income on housing costs. This is up from 279 households and 12% in 2012.*

Of the almost 1,100 households with incomes at or below 80% of area median income, 653 or about 60% were overspending and 379 or more than one-third had severe cost burdens, up from one-half and one-quarter in 2012, respectively.

This data is only a bit higher than the 2019 census estimates summarized above. Moreover, there were 290 households earning at or below 30% of area median income, referred to by HUD as extremely low-income households, 85% who were experiencing severe cost burdens, which included 70 renter households and 175 homeowners. Some of the units at the Village at Nauset Green will help address part of this renter need.

Other major findings for this report include the following:

### Renters

- Almost half (48%) of all renter households, or 195 households, were spending more than 30% of their income on housing expenses with 90 spending more than half of their income on housing, up from 70 in 2012.
- The data suggests that only 10 of the 125 elderly renters had cost burdens, all with severe costs burdens and income at or below 30% AMI.
- There were 55, or 48% of the 115 small families, that were experiencing cost burdens, all with incomes at or below 50% AMI.
- There were no large families that were renting, down from 25 in 2012.
- Single, non-elderly adults are not only the most prevalent renter households in Eastham, but they were also experiencing the highest cost burdens with 60 of the 75 such households with incomes at or below 50% AMI encountering severe cost burdens. Of the total 195 such households, 130 or two-thirds in this category had cost burdens, all with incomes at or below 80% AMI. *This suggests that new rental unit construction should consider smaller affordable units for this population such as studios or one-bedroom apartments.* Some of the units at the Village at Nauset Green should address the needs of part of this population.

**Table III-30: Type of Households by Income Category and Cost Burdens, 2017\***

Type of Household	<30% MFI <sup>23</sup> / # with cost burdens **	>30% to < 50% MFI/ # with cost burdens	>50% to < 80% MFI/ # with cost burdens	>80% to < 100% MFI/ # with cost burdens	> 100% MFI/ # with cost burdens	Total/ # with cost burdens
Elderly Renters	20/0-10	30/0-0	0/0-0	20/0-0	25/0-0	95/0-10
Small Family Renters	35/25-10	30/10-10	0/0-0	20/0-0	30/0-0	115/35-20
Large Family Renters	0/0-0	0/0-0	0/0-0	0/0-0	0/0-0	0/0-0
Other Renters	50/0-50	25/0-10	70/70-0	50/0-0	0/0-0	195/70-60
<b>Total Renters</b>	<b>105/25-70</b>	<b>85/10-20</b>	<b>70/70-0</b>	<b>90/0-0</b>	<b>55/0-0</b>	<b>405/105-90</b>
Elderly Owners	140/10-130	230/70-35	240/45-19	150/35-10	440/30-40	1,200/190-234
Small Family Owners	35/0-35	30/10-0	105/15-40	40/25-0	475/20-0	685/70-75
Large Family Owners	0/0-0	0/0-0	4/0-0	20/10-0	15/0-0	39/10-0
Other Owners	10/0-10	4/4-0	40/15-20	25/0-0	35/10-0	114/29-30
<b>Total Owners</b>	<b>185/10-175</b>	<b>264/84-35</b>	<b>389/75-79</b>	<b>235/70-10</b>	<b>965/60-40</b>	<b>2,038/299-339</b>
<b>Total</b>	<b>290/35-245</b>	<b>349/94-55</b>	<b>459/145-79</b>	<b>325/70-10</b>	<b>1,020/60-40</b>	<b>2,443/404-429</b>

<sup>23</sup> Median Family Income (MFI) is used in this data but is the same as Area Median Income (AMI).

Source: U. S. Department of Housing and Urban Development (HUD), SOCDS CHAS Data, and American Community Survey, 2013–2017 (\* latest report available). \*\* First number is total number of households in each category/second is the number of households paying more than 30% of their income on housing (with cost burdens) – and third number includes those that are paying more than half of their income on housing expenses (with severe cost burdens). Small families have four (4) or fewer family members while larger families include five (5) or more members. Elderly are 62 years of age or older. “Other” renters or owners are non-elderly and non-family households, largely single-person households.

### Owners

- About 31% of all owner households, or 638 such households, were spending more than 30% of their income on housing; and of these, 339 or 17% were spending more than half their income on housing.
- Elderly owners were experiencing considerable cost burdens as 309 of the 610 such owners earning at or below 80% AMI were overspending with 184 or 30% spending more than half of their income on housing. Also, owners over the age of 62 account for about 59% of all owners. Unfortunately, due to the build-up of equity for many of these owners, it is difficult for them to qualify for assisted housing.
- Of the 170 small families with incomes at or below 80% AMI, 100 or 59% had cost burdens, including 75 or 44% with severe cost burdens. Of particular concern are the 35 families earning at or below 30% AMI who were experiencing severe cost burdens.
- There were only 39 large families who were homeowners in Eastham, all earning above 80% AMI with the exception of 4 households. Only 10 were cost burdened, all in the 80% to 100% AMI income range.
- Of the 54 non-elderly, single individuals who earned at or below 80% AMI, 49 or 91% had cost burdens. Of particular concern are the 10 individuals with incomes at or below 30% AMI with severe cost burdens.

### *Foreclosures*

Also related to housing affordability is the issue of foreclosures, which has been a problem for many homeowners across the country since the “bursting of the housing bubble” more than a dozen years ago. There has been some limited foreclosure activity in Eastham as shown in Table III-31. While there were no foreclosures prior to 2010, there was a pick-up in foreclosures after that, growing more recently. Between 2010 and 2015 there were 15 foreclosure auctions, increasing to more than double that amount, at 33, between 2016 and 2020. The highest level of combined auctions and petitions was 18 in 2018. While there have been state and national moratoria on foreclosures due to COVID-19 in 2020, it is likely that when these protections lapse, there will be another uptick in foreclosures unless other remedies are implemented.

**Table III-31: Foreclosure Activity, 2007 to 2020**

<b>Year</b>	<b>Foreclosure Auctions</b>	<b>Petitions to Foreclose Pre-foreclosure</b>	<b>Total</b>
2020	4	4	8
2019	6	5	11
2018	9	9	18
2017	6	9	15
2016	8	10	18
2015	4	4	8
2014	2	2	4
2013	3	1	4
2012	3	2	5
2011	0	1	1
2010	3	4	7
2009	0	0	0
2008	0	0	0
2007	0	0	0
<b>Total</b>	<b>48</b>	<b>51</b>	<b>99</b>

Source: The Warren Group, *Banker & Tradesman*, February 9, 2021.

#### **5. Subsidized Housing Inventory (SHI) – Significant increase in SHI units to almost 5% of year-round housing stock**

##### *Current Inventory*

Table III-32 summarizes the units included in the Subsidized Housing Inventory (SHI) which is the list of affordable dwelling units that are eligible for counting towards Eastham's 10% state affordability goal. The state currently lists 119 affordable housing units in the SHI, involving a net increase of 69 units since 2015 and translates into 4.62% of the community's total year-round housing stock of 2,632 units. This is up from 1.9% in 2015.

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

The Inventory now includes 23 homeownership units and 96 rental units, eight of which include units in group homes sponsored by the Massachusetts Department of Mental Health (DMH). The major boost to the SHI was the Village at Nauset Green with 65 affordable rental units. Because this rental project involved a Chapter 40B comprehensive permit, all units qualified for inclusion on the SHI, including the 15 units that were targeted to those with incomes between 80% and 90% AMI.

**Table III-32: Eastham's Subsidized Housing Inventory (SHI)**

<b>Project Name</b>	<b># SHI Units</b>	<b>Project Type/ Subsidizing Agency</b>	<b>Use of a 40B Permit</b>	<b>Affordability Expiration Date</b>
Nauset Road/Habitat for Humanity House	1	Ownership/DHCD	No	2019
Eastham Duplexes*	8	Rental/DHCD	No	Perpetuity
Foundations Project/HAC	2	Rental/DHCD	No	2037
Gull Cottages	5	Rental/DHCD	Yes	2020
State Highway Units*	4	Rental/DHCD	No	Perpetuity
Bay Meadows	10	Ownership/DHCD	Yes	Perpetuity
DMH Group Homes	8	Rental-Special Needs/DMH	No	NA
Nauset Rd.	1	Rental/DHCD	No	2056
Brackett Landing	9	Ownership/MassHousing	Yes	Perpetuity
Sandy Way/Habitat	2	Ownership/DHCD	No	Perpetuity
<i>Subtotal 2015</i>	<i>50</i>	<i>28 rental units 22 ownership units</i>	<i>24 units with 40B permit</i>	<i>24 units affordable in perpetuity</i>
Rabbit Run	1	Ownership/DHCD	No	Perpetuity
Massasoit Road	1	Rental/DHCD	No	Perpetuity
State Highway	2	Rental/DHCD	No	2052
Village at Nauset Green	65	Rental/DHCD	Yes	Perpetuity
<b>Total</b>	<b>119</b>	<b>96 rental units 23 ownership units</b>	<b>89 units with 40B permit</b>	<b>91 units affordable In perpetuity</b>

Source: Massachusetts Department of Housing and Community Development, April 13, 2015 and December 11, 2020.

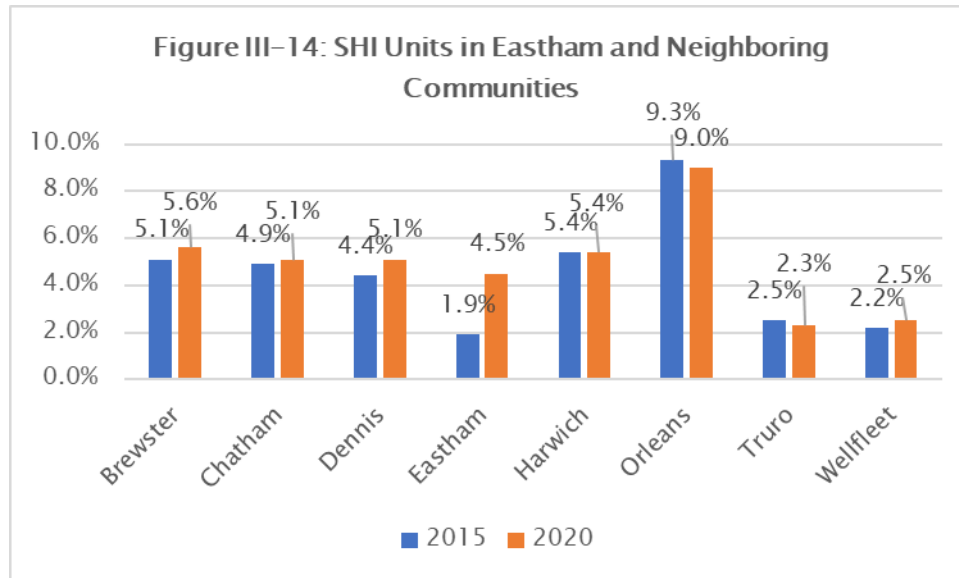
Shaded area included units added between 2015 and 2020.

\*Eastham Housing Authority units

The town needs to produce at least 144 more affordable units to reach the state's 10% goal based on the existing year-round housing stock count from the 2010 decennial census. When the 2020 census figures are released, it would be expected that the number of year-round units would increase to reflect growth. However, because of the expanding supply of seasonal units and second homes, the number of year-round units decreased and will likely be close to 2,550 units. Consequently, Eastham's affordability percentage will increase somewhat to about 4.7%.

Many 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 visually presented in Figure III-14. While none of Eastham's neighboring towns have produced enough affordable units to meet the state's 10% target, Orleans has made considerable progress at 9.0% although it lost some affordable units since 2015, likely due to expiring affordability requirements. Four of the other communities are just past the half-way mark of 5% with Eastham not far behind. Truro and Wellfleet are below 2.5%. As shown in Figure III-14, Eastham made the greatest progress over the past few years.





The *Eastham Housing Authority* owns 8 units as part of the Eastham Duplexes (including two 1-bedroom units and two 2-bedroom units), 4 units at 5960 State Highway (two duplex structures, each with two 2-bedroom units), and Merrill House on Ballwic Avenue. The units are managed by the Orleans Housing Authority (OHA). None of the units are age restricted but there are numbers of seniors living in the one-bedroom units. Housing Authority units rarely turn over and there are at least five-year waits for the two-bedroom units and typical waits of more than six years for the one-bedrooms. Some existing tenants have lived in these units for as long as 20 years.

A number of the projects listed in Table III-32 involved the development of Town-owned property including Bay Meadows (“friendly” 40B), the Nauset Road rental home (managed by the Community Development Partnership), and several *Habitat for Humanity of Cape Cod* homes. Unfortunately, the deed restriction for the Habitat for Humanity house at Cross Cart Way was for 15 years, executed in 1994, and consequently that unit was eliminated from the SHI in 2009. Nevertheless, Habitat for Humanity has the right of first refusal to buy back the unit when the owner decides to sell, so it may likely be reinstated on the SHI at some point in the future. Habitat also created two affordable homes on Town-owned property at Sandy Way, and another one more recently at Rabbit Run, off of Route 6. The property was donated by a local citizen, and the Town of Eastham provided \$45,000 in CPA funding.

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

- *1475 State Highway*  
This property involved the acquisition and rehabilitation of a duplex that was converted

into two affordable, two-bedroom, rental units for households earning up to 80% AMI.

- *Gull Cottages*

Gull Cottages, at 885 State Highway, involved the conversion of a small cottage community into five rentals, two of which are affordable to those earning at or below 50% AMI and the remaining three for households earning up to 60% AMI. One of the units has a Project-based Section 8 subsidy.

- *1425 Nauset Road*

This project involved a house that was donated and moved to a Town-owned site next to the Council on Aging. The Town received grant funding to make the unit handicapped accessible and affordable as a two-bedroom rental unit.

CDP is also managing the following programs:

- *Rental Expansion Program*

Since 2012, the Eastham Affordable Housing Trust has operated the Rental Expansion Program to respond to proposals to fund new construction units, ADUs, seasonal to year-round property conversions to affordable units, motel conversions to affordable housing, etc. The Village at Nauset Green received some funding from the Program.

The Housing Trust has purchased properties and converted them to affordable rental units that are deed restricted in perpetuity in the past using CPA funding to make the units affordable to tenants earning up to 80% AMI while paying no more than 30% of their income on rent and utilities. One of the units is targeted to a moderate-income household earning between 80% and 120% AMI however. Thus far the Housing Trust has purchased 7 units including a two-bedroom and handicap accessible one-bedroom unit on Wampum Lane; a one-bedroom, another handicap accessible one-bedroom unit, and a moderate-income unit on Dory Lane; a one-bedroom unit with a finished basement on Stellwagen Way; and a three-bedroom unit on Massasoit Road.

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

Four of the above units are part of the *Brackett Landing* development (three on Dory Lane plus the one on Massasoit Road), that the Housing Trust purchased and converted to rentals. Three are directed to those earning at or below 80% AMI, and Massasoit Road

is a moderate-income unit targeted to a household earning between 80% and 120% AMI. This project was developed through a “friendly 40B” comprehensive permit for a total of 28 condos (see photo below). Nine of these units are listed as involving ownership in the SHI, which should be changed to reflect the three Housing Trust rental units. Units include both detached single-family homes and townhouses and range from 960 to 1,700 square feet in size.



- *Regional Housing Rehabilitation Program*

Eastham, Truro and Provincetown were jointly awarded Community Development Block Grant (CDBG) funding from the state to operate a Housing Rehabilitation Program, managed by the Community Development Partnership (CDP). At least 80% of the funds must be allocated to specific projects by August 2021, and it is expected that all of funding will be expended by the end of 2021.

Funding is provided as a 0%, deferred forgivable loan to make critical home repairs, including the correction of all code violations. The loan has a 15-year term with 1/15<sup>th</sup> amortized each year without payment unless the property is sold or transferred or the owner is in default of program terms and conditions. The entire loan is forgiven after 15 years. The maximum loan amount is \$30,000 with an additional \$10,000 for the removal of lead paint or asbestos, for improving handicapped accessibility, septic system replacement, or multiple energy efficiency improvements.

The program also provides technical assistance through a Rehabilitation Specialist to support the participating homeowner (income at or below 80% AMI adjusted by household size) or investor-owner (if a majority of tenants have incomes within 80% AMI) in determining the work to be done and estimating costs.

It is expected that the Program will accommodate an average of 25 properties per year with an average cost of about \$32,000. The program has a waitlist of 2 qualified applicants with another 2 or so who have submitted pre-applications.

Other locally-sponsored programs are administered by Harwich Ecumenical Council for Housing (HECH) including:

- *Rental Assistance Subsidy Program*

In 2012, the Eastham Affordable Housing Trust initiated the Rental Assistance Subsidy Program to assist households in paying their rent and becoming self-sustainable at the conclusion of the Program. The Program operates on a first-come, first-served basis with a maximum of 20 participants with incomes at or below 60% AMI. Participants are required to meet monthly with an advocate from a case management company (currently the Homeless Prevention Council) to help keep them on track and move towards self-sufficiency. There are currently 12 participants with funding of \$218,250.

The program mimics federal and state rental assistance programs by providing the subsidy directly to the landlord who must enter into year-round leases with the tenants. The subsidy is based on the difference between the HUD Fair Market Rent (FMR) and 30% of the qualifying tenant's income with a maximum subsidy of \$350 per month for up to three years.

While these subsidized rentals are not eligible for inclusion in the SHI, they nevertheless serve a pressing local need for more affordable year-round rental units for limited income households.

- *Emergency Rental Assistance Program*

In response to the loss of income to households due to COVID-19, the Eastham Affordable Housing Trust introduced the Emergency Rental Assistance Program by utilizing the guidelines developed by the Lower Cape Rental Assistance Working Group. This Program operates on a short-term basis, designed to bolster housing stability during the pandemic. Funded through Community Preservation funds, it is available to households earning up to 100% AMI who have lost income due to COVID-19.

The Program will pay up to \$6,000 for a 12-month period based on the applicant's eligibility. Applications are received on a first-come, first-served basis. Rent payments are made directly to the landlord, who must have a year-round lease and cannot benefit from another rental subsidy at the same time. Participants are required to meet monthly with an advocate from a case management company (currently the Homeless Prevention Council). The Program is planned to run for a year between August 1<sup>st</sup> 2020 to the end of July 2021.

- *Eastham Housing Emergency Loan Program (H.E.L.P.)*

HECH is also administering the Eastham Housing Emergency Loan Program (H.E.L.P.) that provides deferred, zero interest loans of up to \$20,000 to help qualifying homeowners make home improvements such as new roofs, windows, siding, etc.; as well as health

and safety code problems, failing heat and hot water systems for example. Participants must have incomes of no more than 80% AMI and own a single-family home or create a new affordable year-round rental unit for income-eligible tenants. Funding is \$177,000.

The Program operates on a first-come, first-served basis with 8–10 applicants per grant cycle. If the home is sold or transferred before the 15-year term of the loan elapses, funds are repaid to the Town of Eastham's Affordable Housing Trust Fund. There have been three participants to date.

- *Libby Arnold Stevens Emergency Assistance Program*

This program provides one-time emergency assistance for those living on Cape Cod who are experiencing a temporary financial crisis including Eastham residents. Qualifying needs include rent or mortgage payments, utility payments, and car-related costs, for example.

While not counted as part of the SHI, the 17 rental vouchers that are administered by the Housing Assistance Corporation (HAC) in Eastham also add important affordable housing to qualifying families in market rate housing.

More recent additions to the SHI include:

- *Village at Nauset Green*

The Town of Eastham purchased an 11.5-acre undeveloped parcel, the Purcell property, for the development of affordable housing. This site was intended to be developed within the context of the Town's major planning effort to create a traditional mixed-use village center, the North Eastham Overlay District, centered at the intersection of Route 6 and Brackett Road. The Town issued a Request for Proposals (RFP) to select a project developer and brought on Pennrose Properties, LLC. The Town conveyed the property to the developer under a 99-year lease and a nominal fee of \$1. The Town also committed \$400,000 in support of the development of infrastructure in addition, two separate funding awards in the amounts of \$300,000 and \$450,000 were issued from CPA and \$300,000 from the Eastham Affordable Housing Trust. The Towns of Orleans and Wellfleet also contributed \$100,000 each to the project in recognition that some of their residents might also benefit from the new units.

The project includes 65 rental units that rim a green space, including a mix of 1, 2 and 3-bedroom units. As shown in Table III-33, 11 or 17% of the units were targeted to extremely low-income households earning at or below 30% AMI, while 39 or 60% were for those with incomes between 30% and 60% AMI, with another 15 or 23% in the over 60% to 90% AMI range. Because the project involved a Chapter 40B comprehensive permit for a rental development, all 65 units were eligible for inclusion on the SHI. At initial occupancy, 70% of the units were reserved for those who either lived or worked in

Eastham and a 10% preference given to Cape residents. There was a very high demand for these units reflected in the 273 applications that were submitted and a current waitlist of about 150 applicants.

**Table III-33: Village at Nauset Green Unit Distribution and Rents\***

Income Limits	Max. Income	Unit Type	# Units	Estimated Rent
30% AMI	\$20,700	1 Bedroom	5	\$485
	\$23,280	2 Bedroom	3	\$582
	\$27,930	3 Bedroom	3	\$672
60% AMI	\$41,400	1 Bedroom	20	\$970
	\$46,560	2 Bedroom	15	\$1,164
	\$55,860	3 Bedroom	4	\$1,344
90% AMI	\$62,100	1 Bedroom	2	\$1,250
	\$69,840	2 Bedroom	13	\$1,450

\* Based on 2018 HUD Income Limits and LIP Guidelines for calculating rents.

#### *Potential Projects*

The following properties have been discussed as potential opportunities for the further development of affordable housing. The Town will be issuing an RFQ to obtain professional services to prepare a Master Plan for the development of the following three properties - T-Time, the Council on Aging property, and the recently-acquired Town Center Plaza:

- *T-Time Property*

The Town acquired the site of a former driving range (T-Time) on Route 6 and has established a special workgroup, the T-Time Development Committee, to explore development options. The property is conceived to be a key component of the Town's Eastham Corridor Special District that involved a major rezoning effort. To further assist in the decision-making process for the project, the Town commissioned a Market Study to determine possible economic or business-related uses that could be incorporated into the development. Report findings suggested that the T-Time site could serve as a catalyst for business activity for a number of uses as well as help promote community housing solutions.

The T-Time Development Committee has recommended the following uses for the property:

- Public Community Center Building anchored by the Council on Aging and Recreation Department
- Community Pool (requires more information)
- Limited senior and workforce/community housing
- Artist shacks/entrepreneur pop-up space
- Lots of outdoor green space for gathering and recreation

- Multi-/inter-generational focus
- *Council on Aging (COA) Property*  
The Town's current Council on Aging (COA) is located on a 2- acre parcel at 1405 Nauset Road. Relocating the COA to the T-Time property, will enable the current site to be developed for affordable housing, senior, and/or workforce housing that is compatible with the goals outlined in this Housing Production Plan.
- *Town Center Plaza*  
The Town also acquired a strip mall on a 3.54-acre parcel located at 4550 State Highway. The following uses are under consideration for the site:
  - Accommodate the space needs of the 6 existing businesses
  - Farmer's Market
  - Medical Office Space
  - Retail and Restaurant Space
  - Top of Shop Housing
  - Senior and/or Workforce Housing

In addition to the Master Planning process mentioned above, the Town will be embarking on a major outreach process to obtain important input from the community on development opportunities.

- *Ballwic Avenue*  
The Town also owns this 21.87-acre vacant and undeveloped parcel in a residential neighborhood adjacent to The Children's Place, a non-profit resource, referral and education center for families with young children. The site was initially acquired for an elementary school that is no longer needed.
- *Miscellaneous Parcels*  
Additional scattered lots may be suitable as infill housing including the two Town-owned parcels in the vicinity of the Ballwic Avenue property.

## **C. Priority Housing Needs**

As the affordability analysis indicates in Section III.B above, significant gaps remain between what many current year-round residents can afford and the cost of housing that is available. Many long-term residents could not afford to purchase homes in Eastham based on current housing prices, and there still remains many residents of more limited means who are struggling to afford to remain in the community. For example, a study by the Cape Cod Young Professionals organization in conjunction with the Dukakis Center for Urban and Regional Policy at Northeastern University, that included a survey of 5,200 Cape residents between the ages of

25 and 44, concluded that 47% of respondents had considered leaving the Cape and about half had to supplement their income to afford to remain here. A local realtor recently said, “Mere mortals have nothing to buy in today’s housing market.”

The Town’s recent Commercial Market Study also weighed-in on housing needs and stated that there is a widely documented need for rental housing, senior housing, and modest single-family or townhouses that are affordable to a range of low- to middle-income residents.

Community concerns about the high costs of housing and need for more varied housing types to serve more diverse income levels were documented as part of a Commercial Market Study that was undertaken by the Town in early 2021. Comments from the interview process included observations that people with incomes in the 81% to 110% AMI range had incomes too high for affordable housing and too low for market rate units, including many Town employees. The comments also recognized a high demand for multi-family housing with amenities which is largely missing in the market

place. There were also comments about an erosion of year-round rental units, the need to build family housing, and problematic conversion of year-round housing to seasonal units.

Other perspectives on the gaps between what housing is available in Eastham and what residents can afford to pay is demonstrated in the following analysis:

### 1. *Rental Housing Needs*

The analysis included in Table III-34 projects a shortage of 195 rental units, all for low- and moderate-income renters with incomes at or below 80% AMI which should become a longer-range housing production goal. This data, however, does not reflect the pent-up regional need for additional rental opportunities, particularly in the context of a rental housing market that has seen extraordinary market pressures over the past several decades. For rental units alone, the 2000 median rental of \$682 climbed to \$1,168 by 2010 and then \$1,311 by 2019 with market rents approaching \$1,900 for a two-bedroom unit with some upgrades and utilities included.

**Table III-34: Rental Unit Gap Analysis**

Income Group	2020 HUD Income Limits*	Estimated Affordable Rent**	# Renter Households***	# Existing Affordable Units***	Deficit/ Surplus
< 30% AMI	< \$26,100	< \$452	105	10	-95
30% to 50% AMI	\$26,101-\$43,500	\$452-\$888	85	55	-30
50% to 80% AMI	\$43,501-\$69,600	\$889-\$1,540	70	0	-70
> 80% AMI	> \$69,600	> \$1,540	145	145	0
<b>Total</b>			405	210	-195



Source: 2017 HUD SOCDS CHAS Data \* Based on 2020 HUD Income Limits for a three-person household.

\*\* Assumes the household will spend no more than 30% of income on housing costs, including \$200 per month in utility bills.

\*\*\* See Table III-30 for number of renters in each income range and affordable units are those occupied by households without cost burdens.

If Eastham wants to attract more young adults and service employees, it will have to make sure that it provides additional affordable rental opportunities to enable them to live in town as the current subsidized rental stock is inadequate to meet these needs. Opportunities for seniors to downsize could also be accommodated by new rental development, enabling their homes to become available to families. The Village at Nauset Green with 65 affordable rental units represents a major effort to address these needs.

Nevertheless, affordable housing development has not kept pace with housing need as demonstrated by long waits for affordable rental units. Subsidized units rarely become available and typical waits for a vacant unit are longer than five or six years. The need for rentals is further demonstrated by a zero (0) vacancy rate and importance of replacing some of the rentals that have been lost in recent years. Moreover, the Village at Nauset Green attracted 273 applicants and 150 still remain on the waitlist, demonstrating pent-up demand for affordable rental units in Eastham and other Cape communities.

The Director of the Eastham Council on Aging noted that some of Eastham's seniors are migrating out of Eastham, and that this may indicate that there is a need for affordable senior housing. Seniors are leaving Eastham for such reasons as:

- Affordability, possibly due to high standard of living and/or decreased retirement income for reasons such as loss of spouse, illness, pension cuts, expense of in-home caregiver.
- Downsizing to better suit lifestyle as seniors age in place at home.
- The need to be closer to family.
- Lack of transportation.

She further indicated that Eastham does not currently have any subsidized housing that is directly targeted to seniors, and there are no assisted living units in town. While there are some affordable units in town, the rents are still too high for area seniors on fixed incomes. Other nearby communities, such as Orleans, offer senior housing developments, but these have a wait of at least two years. These are all examples of why there is a need to offer senior subsidized housing in the Eastham community.

Based on the data included in Tables III-30 and III-34, this Housing Plan recommends that rental unit goals be largely distributed as summarized in Table III-35. The one-year goal is based on annual Housing Production goals of producing affordable housing equivalent to state

requirements of 0.50% of the year-round housing stock or 13 units. This amount of rental housing would comprise about 80% of the Town's unit production goals over the five-year terms of this Housing Production Plan. Additionally, this level of production will unlikely accommodate all of the pent-up regional demand for rental housing, but represents a reasonable local goal. There should also be some focus on the housing needs of seasonal workers.

**Table III-35: Projected Distribution of Rental Unit Production  
One-year and Five-Year Goals**

<b>Target Renter Households</b>	<b>Target Unit Size</b>	<b>Proportion of Need</b>	<b># Rental Units 1-Year/5-Year Goals</b>
Seniors/individuals/those with special needs	One bedroom	30%	3/15
Small Families	Two bedrooms	60%	6/30
Large Families	Three+ bedrooms	10%	1/5
Total		100%	10/50

## **2. Homeownership Needs**

Table III-36 demonstrates that there is an insufficient supply of affordably-priced ownership units, single-family homes or condos, to meet the existing need of those resident owners earning at or below 80% AMI. As noted in Table III-30, there are also 180 owner households who are cost-burdened in Eastham, and providing units targeted to those with incomes of 100% AMI and even 120% AMI can be helpful to those who have limited opportunities for downsizing and do not meet all of the state affordability requirements. This Housing Production Plan therefore recommends that first-time homeownership opportunities also be included in the town's affordable housing agenda but at a lower priority than rentals.

This Housing Plan has documented the exodus of young residents, including families with children, out of the community and the Cape as a whole. Jobs in tandem with affordable housing opportunities are key to retaining this population, maintaining Eastham's community character, vitality, and social and economic diversity. Additionally, empty nesters looking to downsize from their existing single-family homes should be able to find accessible and affordable condominiums in Eastham rather than having to relocate. However, 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) put 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 units that are occupied by those with incomes at or below 80% AMI can be counted as part of the Subsidized Housing Inventory.

While Table III-36 identifies a deficit of 380 homeownership units, the typical small-scale of ownership projects, very limited subsidy programs directed to them, and the affordability constraints noted above, make it very unlikely that the Town will be able to produce substantial numbers of ownership units. On the other hand, the Town can provide other sources of assistance to reduce the housing cost burdens of existing owners, including tax breaks.

**Table III-36: Homeownership Affordability Analysis**

<b>Income Group</b>	<b>Income Range*</b>	<b>Affordable Sales Prices Single-family/ Condo**</b>	<b># Owner Households **</b>	<b># Affordable Units***</b>	<b>Deficit or Surplus</b>
Less than 80% AMI	Less than \$69,600	Less than \$332,500/ less than \$294,500	838	458	-380

Sources: HUD SOCDs CHAS, 2013–2017. \* Based on 2020 HUD Income Limits for a three-person household.

\*\* See Table III-29. \*\*\* See Table III-30 for number of owners in each income range and affordable units are those occupied by households without cost burdens.

This Housing Plan recommends that homeownership unit goals be largely distributed as summarized in Table III-37. This amount of starter housing or units for downsizing would comprise about 20% of the Town's affordable unit production goals over the next five years with the other units targeted to affordable rentals.

**Table III-37: Projected Distribution of Homeownership Units, Five-Year Goals**

<b>Target Renter Households</b>	<b>Target Unit Size</b>	<b>Proportion of Need</b>	<b># Units 5-Year Goals</b>
Seniors/Individuals/ Special needs	One bedroom	30%	4
Small Families	Two bedrooms	60%	9
Large Families	Three+ bedrooms	10%	2
Total		100%	3 (average per year)/15

### **3. *Special Population Needs***

Eastham has a higher level of residents with disabilities than the state as a whole at 14.6% of all residents compared to 11.6% based on 2019 census estimates. Of the 717 individuals with disabilities, 471 residents were 65 years of age or older, representing about 25% of all those in

<sup>24</sup> Figures based on interest of 3.0%, 30-year term, annual property tax rate of \$8.72 per thousand, and insurance costs of \$4 per \$1,000 for condominiums and \$6 per thousand for single-family homes. The calculations are also based on the purchaser spending no more than 30% of gross income on mortgage (principal and interest), taxes and insurance. It also assumes that the purchaser could qualify for subsidized mortgage financing from the ONE Mortgage Program or MassHousing mortgage offerings and therefore pay no private mortgage insurance (PMI).

this age group. An increasingly aging population suggests further future needs for integrating handicapped accessibility and supportive services into future affordable housing development. Long wait times for handicapped-accessible units that are managed by the Orleans Housing Authority further substantiate the need for such units. Additionally, Eastham currently has only eight special needs units in group homes and no subsidized units directed specifically to seniors, including no assisted living facilities.

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

#### **4. *Existing Housing Condition Needs***

About 55% of Eastham's housing stock was built prior to 1980 and thus more likely to have traces of lead-based paint, posing safety hazards to children, as well as problems concerning aging system and structural conditions. Also, because most properties rely on septic systems, some existing systems are likely failing or in disrepair. Programs that continue to support necessary home improvements, including de-leading, septic repairs, modifications for the physically disabled, and historic restorations should be promoted for units occupied by low- and moderate-income households, particularly the elderly living on fixed incomes and including investor-owned properties tenanted by qualifying low and moderate-income households.

The need and demand for assistance in making essential home repairs is further demonstrated by the continued interest in the Town's Housing Rehabilitation Program that is administered by the Community Development Partnership. Eastham is also working with HECH on the Eastham Housing Emergency Loan Program (H.E.L.P.) that provides 0% interest, deferred loans of up to \$20,000 for emergency improvements related to health and safety problems. This Housing Plan recommends continued support of these programs as well as the consideration of additional programs and funding.

## IV. CHALLENGES TO DEVELOPMENT

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

### A. Infrastructure

A major constraint and cost factor for new development relates to infrastructure, particularly the historic lack of sewer and water services in most areas of Eastham that raises concerns among residents about impacts of any new development on the environment, water supply, and water quality in particular. Residents have typically had to rely on wells and on-site septic systems unless special treatment facilities were integrated into the new development, a costly measure that requires a fairly large project to be feasible. In fact, a number of Alternative Treatment installations have been deployed to reduce nitrate nitrogen concentrations in effluent discharges in Eastham.

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

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

***Mitigation Measures:*** The Town voted to establish a town-wide municipal water system at its 2015 Town Meeting that will eventually serve all parts of Eastham. The system will include two well fields, a storage tank and 45 miles of distribution piping. The project is being conducted in phases from 2019 through 2023.

The Town is also looking into ways to address the waste water needs. Traditional methods,

such as on-site waste water treatment, are being implemented on a case-by-case basis. Non-traditional methods are being tested to see if they will be feasible.

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

## **B. Environmental Concerns**

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

- *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 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 public beaches along this shoreline, including parking for 500 vehicles and 45 boat slips. The corporate boundary of Eastham actually extends three miles into Cape Cod Bay and within this area lie 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 ponds in Eastham that 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 additional surface water bodies including Salt Pond Bay, Nauset Bay, the Herring River and Boat Meadow River. Eastham also has historically obtained its drinking water from a sole-source aquifer, the Nauset Lens, and efforts to minimize the contamination of this water source have been a local priority.

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

Housing strategies are largely oriented to actions that will promote smart growth and limit impacts on the environment such as promoting accessory apartments based on recent changes to zoning, converting existing housing to long-term affordability, developing infill sites in existing neighborhoods, cluster development, motel or cottage colony conversions, and encouraging mixed-use development (see Section VI.B and VI.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,<sup>25</sup> 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 E* – An area of limited commercial development that is compatible with the residential character of the neighborhood
- *Seashore District F* – An area with single-family dwellings located within the Cape Cod National Seashore Park to prohibit commercial and industrial uses and to conserve natural conditions
- *Water Resources Protection District G* – An open space area or residential area designated to protect the public health by preventing the contamination of the ground and surface water resources providing a portion of the potential public water supply for the Town
- *Wellfield Protection District H* – An open space area designated to protect the public health by preventing the contamination of the ground and surface water resources in a test wellfield area demonstrated to be capable of providing a portion of the potential public water supply for the Town.
- *Eastham Corridor Special District (ECSD)* – The purpose of the Eastham Corridor Special District (ECSD), as designated in Barnstable County Ordinance 17-12, is to enhance and protect the character of Eastham’s commercial areas, encourage mixed-use development, support and enhance the economy in North Eastham, improve bicyclist and pedestrian safety and access along the Route 6 corridor, minimize traffic conflicts and improve access management throughout the District, expand opportunities for creation of affordable housing, and adopt best management practices to manage nutrients discharged through stormwater within the District.

**Table IV-1: Minimum Intensity Requirements**

<b>Dwelling Type</b>	<b>District</b>	<b>Area (Sq. Ft.)</b>	<b>Frontage (Feet)</b>
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

<sup>25</sup> Eastham Zoning By-law, Section II, Zoning Districts.



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 which often relies on some economies of scale. Some of the dimensional requirements in the Zoning By-law for residential units are included in Table IV-1.

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

- *Eastham Corridor Special District (ECSD)*  
Building on the recommendations in the 2002 Local Comprehensive Plan, the Town embarked on a planning effort to create a traditional mixed-use village center in North Eastham centered on the intersection of Route 6 and Brackett Road and involving the surrounding private and public properties. The Town hired a consultant to refine the vision for the area and prepare the necessary land use regulations and planning tools to appropriately address the issues and opportunities while respecting the needs of the property owners and other community stakeholders.<sup>26</sup>

In May 2018, the Eastham Corridor Special District (ECSD) was adopted by Town Meeting to enhance and protect the character of Eastham's commercial areas, encourage mixed-use development, support and enhance the economy in North Eastham, improve bicyclist and pedestrian safety and access along the Route 6 corridor, minimize traffic conflicts and improve access management throughout the District, expand opportunities for creation of affordable housing, and adopt best management practices to manage nutrients discharged through stormwater within the District.<sup>27</sup> This zoning allows residential development by-right including apartments above commercial spaces, townhouses, and apartments which were not allowed in the area in the past. The two focal points of this new North Eastham Village Center is the 11.5-acre Purcell property that was acquired by the Town and was recently developed as the Village at Nauset Green with 65 affordable rental units and the T-Time property purchased by the Town in 2019 and currently under consideration for future municipal uses including potential housing ...

- *Accessory Dwelling Units (ADUs)*<sup>28</sup>  
At the 2013 Town Meeting, changes to Eastham's accessory apartment bylaw were approved that included provisions for promoting the development of affordable rental housing for year-round residents by allowing accessory apartments based on a number

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<sup>26</sup> North Eastham Village Center Plan, Stantec Consulting Services, March 2007.

<sup>27</sup> Eastham Zoning Bylaw, Section 3.8.

<sup>28</sup> 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).

of conditions through the Special Permit process. Only one non-deed restricted ADU was created through this bylaw.

In 2019, the Town adopted new ADU zoning to better promote such units. The bylaw includes the following purposes:

1. To diversify the types of housing available in the community and broaden housing opportunities for households of all income levels, ages and sizes.
2. To encourage and support a stable and diverse year-round community and a robust local workforce.
3. To prevent the displacement of current Eastham residents and encourage the influx of new residents.
4. To encourage a more efficient use of the Town's housing supply and building stock while maintaining the character of the areas in which the Accessory Dwelling Units (ADUs) are located.

This new bylaw allows ADUs by-right if located on a residential lot in District A, E, and G and by Special Permit in Seashore District F. ADUs on commercial lots are also allowed by-right in District E and by Special Permit in Districts A, F, and G. They can also be permitted by-right in the Eastham Corridor Special District with the exception of the Trade Park where they are not allowed.

If the ADU is located on a property zoned for a single-family dwelling and conforms to all zoning dimensional requirements, it can be permitted as a by-right accessory use. In addition to interior units within a single-family dwelling, the bylaw also allows external and detached accessory units on a property.

A Special Permit from the Zoning Board of Appeals is required in the following instances:

1. The property is preexisting non-conforming to the use, lot size or dimensional setback requirements of the Eastham Zoning Bylaw.
2. The proposed Accessory Dwelling Unit (ADU) will result in the increase to a preexisting non-conformity.
3. The proposed Accessory Dwelling Unit will exceed 50% of the site coverage of the principal dwelling unit.
4. The subject property is located within the Seashore District.

Other requirements include:

- No more than one accessory unit per lot.
- Cannot have more than two bedrooms.
- Must be subordinate in use, size, and design to the principal structure and the

appearance of the property remains consistent with the principal structure/use on the site and the privacy of abutting properties is maintained.

- The owner must inhabit the house as a primary residence, occupying either the principal or accessory unit.
- Units may not be larger than 1,200 square feet or 50% of the site coverage of the principal dwelling, whichever is smaller.
- Cannot be conveyed separate or apart of the principal dwelling and neither the principal unit or ADU can be converted to condominiums.
- At least one off-street parking space in addition to what is required for the principal unit.
- Must meet Title 5 requirements.
- Either the accessory dwelling unit or the principal dwelling must be rented and/or leased on a year-round basis, and at no time can both the principal dwelling and the ADU be rented and/or leased.

About ten ADU permits have been approved.

- *Two-family Units for Low- or Moderate-income Households*<sup>29</sup>  
Two-family homes are allowed by-right in the Eastham Corridor Special District. They are also 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 is 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 120% 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 6). Also, maximum rents must comply with HUD Fair Market Rents (FMRs). This bylaw has not been used to date.

- *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,

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<sup>29</sup> Eastham Zoning Bylaw, Section IX.A.2 (Accepted at Town Meeting, July 24, 2001).

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”.<sup>30</sup> The bylaw promotes cluster zoning that is based on smart growth principles that also conserve open space. It includes the following provisions:

- Parcel must contain at least four acres of buildable uplands, producing not less than five 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 Select Board and Town Meeting, to a non-profit organization whose mission is open space conservation, or to a corporation or trust owned by the owners of the lots or residential units within the development.
- If the open space is not conveyed to the Town, a conservation restriction enforceable by the Town must be recorded and a management plan submitted and 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

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<sup>30</sup> Eastham Zoning Bylaw, Section XIX, Open Space Residential Subdivision Development, page 59 (Accepted at Annual Town Meeting, May 1, 2006).

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.

It is important to note that the Town has created a Residential Zoning Task Force to evaluate potential changes in the Zoning Bylaw that would encourage more affordable housing. This Housing Production Plan also 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 adopting inclusionary zoning, integrating affordable housing in the OSRSD bylaw, and exploring rezoning to convert motels or cottage colonies into mixed-income housing (see Section VI.C).

#### **D. School Enrollment**

Like most communities on the Cape, the Outer Cape in particular, school enrollments have been decreasing. For example, those children enrolled at the Eastham Elementary School decreased from 286 students in the 2000–2001 school year to 194 by 2020–2021. Comparably, enrollments at the Nauset Regional Schools (Middle School and High School) – that include students from Brewster, Orleans, Wellfleet and Eastham – decreased from 1,790 in 2000–2001, to 1,515 by 2014–2015, and 1,426 by 2020–2021. These declines are reflective of the substantial demographic shift towards fewer younger residents and increasing numbers and proportions of older ones that is occurring throughout the Cape but is particularly worrisome for the Lower and Outer Cape communities.

Many people with children have moved away due to the high cost of living, and the lack of jobs while others are sending their kids to charter schools and private schools in the area, and greater numbers of households have fewer children or no children at all. While COVID-19 has attracted more families to the Cape, largely second homeowners choosing to ride-out the pandemic in what they consider a safer place in Eastham, their children are typically learning remotely in schools of their principal place of residency.

Despite declining enrollment, the Town has taken steps to better support the needs of students and families by providing free pre-kindergarten and lunches for all.

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

## E. Public Transportation

Like most of Cape Cod, Eastham encounters significant problems with traffic congestion, particularly in the summer months when the population can swell to as many as 30,000.<sup>31</sup> 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. The Cape Cod Commission also has data that COVID-19 has had an effect on traffic. Average daily traffic numbers at the Eastham/Wellfleet town line on Route 6 indicate that traffic was down 100% in March 2020, from March 2019, when the lockdown occurred, remained down over 2019 through August and then was higher than 2019 in both September and October, although down somewhat in November and December.

Public transportation is extremely limited, largely requiring residents to have access to automobiles and further increasing the cost of living in Eastham. This reliance on the car presents a barrier to those low- and moderate-income residents who are more likely to feel the financial strains of owning and maintaining a car. The 2019 census estimates indicated that only 19 workers reported using public transportation, and 38 workers do not own a vehicle.

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

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

Eastham will also continue to 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 will also continue to participate in the Cape Cod Joint Transportation

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<sup>31</sup> 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.

Committee.

## **F. Availability of Subsidy Funds**

Financial resources to subsidize affordable housing preservation and production as well as rental assistance, have suffered budget cuts over the years making funding more limited and extremely competitive. Communities are finding it challenging to secure necessary funding and some projects need to wait multiple funding cycles to obtain funding approvals from the state.

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

***Mitigation Measures:*** This Housing Plan provides guidance on the use of Community Preservation Funds, Eastham's Affordable Housing Trust Fund, and Community Development Block Grant (CDBG) funding for affordable housing initiatives that will enable the Town to support the production and preservation of affordable units and leverage other public and private funding sources, including the possible bonding of CPA funds for the acquisition of property. Moreover, like other communities on Cape Cod, Eastham has access to federal HOME subsidies, administered by the Barnstable County HOME Consortium, plus other state and federal funding resources.

## **G. Community Perceptions**

Residents in most communities are concerned about the impacts that any new development will have on local services and quality of life, and many may also have negative impressions of affordable housing in general. Therefore, local opposition to new affordable developments is more the norm than the exception.

On the other hand, with such high real estate prices and the exodus of younger residents, there is also a realization that workforce housing is needed in the community. The development of the Village at Nauset Green did not receive significant local opposition, and 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 unless more affordable housing options are created. 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.

**Mitigation Measures:** Eastham will continue to conduct ongoing community outreach and education to inform local leaders and residents on the issue of affordable housing, to help dispel negative stereotypes, to provide up-to-date information on new opportunities, and garner political support for new housing initiatives (see details on this strategy in Section VI.A.2). 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.

## **H. Limited Availability of Developable Property**

Developed residential or mixed residential and commercial land comprised 6,997 acres in 2008 or 64% of Eastham's land area according to the 2015 Open Space and Recreation Plan. In 2008, about 293 acres of developable residential land area remained with another 230 acres of residentially-zoned property defined as undevelopable. Data also identified about 8 acres of commercial and industrial property. This means that less than 4% of the land area of Eastham remains open and subject to possible development. Consequently, there has been a substantial level of redevelopment including teardown activity, involving the demolition and replacement of existing homes, and higher-density opportunities along Route 6 including the Village at Nauset Green and possibilities for the former T-Time property.

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



## V. AFFORDABLE HOUSING PRODUCTION GOALS

The Massachusetts Department of Housing and Community Development (DHCD) administers the Housing Production Program in accordance with regulations that are meant to provide municipalities with greater local control over housing development. Cities and towns are required to prepare and adopt a Housing Plan that demonstrates the production of an increase of 0.5% over one year or 1.0% over two-years of its year-round housing stock eligible for inclusion in the Subsidized Housing Inventory.<sup>32</sup> If DHCD certifies that the locality has complied with its annual goals or that it has met two-year goals, the Town can, through its Zoning Board of Appeals, potentially deny what it considers inappropriate comprehensive permit applications that do not address local needs for one or two years, respectively.<sup>33</sup>

This 0.50% housing production goal translates to at least 13 affordable units annually to meet annual production goals, still a challenge for a small community. When the 2020 census figures are released, the year-round housing figure will change.

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 years. **The projected goals are best guesses at this time, and there is likely to be a great deal of fluidity 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% AMI. The rental projects will also target some households earning at or below 60% of area median income with lower income tiers as well depending upon subsidy program requirements. It should also be noted that the Town can provide CPA assistance to subsidize units for those earning between 80% and 100% of area median income, however these units

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<sup>32</sup> Massachusetts General Law Chapter 40B, 760 CMR 31.07 (1)(i).

<sup>33</sup> 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.

cannot count as part of the Subsidized Housing Inventory or towards annual housing production goals.

- In recognition that many residents, including Town employees, have incomes above 80% AMI but not high enough to afford market units, this Housing Plan recommends that housing production efforts include some workforce housing units for those earning between 81% and 150% AMI but still priced out of Eastham's housing market.
- Because housing strategies include development on privately-owned parcels, production will involve projects sponsored by private developers through the standard regulatory process or possibly the "friendly" comprehensive permit process. The Town will continue to work with these private developers to fine-tune proposals to maximize their responsiveness to community interests and to increase affordability to the greatest extent feasible, potentially infusing funding from the Eastham Affordable Housing Trust Fund or CPA where appropriate. Additional Town resources, such as the short-term rental tax and marijuana revenues, could provide important additional support for housing priorities.
- 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 at least 80% of the units are directed to rentals. The Town will work with developers to promote a diversity of housing types and income levels directed to different populations with housing needs including families, seniors, single occupants and individuals with special needs to offer a wider range of housing options for residents.

**Table V-1: Eastham Housing Production Program**

<b>Strategies by Year</b>	<b>Affordable Units &lt; 80% AMI</b>	<b>Workforce Units 80% to 150% AMI, Market Units or Ineligible for SHI</b>	<b>Total Units*</b>
<b>Year 1 – 2022 2016</b>			
Rental Expansion Program (Strategy VI.B.3)	2	0	2
Rental Subsidy Program (VI.B.3)	0	20	20
Housing Rehabilitation Program/ownership (VI.B.3)	0	12	12
Accessory Dwelling Units	0	5	5
<i>Subtotal</i>	<i>2</i>	<i>37</i>	<i>39</i>
<b>Year 2 – 2023</b>			
Development of publicly-owned property/"friendly 40B"/rental (VI.B.1)**	20	15 workforce units	35
Buy-down Program/Rental Expansion Program (VI.B.3)	2	0	2
Rental Subsidy Program (VI.B.3)	0	20	20
Housing Rehabilitation Program/ownership (VI.B.3)	0	12	12
Accessory Dwelling Units	0	5	5
<i>Subtotal</i>	<i>22</i>	<i>52</i>	<i>74</i>
<b>Year 3 – 2024</b>			
Development of publicly-owned property/"friendly 40B"/rental (VI.B.1)**	15	5 workforce units	20
Special Needs Housing/rental (VI.B.2)	8	0	8
Buy-down Program/Rental Expansion Program (VI.B.3)	5	0	5
Rental Subsidy Program (VI.B.3)	0	20	20
Housing Rehabilitation Program/ownership (VI.B.3)	0	12	12
Accessory Dwelling Units	0	5	5
<i>Subtotal</i>	<i>28</i>	<i>42</i>	<i>70</i>
<b>Year 4 – 2025</b>			
Private property development/ownership (VI.A.2)	6	18 (some could be workforce units with additional subsidy)	24
Private property development – motel conversion/rental (VI.B.2)	3	17 (some could be workforce units with additional subsidy)	20
Buy-down Program/Rental Expansion Program (VI.B.3)	4	0	4
Rental Subsidy Program (VI.B.3)	0	20	20
Housing Rehabilitation Program (VI.B.3)	0	12	12
Accessory Dwelling Units	0	5	5

<i>Subtotal</i>	<i>13</i>	<i>72</i>	<i>85</i>
<b>Year 5 – 2026</b>			
Public property development/“friendly” 40B/rental (VI.B.1)**	20	0	20
Buy-down Program/Rental Expansion Program (VI.B.3)	2	2 workforce units	4
Rental Subsidy Program (VI.B.3)	0	20	20
Housing Rehabilitation Program/ownership (VI.B.3)	0	12	12
Accessory Dwelling Units	0	5	5
Contribution to nearby community project costs (VI.B.4)	0	0	0
<i>Subtotal</i>	<i>22</i>	<i>39</i>	<i>61</i>
<b>Total</b>	<b>87</b>	<b>242</b>	<b>329</b>

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

\*\* All units in a Chapter 40B rental development are eligible for inclusion in the SHI.

## VI. HOUSING STRATEGIES

The Town has made significant progress in implementing the Housing Production Plan it approved in 2016. Particularly important have been the following efforts to focus on building local capacity to manage the program implementation process, creating new zoning, and pursuing new housing initiatives:

- *Adopted a 5-Year Strategic Plan for FY2020 to 2024*

The Town embarked on a community-wide process to provide direction for Town initiatives and priorities between FY2020 and 2024 including the use of funds, staff and other resources. A Town-appointed Strategic Plan Steering Committee worked with the Director of Community Development, the Town Administrator, and the Consultant JM Goldson LLC. to oversee this important effort.

The Plan highlighted three overarching guiding principles including:

1. Honor Eastham's history and protect its small town identity.
2. Live in harmony with the natural environment and local culture.
3. Enhance community vibrancy and viability for people of all ages.

The Plan also identified the following goals that focused on environmental protection and enhancing community character:

1. Preserve and protect coastal, estuary, pond, and other natural resources.
2. Encourage and welcome a diversity of residents.
3. Improve travel experience for all users.
4. Foster and enhance community spirit.
5. **Increase diversity of housing options.**
6. Provide and enhance access to public recreational resources for all people.

The Plan also provided strategies and action steps for reaching these goals, many which were also part of the 2016 Housing Production Plan (HPP) and are the major components of this updated HPP.

- *Promote affordable housing in multi-family and mixed-use development*

The 2010 Housing Production Plan suggested that the Planning Board should complete the planning and regulatory approvals that are necessary to establish the North Eastham Village Center zoning to extend mixed-use development, including affordable housing, along the Route 6 corridor. The Town approved the Eastham Corridor Special District in its 2018 Town Meeting. It has also been extending water services to cover about one-third of Eastham in the initial phase, including service to this area. Moreover, the Town

owned an 11.5-acre property, the Purcell property, which it conveyed to a developer, Pennrose Properties LLC, to develop 65 units as part of the Village at Nauset Green. In addition to conveying the property through a 99-year lease and a nominal rent, the Town also committed \$400,000 in support of the development of infrastructure in addition, two separate funding awards in the amounts of \$300,000 and \$450,000 were issued from CPA and \$300,000 from the Eastham Affordable Housing Trust. The Towns of Orleans and Wellfleet also contributed \$100,000 each to the project in recognition that some of their residents might also benefit from the new units.

The Town also acquired the 10-acre T-Time property and established a special committee to recommend uses with housing considered one of the priorities. Another special Town-appointed committee, the Residential Zoning Task Force, was created to address specific affordable housing related issues such as minimum densities and inclusionary zoning.

- *Secure greater professional coordination*

The previous Plan recommended that the Town determine how best to ensure that it had adequate oversight to coordinate the implementation of the Housing Production Plan. It further suggested that the Town request CPA funding to support at least a part-time consultant and issue a Request for Proposals (RFP) to select the most qualified respondent.

The Town has made progress in bolstering its professional capacity through the following actions:

- Expanded the roles and responsibilities of the Town Planner, creating a Director of Community Development position to oversee all land use and permitting activities.
  - Brought on an Economic Development Planner to focus on a range of issues including work with the T-Time Development Committee on redevelopment options.
  - Hired a marketing agent to help it set-up an expanded website to better present housing-related information and market existing programs, to keep the information current, and to provide an improved interface with social media.
  - Applying for CPA funding to hire a part-time Housing Coordinator as part of the FY22 budget pending June 2021 Town Meeting approval.
- *Modify Accessory Dwelling Unit (ADU) bylaw*  
The previous plans recommended zoning changes to better promote ADUs. Eastham's 2019 Town Meeting approved significant changes that will make it easier to create ADUs, also simplifying the administrative process with by-right provisions if the ADU is located on a property zoned for a single-family dwelling and conforms to all zoning

dimensional requirements. While the ADUs will not be eligible for inclusion on the SHI, they still serve a pressing need for more year-round rental units and also provide an income stream to help stabilize the property owners.

- *Eastham Affordable Housing Trust initiatives*

At the May 2008 Annual Town Meeting, the Town approved the establishment of a Municipal Affordable Housing Trust Fund to promote diverse solutions to the acknowledged shortage of affordable housing. Since that time, the Trust has developed a number of new housing initiatives to increase affordable housing options in the community including:

- The implementation of new housing programs designed to serve a broader base of the community and address local housing needs including the Rental Expansion Program, Rental Subsidy Program, and home repair needs. The Trust was also instrumental in establishing the Emergency Rental Assistance Program that provides those who have lost income due to COVID-19 with temporary help in paying their rent. Additional programs are under development including a Lease to Own Program and Closing Cost Assistance Program.
- Reallocation of previously approved CPA funding to bring more resources to housing initiatives.
- Implementation of a comprehensive public outreach and education plan including a new website and a social media presence.
- Annual CPA funding allocations to the Trust to continue assistance programs. Allocations have generally been in the \$200,000 to \$300,000 range.

The strategies also reflect state requirements that ask communities to address all of the following major categories of strategies to the greatest extent applicable:<sup>34</sup>

- *Identification of zoning districts or geographic areas in which the municipality proposes to modify current regulations for the purposes of creating affordable housing developments to meet its housing production goal;*
  - Explore rezoning to convert motels to mixed-income housing (strategy VI.C.3)
  - Integrate affordable housing in the Open Space Residential Subdivision Development Bylaw (see strategy VI.C.2)
- *Identification of specific sites for which the municipality will encourage the filing of comprehensive permit projects;*
  - Continue to make suitable public land available for affordable housing (strategy VI.B.1)

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<sup>34</sup> Massachusetts General Law Chapter 40B, 760 CMR 56.03.4.

- Continue to partner with private developers on privately owned sites (strategy VI.B.2)
- *Characteristics of proposed residential or mixed-use developments that would be preferred by the municipality;*
  - Integrate affordable housing in the Open Space Residential Subdivision Development Bylaw (see strategy VI.B.2)
  - As indicated in strategy VI.B.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 dwelling units (ADUs)
    - Redevelopment of nonresidential properties into housing/adaptive reuse projects
    - Smaller infill housing in existing neighborhoods
    - Cluster development
    - Group homes for special needs populations
- *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.B.1)
- *Participation in regional collaborations addressing housing development*
  - Continue to pursue regional opportunities (strategy VI.B.4)

It will also be important to ensure 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 involved.

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.

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

The strategies outlined below are categorized according to those that build local capacity to promote affordable housing, continuing development and preservation activities, or zoning changes. A summary of these actions is included in Appendix 2.

*It is important to note that these strategies are presented as a package for the Town to prioritize and process, each through the appropriate regulatory channels.* Moreover, the proposed actions present opportunities to judiciously invest funding from the Eastham Affordable Housing Trust Fund or CPA to meet housing production goals.

#### **A. Capacity Building Strategies**

The following strategies are intended to make additional progress in the Town's ability to better create more diverse housing options and address a wide range of local housing needs:

## 1. *Hire a Housing Coordinator*

*Responsible Parties: Select Board, Housing Trust, and Community Preservation Committee*  
*Timeframe: Year 1*

*Current Status:* The Town of Eastham has established working partnerships with several local and regional entities on housing development activities including the Eastham Housing Authority, Community Development Partnership (CDP), HECH, Habitat for Humanity of Cape Cod, and the Housing Assistance Corporation (HAC). These relationships have provided a huge boost to the Town's capacity to promote affordable housing, but still require considerable local coordination.

Eastham also has a full-time Director of Community Development who has been the primary staff person responsible for issues related to affordable housing. However, the work assigned to the Director has expanded considerably over the past several years to now encompass all land use and permitting activities included in the more traditional Town Planner role. With these expanded responsibilities, including work in implementing the recent Five-Year Strategic Plan, the Town needs to bring on more staff support. It has recently hired an Economic Development Planner, and there is general agreement regarding the need for a part-time Housing Coordinator. In fact, several Town officials attended the six-week Housing Institute facilitated by CDP, which emphasized the benefits of hiring of Housing Coordinators in Cape communities.

Hiring a part-time Housing Coordinator was also recommended as part of the 2010 Housing Production Plan, and the Town was able to add this position in the form of an outside consultant for a period of time. Last year, CPA funding was once again raised for this position but was delayed given issues related to staff budget changes and issues related to the pandemic as the annual Town Meeting did not occur until the fall.

*Next Steps:* The Town has funding approvals in place for this position in FY22, and will proceed in hiring a qualified housing professional. The primary purpose of the Housing Coordinator will be to coordinate, facilitate, and promote activities and projects that address Eastham's need for affordable and workforce housing for individuals and families, including seniors and those with disabilities. The Housing Coordinator will also be responsible for overseeing housing-related services, including new programs such as the Closing Cost Assistance Program and Lease to Own Program that are under development. Reporting to the Director of Community Development, the Housing Coordinator will provide staff support to the Housing Trust and be engaged in the implementation in parts of this Housing Production Plan and the Five-Year Strategic Plan. (Let me know how you might want to change this.)

*Resources Required:* Budgeted at \$40,000 for FY22 funding split between CPA and Town operating budget.

## 2. *Continue to Conduct Ongoing Community Education*

*Responsible Parties: Housing Trust and other Town sponsors of affordable housing-related initiatives*

*Timeframe: Year 1 and ongoing*

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

The Town has made considerable progress on community outreach and education over the past few years. First, the Eastham Affordable Housing Trust has established these activities as a top priority. Chief among these efforts was the hiring of a consultant to develop key messaging points and a new community housing website for the Town web page that is more user-friendly. The web page not only includes information on local housing programs, but has links to those that are offered through regional entities such as the Housing Assistance Corporation (HAC). Through the consultant, the Housing Trust was also able to create a social media presence which will help promote housing programs and services. Additional special outreach efforts included the production of a flyer on the Housing Emergency Loan Program that was included in the tax bills to help spread the word on this assistance. The recently-adopted Five-Year Strategic Plan provided another opportunity to showcase the issue of housing, addressing the wide range of local and regional housing needs. Additionally, the Select Board held a special housing workshop on September 27, 2021 to present and approve this Housing Production Plan, also focusing on key Affordable Housing Trust activities as well as Board priorities and next steps.

*Next Steps:* The Housing Trust will continue to focus on comprehensive community outreach and education strategies including:

- *Website [www.easthamhousinghelp.org](http://www.easthamhousinghelp.org)*  
It will be necessary to keep the expanded website up-to-date, including information on existing programs and services as well as new housing opportunities in Eastham and other nearby communities.
- *Informational materials*  
The Trust is in the process of developing an educational video and other communication materials which it will disseminate widely in the community through an outreach strategy.

- *Forums on specific new initiatives*

As the Town develops new housing initiatives, the Housing Trust or other sponsoring entity will hold community meetings to ensure 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 formally requested.

*Resources Required:* Volunteer time of Housing Trust members to coordinate these activities with support from the proposed Housing Coordinator. The Housing Trust will work with the Planning Board to coordinate public meetings on zoning-related efforts with support from the Director of Community Development. CPA or Housing Trust funding will also be needed to support the development of program materials and special events.

### **3. *Develop New Local Support Programs***

*Responsible Parties: Housing Trust and Community Preservation Committee*  
*Timeframe: Years 1-2*

*Current Status:* The Housing Trust is developing two new housing programs to expand affordable housing opportunities including:

- *Lease to Own Program*

This program will provide assistance to enable qualifying participants to lease a property that is owned by the Housing Trust with an option to purchase in the future. The leases will include affordability requirements that sales will be subject to deed riders to ensure the continued affordability of the unit in perpetuity. No details have yet been discussed.

- *Closing Cost Assistance Program*

This program will provide financial assistance to qualifying first-time homebuyers to subsidize down payment and closing costs. Such programs have been established in many other communities. For example, Wellfleet's program provides a zero-interest, deferred payment loan of up to \$20,000 to qualified applicants with incomes at or below 100% AMI. The amount is based on the down payment and closing cost amounts documented in the mortgage loan commitment from a recognized commercial lender minus the buyer's contribution of at least 1.5% of the purchase price in their own funds. Wellfleet provided \$100,000 in CPA funding and operates the program on a first-come, first-served basis.

*Next Steps:* These programs are programmed in the Housing Trust budget but are not yet implemented, pending administrative support from Housing Coordinator. The Housing Trust will continue to flesh-out program parameters and ultimately prepare program documents and outreach materials with support from the Housing Coordinator. If the units will remain included

in the SHI, as will likely be the case with the Lease to Own Program, the Housing Trust will have to work with DHCD on the approval of these documents.

In addition to the above two programs, the Housing Trust may also want to consider the following program options to help stabilize existing residents and preserve existing housing, either within the five-year term of this Housing Production Plan or in the longer term. There are numbers of communities that are implementing such programs and consequently models/program designs are available for the Housing Trust to review and adapt to Eastham.

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- *Historic Preservation Grant Program*

The Five-Year Strategic Plan pointed out that the 2018 Community Preservation Plan (CP Plan) suggested that CPA funding could help improve the physical condition of older existing buildings through a new program to provide historic preservation grants to low- and moderate-income households for undertaking exterior historic preservation projects that comply with Secretary of the Interior's Standards. The Plan indicated that the grants could be structured as deferred loans that are forgiven if the homeowner continued to live in the property on a year-round basis as their principal residence for at least five years. This Program would support an identified priority housing need to provide assistance for qualifying property owners to make necessary home improvements.

- *ADU Loan Program*

In an effort to promote the use of the ADU bylaw and thus smaller year-round rentals, the Town could provide a no-interest, deferred loan, similar to those provided under the Regional Housing Rehabilitation Program. Technical assistance could also be provided to owners interested in creating such an apartment in their home.

Such assistance would address the top priority housing need identified in this Housing Plan to create more year-round rentals. Such units are also particularly conducive to those with disabilities, either as more affordable market rentals or as units for caregivers, another priority need identified in this Plan.

- *Family Sufficiency Adaptation to the Rental Subsidy Program*

Another option would be to increase the per family subsidy under the Rental Subsidy Program to invest in special escrow accounts for each participating household, sometimes referred to as Individual Development Accounts (IDAs). These accounts grow during the course of program participation and can be used for down payments for accessing homeownership at some point in the future. For example, Chatham's Housing Voucher Program offers qualifying households a subsidy for a period of five years that consists of two parts – a shallow rent subsidy of not more than \$350 per month and an automatic contribution to a monthly escrow account, deducted from the rent subsidy.

This Program also addresses priority housing needs in this Housing Plan including supporting lower income residents who are struggling to afford to remain in the community, made worse by the pandemic. Given Eastham's tight housing market, efforts to stabilize lower income households are important, potentially even enabling them to purchase affordable starter housing at some point in the future should such new development occur.

- *Rental Relocation Program*

Given the high up-front costs associated with moving into a new rental unit, including the first and last month's rent as well as a security deposit, the Town might consider subsidizing these expenses up to a certain maximum amount for qualifying tenants or participate in the Hands of Hope Outreach Center's existing program that helps Cape families currently living in unsuitable rental housing relocate to better living conditions by providing first and last month's rent.

The Town's top priority need is to create more affordable year-round rentals and provide greater access to such housing to help stabilize lower income households.

- *Mortgage Assistance Program*

While the production and preservation of rental housing is identified as the major focus of this Housing Plan, Section III.C also documents that there is an insufficient supply of affordably-priced ownership units to meet the existing need of those earning at or below 80% AMI. In an effort to reduce the exodus of young families from the area, this Plan recommends that the Town consider introducing a program to promote starter housing by subsidizing the mortgages of qualifying first-time homebuyers. Wellfleet has operated such a program, called the BuyDown Program, that provides grants of up to \$175,000 to qualifying first-time homebuyers, bridging the gap between what is available in the open market and what is affordable to moderate-income Cape households.

While providing affordable rental housing is the number one priority in this Housing Plan, a wider range of affordable housing options is needed, including starter housing for younger households entering the job market and forming their own families as well as opportunities for empty nesters to downsize. This includes those who may not meet all state affordability requirements under Chapter 40B but are still priced out of Eastham's housing market.

*Resources Required:* Funding allocations for each of the programs as well as donated time from members of the Housing Trust and staff time from the Housing Coordinator.

#### 4. *Continue to Pursue Regional Coordination and Opportunities*

*Responsible Parties: Select Board with input from the Housing Trust*

*Timeframe: Year 1 and ongoing*

*Current Status:* There is a precedent for regionalism on the Cape that includes a number of important collaborations:

- *Regional Housing Entities*  
Participation in the Barnstable County HOME Consortium as well as the Regional Network to End Homelessness and Continuum of Care.
- *Regional Funding Contributions*  
Orleans and Wellfleet contributed \$100,000 each towards the development of Eastham's Village at Nauset Green, anticipating that some of their residents might also benefit from the project. Also, the Orleans Cape Cod Village project, developed for adults with autism, received CPA contributions from not only Orleans but also the Towns of Brewster, Falmouth, Eastham, Provincetown, Truro, and Wellfleet totaling \$950,000. Most recently, Town Meeting will vote on a recommendation to commit \$100,000 towards the financing of an affordable housing project in Orleans in June 2021.
- *Regional Housing Program Participation*  
Eastham, Truro and Provincetown were jointly awarded Community Development Block Grant (CDBG) funding from the state to operate a Housing Rehabilitation Program, managed by the Community Development Partnership (CDP).
- *Cape Community Housing Partnership*  
Another regional initiative is the creation of the Cape Community Housing Partnership that involves a regional collaboration coordinated by Community Development Partnership (CDP) with initial support from the Massachusetts Housing Partnership. The effort focuses on helping communities build public support for affordable housing, equipping low- and moderate-income residents, business and community leaders, municipal staff, and local elected and appointed officials with knowledge and skills to advance their housing agendas through a multi-part strategy:
  - Lower Cape Housing Institute
  - Lower Cape Housing Advocacy Training
  - Public Education
  - Quarterly meetings of all Outer and Lower Cape towns which have been very effective at cross training and developing regional initiatives and greater communication.

Not only have Eastham representatives been participating in these activities, but the Town also contributed CPA funding in support of the Lower Cape Housing Institute.

- *Cape Cod Commission Forums*

It should also be noted that the Cape Cod Commission (CCC) has been organizing meetings of representatives of the Lower Cape to discuss the range of housing issues that affect the area. Those who are encouraged to attend include members of the Select Board, Housing Committees/Trusts, and Housing Authorities as well as Town planners and representatives of community-based organizations. A recent virtual meeting was organized by both CDP and CCC to discuss the impacts of the pandemic for example.

- *Regional Model Zoning*

Eastham recently amended its ADU bylaw to make it easier to create ADUs, also simplifying the administrative process with by-right provisions if the ADU is located on a property zoned for a single-family dwelling and conforms to all zoning dimensional requirements. This zoning was based on a model bylaw that was prepared by the Cape Cod and the Islands Association of Realtors and Cape Cod Commission and promoted to Cape and Island communities in an effort to encourage greater housing diversity and affordability.

*Next Steps:* The Town will continue to participate jointly with other communities on housing initiatives and the regional activities noted above. In an effort to work collaboratively towards common goals, there are other potential measures that might be considered if opportunities arise including:

- Explore other opportunities to share resources through special funding programs such as participating in the Housing Assistance Corporation's regional Ready Buyers List or potentially the Ready Renters List that the Town of Yarmouth has established.
- Explore a joint initiative to draft zoning language to create dormitory-style housing or allow other shared facilities for the Cape's workforce, seasonal workers in particular.
- Collaboratively engage potential partners such as the hospital, schools, and other large private employers to promote the local housing agendas across several communities, including making land and funding available to create and sustain affordable housing solutions.
- Consider a Regional Land Trust to plan and capitalize new housing development that will benefit the region.

*Resources Required:* Time from members of the Select Board to pursue public-private partnerships to fund housing efforts as well as from the Planning Board to work on joint zoning



solutions. Staff time would potentially involve the Town Administrator's Office as well as the Director of Community Development and Housing Coordinator to coordinate regional efforts.

## **B. Development and Preservation Strategies**

The following strategies largely involve a continuation of effective development strategies that were introduced through the previous Housing Production Plans and were proposed by the recent Five-Year Strategic Plan.

It is important to note that the Town has prepared Housing Guidelines that provide funding parameters for new housing proposals with respect to type of project, amount of subsidy and type of subsidy. The Town will periodically revisit these guidelines to determine whether changing market conditions warrant revised requirements.

### ***1. Continue to Make Suitable Public Property Available for Affordable Housing***

*Responsible Parties: Select Board with support from the Housing Trust*

*Timeframe: Year 1 and ongoing*

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

affordable housing including:

- Three Habitat for Humanity homes
- Bay Meadows ("friendly" 40B)
- Nauset Road rental (involved a house that was donated and moved to a Town-owned site)
- The Village at Nauset Green which involved the development of the former Purcell property that was acquired by the Town and conveyed to a developer through a Request for Proposals (RFP) process.

*Next Steps:* The Housing Trust will continue to work collaboratively with other Town boards and committees to pursue surplus municipal property for the development of affordable and workforce housing, including possible tax title property as well. In support of this work, it would be useful for the Town to prepare a comprehensive land survey and strategy to identify developable land and make efforts to preserve it. This work should include an analysis of property that has been designated as open space and any potential for incorporating some amount of housing.

Of primary interest is the former T-Time property at 4790 State Highway which the Town has acquired. The Select Board has appointed a special committee, the T-Time Development Committee, to study options for redeveloping this important site on Route 6, including a

potential residential component to address diverse housing needs. The Town prepared a Commercial Market Study in early 2021 to study business needs and provide input into the mix of uses to be included in the development.<sup>35</sup>

Through the T-Time Development Committee, the Town has determined generally-accepted uses for not only the T-Time property but for two other Town-owned properties as well including the current Council on Aging (COA) property, that could be redeveloped when it is moved to the T-Time site, as well as the recently-acquired Town Center Plaza that is envisioned as being redeveloped to include mixed uses, including housing. It further decided to obtain professional services to prepare a Master Plan for the development of the three properties and plans a substantial community outreach process to obtain important input on development opportunities.

Another property that has been discussed as a possibility for affordable housing development is a 21.87-acre vacant and undeveloped parcel on Ballwic Avenue. The property is located in a residential neighborhood adjacent to The Children's Place, a non-profit resource, referral and education center for families with young children. The site was initially acquired for an elementary school that is no longer needed.

For such properties, when identified, the Town should focus on providing the following types of support:

- *Predevelopment Work*

The Town should support the costs of preliminary feasibility analyses of existing Town-owned parcels with funding through Community Preservation funds, the Affordable Housing Trust Fund, or CDBG. For example, the Town allocated CDBG funding to conduct predevelopment work on the Purcell property for the development of the Village at Nauset Green.

- *Request for Proposals (RFP)*

Following the necessary approvals for development as affordable housing, the Town's Chief Procurement Officer, with support from the Director of Community Development, should prepare a Request for Proposals (RFP) to solicit interest from developers based on the Town's specific project requirements. It should then select a developer also based on identified criteria included in the RFP. It should be noted that due to recent state Housing Choice requirements, municipal approvals related to housing production can be through a simple rather than supermajority.

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<sup>35</sup> Community Opportunities Group (COG) and Lisa Davis Associates for the Town of Eastham, Town of Eastham Market Study, April 2021.

- *Permitting*

If projects require densities or other regulatory relief beyond what is allowed under the existing Zoning Bylaw, the “friendly” comprehensive permit process under DHCD’s Local Initiative Program (LIP) can be tapped. Also, permitting under existing zoning, such as the Eastham Corridor Special District, can be applied.

- *Advocacy*

The Town will need to be involved in helping the selected developer secure the necessary financial, technical and political support. Evidence of municipal support is critical when seeking financial or technical assistance from regional, state or federal agencies.

- *Gap Financing*

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

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

The Five-Year Strategic Plan recommends that the Town explore tax subsidies through the District Improvement Financing Program (DIF). This program 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. In combination with other sources of financing, DIF 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.

Beyond the traditional subsidy programs (see Appendix 6), the state has introduced several new programs that could also be explored in support of future developments that might be considered in Eastham including:

- *Workforce Housing Fund*

The state is investing in a Workforce Housing Fund to provide rental housing for those households earning 61% to 120% AMI. It was envisioned that the Fund, when coupled with strategic capital investments by the state, will promote additional private

investment in tandem with critical support for middle-income residents. Other components of the Fund include:

- Provides up to \$100,000 per workforce housing unit to create 1,000 new units statewide.
- Leverages resources in development opportunities on state-owned land.
- Ensures that in addition to the workforce housing tier at least 20% of the units will be affordable to those earning at or below 80% AMI.
- Requires deed restrictions for units targeted to those earning between 61% and 120% AMI for generally 30 years or longer.
- Offers support for newly-created units as well as the refinancing of existing developments that incorporate new workforce housing units.

- *Community Scale Housing Initiative (CSHI)*

The state has developed a small-scale production program to address non-metro community need for smaller-scale housing that responds to local housing needs and density requirements. These projects, because of their small size, are not a good fit for the Low Income Housing Tax Credit program. Generally, projects that can leverage some debt by having a few higher income units and a gap filler like the Community Preservation Act funding (CPA) are in the best position to utilize such a program. This initiative includes the following eligibility criteria:

- Community must have a population not to exceed 200,000.
- Program sponsors can be both non-profit and for-profit entities with a demonstrated ability to undertake the project.
- The proposed project must include at least five rental units but no more than 20 rental units.
- Project must involve new construction or adaptive reuse.
- A minimum of 20% of the units must be affordable but it is anticipated that most proposed projects will have a minimum of 50% affordable units.
- The host community must provide a financial commitment in support of the project.
- The CSHI subsidy may not exceed \$200,000 per unit unless the developer intends to seek DHCD project-based rental assistance in which case the subsidy may not exceed \$150,000 per unit.
- The total development cost per unit may not exceed \$350,000.
- Projects will receive no more funding than is necessary to make the project feasible.
- Projects must be financially feasible without state or federal Low Income Housing Tax Credits. Projects are expected to close and proceed to construction within 12 months of the date of the award letter.

- *Starter Home Program*

State legislation was enacted to implement a Starter Home Program as part of the Governor's Economic Development Bill. This was accomplished by modifying the existing Smart Growth Zoning and Housing Production law of Chapter 40R to include \$25 million in new funding over five years for cities and towns that create new starter home zoning districts. The new districts must be a minimum of three acres, restrict primary dwelling size to 1,850 square feet of heated living area, require that 50% of the primary dwelling units contain three bedrooms, allow a minimum of four units per acre by right, and provide 20% affordability up to 100% AMI.

- *State Down Payment Assistance*

While state financing has largely focused on multi-family rental development, particularly for families, the state now offers an expanded program to assist first-time homebuyers with their down payments under the following conditions:

- Increased assistance of up to 5% of the purchase price or \$15,000, whichever is less.
- More property types are eligible for assistance including single-family homes, condominiums and 2-, 3-, and 4-family properties.
- Higher income limits of up to 135% of the area median income (AMI) in Boston and the Commonwealth's 26 Gateway Cities and up to 100% AMI in other communities, including Eastham.
- The assistance is in the form of a 15-year, fixed rate loan at 2%. (Example: \$15,000 down payment assistance loan = 180 payments of \$96.53; 2.011% APR)
- Repayment of the down payment assistance is due upon the sale or refinance of the property prior to the end of the 15-year term and otherwise forgiven.

Other resources include the donated time of members of the Housing Trust and other Town boards and committees (such as Assessing, ZBA, and Community Preservation Committee) will likely be involved as well as coordination from Town's staff including the Director of Community Development and the proposed Housing Coordinator.

*Projected # Affordable Units Produced:* 55 units

## 2. *Continue to Partner with Private Developers on Privately-Owned Properties*

*Responsible Parties: Housing Trust and Community Preservation Committee  
Permitting through Planning Board or Zoning Board of Appeals  
Timeframe: Year 1 and ongoing*

*Current Status:* Continuing to work cooperatively with private developers, non-profit and for-profit, is a major component of this Housing Production Plan. The Town already has a good

track record working with developers on affordable housing, non-profit developers in particular including the Eastham Housing Authority, Community Development Partnership, and Habitat for Humanity of Cape Cod. More recently, the Town partnered with Pennrose Properties, LLC on the development of the Village at Nauset Green.

With incentives created in the zoning bylaw to promote affordable housing (see Section VI.C) 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 and smart growth principles including the following types of development:

- Mixed-use development in appropriate locations
- Motel or cottage colony conversions
- Accessory dwelling units (ADUs)
- Redevelopment of nonresidential properties into housing/adaptive reuse projects
- Smaller infill housing in existing neighborhoods
- Cluster development
- Group homes for special needs populations

*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 recommendations included in Section VI.C in addition to current zoning, such as the recently-adopted Eastham Corridor Special District and modified ADU bylaw, should provide a helpful framework for new development that will help diversify the housing stock and include some amount of affordable housing.
- *Chapter 40B*  
Comprehensive permits, particularly the “friendly” 40B process through the state’s Local Initiative Program (LIP), have proven to be a useful tool in many communities for projects that require significant waivers of local zoning but meet local needs and priorities. Eastham has used the comprehensive permit process on about three-quarters of the units included in the Subsidized Housing Inventory including the recent Village at Nauset Green, CDP’s Gull Cottage project, Bay Meadows, and Brackett Landing for example. Key to the success of these new developments was the partnership between the Town and the developer.

Locations where the “friendly” 40B process make the most sense include the Route 6 corridor that is closest to transportation and services but not part of the Eastham Corridor Special District. The introduction of water services has also provided opportunities for greater density in appropriate locations of town.

*Resources Required:* Donated time from members of the Housing Trust and other Town boards and committees to review, provide feedback, and process housing project proposals with staff support from the Director of Community Development and the Housing Coordinator. In many cases, subsidies will also be required to fill the gaps in financing and leverage other sources of public and private funding to make projects economically feasible.

*Projected # Affordable Units Produced:* 17 units

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

*Responsible Parties:* Housing Trust and Community Preservation Committee

*Timeframe:* Year 1 and Ongoing

*Current Status:* In partnership with area non-profit organizations, the Housing Trust has established several local housing initiatives including:<sup>36</sup>

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

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

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

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<sup>36</sup> More details on these programs are included in Section III.B.5, Subsidized Housing Inventory (SHI).

The subsidy is based on the difference between the Fair Market Rent (FMR) and 30% of the qualifying tenant's income with a maximum subsidy of \$350 per month.

- *Eastham Housing Emergency Loan Program (H.E.L.P.)*  
HECH is also administering the Eastham Housing Emergency Loan Program (H.E.L.P.) that provides deferred, zero interest loans of up to \$20,000 to help qualifying homeowners make home improvements. Participants must have incomes of no more than 80% AMI and own a single-family home or create a new affordable year-round rental unit for income-eligible tenants.
- *Emergency Rental Assistance Program*  
HECH is also administering the Emergency Rental Assistance Program for the Town although this program is designed to be temporary, providing financial assistance to those who have lost income due to the pandemic to help pay rent.

*Next Steps:* The Town will continue to monitor these programs, make necessary changes to program parameters as determined to be appropriate, and provide additional funding as needed to continue to offer assistance. It should be noted that strategy VI.A.3 includes some additional options that the Town may decide to pursue in the future to address the wide range of local housing needs by stabilizing existing residents and preserving existing units.

*Resources Required:* Donated time from members of the Housing Trust to monitor program progress, modify program parameters as appropriate, and request continued funding. Staff time from the Director of Community Development and proposed Housing Coordinator to support the Housing Trust. CPA or Housing Trust funds will also be required for program operations.

*Projected # Affordable Units Produced:* 15 units

#### **4. Continue to Pursue Regional Coordination and Opportunities**

*Responsible Parties: Select Board with input from the Housing Trust*  
*Timeframe: Year 1 and ongoing*

*Current Status:* There is a precedent for regionalism on the Cape that includes a number of important collaborations:

- *Regional Housing Entities*  
Participation in the Barnstable County HOME Consortium as well as the Regional Network to End Homelessness and Continuum of Care.



- *Regional Funding Contributions*  
Orleans and Wellfleet contributed \$100,000 each towards the development of Eastham's Village at Nauset Green, anticipating that some of their residents might also benefit from the project. Also, the Orleans Cape Cod Village project, developed for adults with autism, received CPA contributions from not only Orleans but also the Towns of Brewster, Falmouth, Eastham, Provincetown, Truro, and Wellfleet totaling \$950,000. Most recently, Town Meeting will vote on a recommendation to commit \$100,000 towards the financing of an affordable housing project in Orleans in June 2021.
- *Regional Housing Program Participation*  
Eastham, Truro and Provincetown were jointly awarded Community Development Block Grant (CDBG) funding from the state to operate a Housing Rehabilitation Program, managed by the Community Development Partnership (CDP).
- *Cape Community Housing Partnership*  
Another regional initiative is the creation of the Cape Community Housing Partnership that involves a regional collaboration coordinated by Community Development Partnership (CDP) with initial support from the Massachusetts Housing Partnership. The effort focuses on helping communities build public support for affordable housing, equipping low- and moderate-income residents, business and community leaders, municipal staff, and local elected and appointed officials with knowledge and skills to advance their housing agendas through a multi-part strategy:
  - Lower Cape Housing Institute
  - Lower Cape Housing Advocacy Training
  - Public Education
  - Quarterly meetings of all Outer and Lower Cape towns which have been very effective at cross training and developing regional initiatives and greater communication.

Not only have Eastham representatives been participating in these activities, but the Town also contributed CPA funding in support of the Lower Cape Housing Institute.

- *Cape Cod Commission Forums*  
It should also be noted that the Cape Cod Commission (CCC) has been organizing meetings of representatives of the Lower Cape to discuss the range of housing issues that affect the area. Those who are encouraged to attend include members of the Select Board, Housing Committees/Trusts, and Housing Authorities as well as Town planners and representatives of community-based organizations. A recent virtual meeting was organized by both CDP and CCC to discuss the impacts of the pandemic for example.

- *Regional Model Zoning*

Eastham recently amended its ADU bylaw to make it easier to create ADUs, also simplifying the administrative process with by-right provisions if the ADU is located on a property zoned for a single-family dwelling and conforms to all zoning dimensional requirements. This zoning was based on a model bylaw that was prepared by the Cape Cod and the Islands Association of Realtors and Cape Cod Commission and promoted to Cape and Island communities in an effort to encourage greater housing diversity and affordability.

*Next Steps:* The Town will continue to participate jointly with other communities on housing initiatives and the regional activities noted above. In an effort to work collaboratively towards common goals, there are other potential measures that might be considered if opportunities arise including:

- Explore other opportunities to share resources through special funding programs such as participating in the Housing Assistance Corporation's regional Ready Buyers List or potentially the Ready Renters List that the Town of Yarmouth has established.
- Explore a joint initiative to draft zoning language to create dormitory-style housing or allow other shared facilities for the Cape's workforce, seasonal workers in particular.
- Collaboratively engage potential partners such as the hospital, schools, and other large private employers to promote the local housing agendas across several communities, including making land and funding available to create and sustain affordable housing solutions.
- Consider a Regional Land Trust to plan and capitalize new housing development that will benefit the region.

*Resources Required:* Time from members of the Select Board to pursue public-private partnerships to fund housing efforts as well as from the Planning Board to work on joint zoning solutions. Staff time would potentially involve the Town Administrator's Office as well as the Director of Community Development and Housing Coordinator to coordinate regional efforts.

## **C. Regulatory Strategies**

The following regulatory strategies have the potential to support affordable housing and smart growth development through zoning changes and better guidance regarding standards for new development. It should be noted that recent changes to Chapter 40A, the state Zoning Act, through Housing Choice under the Economic Bond Bill, now allow a simple majority vote for various zoning bylaw proposals as opposed to the super majority which has been required in the past.

To pursue the strategies below, the Town has established a Residential Zoning Task Force which will review current zoning as it relates to promoting affordable housing and recommend appropriate changes.

### **1. *Adopt Inclusionary Zoning***

*Responsible Party: Residential Zoning Task Force with support from the Planning Board and Housing Trust*

*Timeframe: Years 1–2*

*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 Massachusetts, and many of these municipalities are reaping the rewards of these actions through the creation of actual affordable units and/or cash contributions to the locality for investment in affordable housing production. This type of zoning tends to work well in communities that have a strong housing market, such as Eastham.

There are a variety of bylaws that have been adopted in localities throughout the state and requirements vary considerably. For example, Yarmouth’s inclusionary zoning requires that 20% of the units in any residential project of five or more units be affordable. The bylaw also provides for density bonuses such that the minimum lot area required in the applicable zoning area may be reduced by up to 20% and the side and rear setbacks may be reduced by up to 20% as well in order to permit up to one additional market rate unit on the property for each affordable unit required by this bylaw. No more than three bonus units are allowed per development and developments cannot be segmented or phased to avoid compliance with this limit.

Yarmouth’s bylaw also allows the developer to make a payment in-lieu of providing the actual units. For each affordable unit not provided within the locus of the development, the fee is calculated based on the greater amount of the following:

1. 125% of the current Median Income for the Metropolitan Statistical Area (MSA) as determined by the U.S. Department of Housing and Urban Development on an annual basis; or
2. \$100,000.

The Town of Yarmouth received \$100,000 as a cash-out fee and there are three projects in permitting that will result in seven affordable units.

It is important that the formula for calculating the cash-out fee provide sufficient proceeds to

fully subsidize the required number of affordable units despite changes in market conditions and to ensure that the funding will be dedicated to supporting affordable housing. The cash-out fee should be tied in some way to the value of the affordable unit. From a theoretical standpoint that value is commonly considered to be the difference between a unit's market-rate price and the affordable one. This means that the value of the cash-out fee relates to the losses the developer would suffer by building affordable units. Stronger fees typically match the value of the affordable unit not built, allowing the fee to subsidize the same number of units in a separate project.

A simple formula would be the difference between the market sales price and the affordable one with the affordability based on the state's formula for calculating the purchase price through the Local Initiative Program (LIP). The per unit fee would be multiplied by the number of affordable units required under the permitting.

Provincetown passed an Inclusionary Zoning Bylaw at its 2017 Annual Town Meeting that requires one-sixth (16.67%) of new units produced in housing projects of six or more units be affordable or community housing units<sup>37</sup> under the special permit process through the Planning Board. The development of 2 to 5 new dwelling units also requires a special permit and includes a payment-in-lieu condition of providing a fractional unit payment to be made to the Town's Affordable Housing Fund as follows:

- For 2–3 new units, the payment = (total # of new units) x (16.67%) x (affordability gap)<sup>38</sup> x (33%)
- For 4–5 new units, the payment = (total # of new units) x (16.67%) x (affordability gap) x (50%)
- Developers of 2–5 units can opt to exceed the 16.67% requirement and build or rehabilitate an affordable/community unit(s) on-site or off-site instead of making the payment and also be eligible to take advantage of incentives in the bylaw.
- For year-round rental units, a lien is placed on the property and the payment is deferred until such time that the year-round use ceases with the full balance due at that time.

The bylaw also allows payments-in-lieu of actual units in projects of six or more units based on the following formulas:

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<sup>37</sup> Affordable housing is defined as units targeted to those earning at or below 100% of area median income (AMI) for Barnstable County with the household paying no more than 30% of income on housing costs. Community housing is defined as units targeted to those earning above 100% of area median income for Barnstable County and up to 180% AMI with the household paying no more than 30% of income on housing costs.

<sup>38</sup> The affordability gap is defined as the difference between the average assessment of all one- and two-bedroom condominiums in Provincetown and the sale price a one or two-bedroom housing unit affordable to a two-person household earning at 80% of area median income for Barnstable County.

- For 6–9 new units, the payment = (total # of new units) x (16.67%) x (affordability gap) x (67%)
- For 10 or more new units, the payment = (total # of new units) x (16.67%) x (affordability gap)

Land donation-in-lieu of providing affordable/community housing units is also allowed under specific conditions. Incentives are also provided in the bylaw for any project that meets or exceeds the minimum 16.67% requirement through bonuses on density, height, building permit fee reduction, and a streamlined permitting process. There are also provisions for off-site development.

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

*Next Steps:* The newly appointed Residential Zoning Task Force will explore model bylaws and recommend a zoning amendment to the Planning Board, Zoning Board of Appeals, Board of Selectmen, and Housing Trust that is best suited to promoting affordable housing in Eastham. In addition to the review of existing local bylaws, 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](http://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](http://www.umass.edu/masscptc/examplebylaws.html)).

The Residential Zoning Task Force, with support from Planning Board, should then sponsor a special meeting to present the draft and obtain input. Feedback from developers would be a useful part of the planning process. After the any appropriate changes have been made, it will be necessary to obtain both Planning Board and Town Meeting approvals, albeit by a simple majority based on Housing Choice changes. 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 the Eastham Affordable Housing Trust Fund.

*Resources Required:* The research and preparation of the bylaw could be supported by the Director of Community Development, potentially with input from the Town's Housing Coordinator.

It will be important to also ensure that all affordable units produced through the bylaw get counted as part of the Subsidized Housing Inventory (SHI), applied through the Local Initiative Program (LIP) administered by DHCD if another housing state of federal subsidy is not used. The major tasks for ensuring that the affordable units, referred to as Local Action Units (LAUs), meet the requirements of Chapter 40B are summarized at the introduction to this section and should be performed by the Town's proposed Housing Coordinator. The monitoring of projects to ensure 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 well to confirm continued compliance with affordability requirements.

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

*Responsible Parties: Residential Zoning Task Force with support from the Planning Board and Housing Trust*

*Timeframe: Years 3–5*

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

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

The bylaw should also extend its use to other zoning districts beyond the current Residential (Zone A) restriction. As this current zoning limits development to parcels of at least four acres of buildable upland and proposals that create at least five lots, there are approximately 40 such parcels that exist in the community that could support such development. However, only

approximately half of these potential parcels are included in the Residential A district. Expanding this zoning into other districts would capture not only more vacant parcels, but also potential hotel/motel lots with large areas that may could be redeveloped. There are also several large parcels in non-residentially zoned areas that could be converted to residential and subdivided.

Because of Housing Choice changes, adoption will be by a simple majority as opposed to a supermajority.

The recently-appointed Residential Zoning Task Force will review model bylaws such as those produced by the Metropolitan Area Planning Council, Massachusetts Audubon, others in the Green Neighborhood Alliance, and those adopted in other Massachusetts communities. Several examples are offered on the Citizen Planner Training Collaborative website ([www.umass.edu/masscptc/examplebylaws.html](http://www.umass.edu/masscptc/examplebylaws.html)) and the state's Smart Growth Toolkit ([www.mass.gov/envir/smart\\_growth\\_toolkit/pages/SG-bylaws.html](http://www.mass.gov/envir/smart_growth_toolkit/pages/SG-bylaws.html)).

*Resources Required:* Members of the Residential Zoning Task Force, with support from members of the Planning Board and Housing Trust, 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 Director of Community Development with input potentially from the Town's proposed Housing Coordinator.

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

*Responsible Parties: Residential Zoning Task Force with support from the Planning Board and the Housing Trust*

*Timeframe: Years 1-2*

*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 or cottage colonies into mixed-income housing. For example, The Town of Sandwich recently passed an inclusionary zoning bylaw related to cottage colonies, and 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 have 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 in size and not more than 25% of the units created can have a minimum floor area of less than 400 square feet. The Planning Board, the special permit granting authority under the bylaw, may also require up to 10% of the units have two-bedrooms with a minimum floor area of 900 square feet.
- No existing building can be expanded to accommodate affordable units.
- At least 25% of the units created must be deed restricted and affordable based on the requirements of Chapter 40B.

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

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

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



*Next Steps:* The Residential Zoning Task Force, with support from the Planning Board and Housing Trust, will explore these and other zoning provisions for encouraging the redevelopment of motels and cottage colonies 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 that require creative design solutions, state funding requirements that have relatively large minimum unit sizes based on the number of bedrooms, and the competitiveness of the housing market, among others.

As with the other zoning recommendations above, because of Housing Choice changes, adoption will be by a simple majority as opposed to a supermajority.

*Resources Required:* The donated time of local officials, particularly members of the Residential Zoning Task Force, with professional support from the Director of Community Development and Housing Coordinator. It may be also useful to provide financial support for these conversion projects to make development more appealing and financially feasible.

#### **4. *Develop Design Guidelines***

*Responsible Party: Residential Zoning Task Force with support from the Planning Board and Housing Trust*  
*Timeframe: Years 1–2*

*Current Status:* The Five-Year Strategic Plan recommended that the Town adopt design guidelines for new development, particularly along the Route 6 corridor and the North Eastham Village Center. Such guidelines will help ensure greater resiliency and sustainability of new development as well as architecturally-compatible design. North Eastham includes a District of Critical Planning Concern (DCPC) involving approximately 280 acres which references Cape Cod Commission (CCC) design guidelines, however, additional design guidance for the area is pending.

Additionally, CCC received a Community Resiliency by Design Grant that is meant to develop building prototypes for moderate-density projects based on a form-based zoning code that focuses on form rather than uses. As part of this project, CCC worked with Eastham, Orleans, and Falmouth on case studies for recommended building forms. This work was intended to help inform Eastham on architectural design guidelines for the North Eastham DCPC. This work included research on model bylaws and special meetings with local stakeholders to discuss form-based zoning options.

*Next Steps:* Eastham will continue to work with CCC to implement the recommendations into the Eastham Corridor Special District zoning regulations.

*Resources Required:* The donated time of local officials, particularly members of the Residential Zoning Task Force, with professional support from the Director of Community Development and Building Commissioner.

## APPENDIX 1

### Percentage Changes in Key Demographic and Housing Characteristics Between 2000 and 2019 for Eastham, Barnstable County and Massachusetts

The following tables present percentage changes for key demographic and housing characteristics from 2000 to 2019, showing significant shifts for Eastham in comparison to Barnstable County and the state including:

- Higher populations loss with greater declines in younger adults and families.
- Decreasing family households and average household size likely partially correlated with an aging retirement population although the growth of those 65 years of age or older was lower than the state.
- Significant increase in higher-income households but growth in median household income was comparable to the state.

**Comparative Demographic Characteristics**

Demographic Characteristics	Eastham	Barnstable County	Massachusetts
	% Change Between 2000 and 2019	% Change Between 2000 and 2019	% Change Between 2000 and 2019
Total population	-10.1%	-4.2%	8.6%
Pop. < 20 years	-13.8%	-28.0%	-7.1%
Pop. 20 to 34 years	-35.6%	-1.7%	1.1%
Pop. 35 to 44 years	-49.5%	-43.0%	-20.0%
Pop. 45 to 54 years	-39.4%	-25.5%	25.1%
Pop. 55 to 64 years	57.5%	45.0%	72.9%
Pop. 65 years or more	32.7%	30.7%	36.7%
Median age	26.3%	21.3%	8.8%
Total households	0.0%	1.8%	8.5%
Family households	-6.9%	1.9%	6.4%
Non-families	14.7%	1.5%	12.1%
Average household Size	-8.5%	-4.4%	0.0%
Median hh income*	69.1%	61.8%	70.0%
Individuals in poverty*	6.9%	-28.8%	13.4%
Incomes < \$25,000*	-47.3%	-44.6%	-31.7%
Incomes > \$100,000*	230.0%	185.2%	166.6%

Source: U.S. Census, 2000 and American Community Survey 5-Year Estimates, 2015–2019.

\*1999 census data.

Housing shifts included:

- Modestly higher level of growth in comparison to the county and state.
- The countywide increase in seasonal units or second homes was significantly higher and, given no change in total households for Eastham, growth was confined to these units as well as single-family detached units.
- Eastham experienced a substantial loss of rental units, likely involving conversion to ownership or seasonal use. The Nauset Green development has compensated for some of this loss.
- Increase in median single-family home price was comparable to that for the county.

#### Comparative Housing Characteristics

Housing Characteristics	Eastham	Barnstable County	Massachusetts
	% Change Between 2000 and 2019	% Change Between 2000 and 2019	% Change Between 2000 and 2019
Total housing units	13.6%	12.0%	11.7%
Occupied housing (year-round units)	0.0%	0.7%	0.9%
Seasonal or occasional use	32.0%	129%	27.2%
Owner-occupied	10.2%	15.1%	12.6%
Renter-occupied	-77.4%	0.9%	10.2%
Single-family, detached structures	13.7%	12.5%	10.4%
Median sales price Banker & Tradesman 2000/2020	170%	166%	141%

Source: U.S. Census, 2000 and American Community Survey 5-Year Estimates, 2015–2019.

## APPENDIX 2

### Summary of Housing Strategies

Strategies	Priority for Implementation		# Affordable Units	Responsible Parties***
	Years 1–2	Years 3–5		
<b>A. Capacity Building Strategies</b>				
1. Hire a Housing Coordinator	X		*	BOS/HT/CPC
2. Continue to conduct ongoing community outreach	X and ongoing		*	HT + other Sponsors of aff. housing efforts
3. Explore new local support programs	X		*	HT/CPC
<b>B. Development and Preservation Strategies</b>				
1. Continue to make suitable public property available for affordable housing	X and ongoing		55	BOS/HT
2. Continue to partner with developers on private properties	X and ongoing		17	HT/PB or ZBA
3. Continue to partner with non-profit organizations on local housing programs	X and ongoing		15	HT/CPC
4. Continue to pursue regional opportunities	X and ongoing		**	BOS/HT
<b>C. Regulatory Strategies</b>				
1. Adopt inclusionary zoning	X		*	RZTF/PB/HT
2. Integrate affordable housing in the OSRSD bylaw		X	*	RZTF/PB/HT
3. Explore rezoning to convert motels to mixed-income housing	X		*	RZTF/PB/HT
4. Prepare Design Guidelines	X		*	RZTF/PB/HT

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

*\*\* Likely to involve contributions to projects in nearby communities.*

#### \*\*\*Abbreviations

Housing Trust = HT

Select Board = BOS

Planning Board = PB

Residential Zoning Task Force = RZTF

CPC = Community Preservation Committee

Zoning Board of Appeals = ZBA

## APPENDIX 3

### Progress Towards the Implementation of 2016 HPP Strategies

Proposed Strategies	Status
<b>A. Development and Outreach Strategies</b>	
1. Continue to make suitable public property available for affordable housing	Town conveyed Purcell property to Pennrose Properties LLC via RFP process; 65 affordable units produced at Village at Nauset Green. Town formed special Working Group to study redevelopment opportunities for former T-Time property it acquired.
2. Continue to partner with private developers on private properties	Completion of Rabbit Run Habitat for Humanity Home.
3. Continue to partner with non-profit organizations on local housing programs	Continued work with CDP on the Rental Expansion Program and Regional Housing Rehab Program. Continued work with HECH on Rental Assistance Subsidy Program and Housing Emergency Loan Program (HELP), and introduced the Emergency Rental Assistance Program in response to COVID-19.
4. Continue to conduct ongoing community outreach	Housing Trust hired a consultant to support community outreach and education that included new key messaging and an expanded community housing website. Considerable community outreach as part of preparing the Strategic Plan FY2020-2024.
<b>B. Zoning Strategies</b>	
1. Integrate affordable housing in the OSRSD bylaw	Included again as part of this HPP.
2. Adopt inclusionary zoning	
3. Explore rezoning to convert motels to mixed-income housing	
4. Modify accessory apartment bylaw	Town Meeting approved an amended bylaw in 2019.

## Appendix 4

### Local and Regional Organizations

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

#### **1. *Eastham Housing Authority***

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

- Three duplex structures with a total of six (units) including three 1-bedroom units and three 2-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-bedroom units and two 1-bedroom units.
- A four-bedroom, single-family home on Ballwic Avenue that is rented.

The Housing Authority maintains a relatively short wait list for these units as units do not turn-around very often given the need and demand for affordable family housing. Waits are typically at least five or six years and some units have not turned over in more than 20 years.

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

#### **2. *Eastham Affordable Housing Trust (EAHT)***

The establishment of the Eastham Affordable Housing Trust (EAHT) was approved at the May 2008 Annual Town Meeting to promote diverse solutions to the acknowledged shortage of affordable housing that will further the Town's goal of reaching the 10% affordability goal. The Select Board appoints five (5) members that work in partnership with the Eastham Housing Authority and other housing-related agencies and organizations to promote affordable housing including important workforce housing. The Housing Trust has introduced several new programs to address unmet housing needs including the Rental Expansion Program, Rental Subsidy Program and Regional Housing Rehabilitation Program, and it is in the process of developing additional programs to serve the wider housing needs of Eastham residents. It also

has embarked on a community outreach and education process that involved an expanded website and other activities. See Section III.B.5 for details.

### **3. *Eastham Community Preservation Committee***

In September of 2000, the Community Preservation Act (CPA) was enacted to provide Massachusetts cities and towns with another tool to conserve open space, create outdoor recreational opportunities, preserve historic properties and provide affordable housing. This enabling statute established the authority for municipalities in the Commonwealth to create a Community Preservation Fund derived from a surcharge of up to 3% of the property tax with a corresponding state match funded through new fees at the Registry of Deeds and Land Court. Once adopted the Act requires at least 10% of the monies raised to be distributed to each of the three categories (open space/recreation, historic preservation and community housing), allowing flexibility in distributing the majority of the money to any of the 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 Select Board, Housing Authority, Conservation Commission, Historical Commission, and Planning Board, each appointed for three-year terms by the Select Board. The surcharge raised approximately \$516,600 in Fiscal Year 2013 with the state Trust fund distribution of approximately \$181,000 for a total CPA revenue close to \$700,000. In 2020, the local surcharge raised \$784,348 with a state distribution of \$235,373 and a total of \$1,019,721. The state Trust Fund distributions have varied from year to year, from 100% in FY2006–2008, to 36% in FY2013, 70% in FY2014, and 33% in FY2020.

From FY2007 through 2021, the Town appropriated almost \$12 million of which almost 37% was committed to community housing activities. Major funding commitments included subsidies for the Village at Nauset Green, the Cape Housing Institute, Cape Cod Village in Orleans, Housing Authority projects, a Housing Consultant, and Housing Trust initiatives.



**4. *Eastham Council on Aging (COA)***

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

The Council on Aging is dedicated to helping seniors age in place. Keeping seniors in their own homes is particularly important in Eastham where there are very limited options for seniors who are looking to downsize to units without significant maintenance needs or require supportive services including assisted living units.

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

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

**6. *Cape Cod Commission (CCC)***

The Cape Cod Commission (CCC) was created as the regional planning and regulatory agency for the Cape, supporting the 15 towns of Barnstable County, regional and sub-regional housing agencies, and other partners seeking to improve the availability and diversity of housing affordable on Cape Cod. This role includes the development of information to support local decision making, including presentations; coordination with state and other regional agencies; meeting facilitation; zoning analysis and support; and specific project development upon request of the community.

The Commission also supports the advancement of regional efforts to create affordable housing and support housing where appropriate by drafting model zoning (such as the ADU model bylaw) supporting the Regional Housing Market Analysis, and drafting a framework for Form-Based Code.

Previously, Commission staff maintained the HOME Consortium, a block grant program designed to create affordable housing for low-income households, however this responsibility has shifted to Barnstable County.

(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 Barnstable County. HOME Program funding has supported a Down Payment and Closing Cost Program and Tenant Based Rental Assistance administered by the Housing Assistance Corporation (HAC).

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

#### **8. *Community Development Partnership (CDP)***

The Community Development Partnership (CDP), formerly known as the Lower Cape Cod Community Development Corporation (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.

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

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

CDP is also managing the following programs:

- *Rental Expansion Program*  
Since 2012, the Eastham Affordable Housing Trust has purchased seven properties and converted them to affordable rental units that are deed restricted in perpetuity. The Housing Trust has used CPA funding to subsidize these units, making them affordable to tenants earning at or below 80% AMI while paying no more than 30% of their income on rents and utilities.

- ***Eastham Regional Housing Rehabilitation Program***

In conjunction with other nearby communities, the Town received Community Development Block Grant (CDBG) funding from the state to operate a Housing Rehabilitation Program for property owners with incomes at or below 80% of area median income. Funding is provided as a 0%, deferred forgivable loan to make critical home repairs, including the correction of all code violations.

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

**9. *Harwich Ecumenical Council for Housing (HECH)***

Harwich Ecumenical Council for Housing (HECH) was formed in 1991 by clergy and lay people from seven Harwich churches for the purpose of providing housing for homeless families with children. HECH has developed programs in homelessness prevention, mortgage foreclosure prevention, child care, and youth counseling. In 1996, HECH began purchasing its own rental housing and has purchased a house or condominium to keep a family housed. The organization raises funds from individual donors and through special events. To date the organization has produced 25 units of affordable housing units through its Sisson Road, Uncle Willis Lane developments and South Harwich developments. It has also administered housing programs including the Rental Assistance Subsidy Program, Housing Emergency Loan Program, and Emergency Rental Assistance Program for the Town of Eastham.

(P.O. Box 86, West Harwich, MA 02671; (508) 432-0015).

**10. *Habitat for Humanity of Cape Cod***

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

(658 Main Street, West Yarmouth, MA 02673; 508/775-3559)

**11. *Housing Assistance Corporation (HAC)***

The Housing Assistance Corporation (HAC) mission is 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. It also manages 29 rental subsidies for renters in Eastham.

(460 West Main Street, Hyannis, MA 02601; 508/771-5400)

**12. *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);
- 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)

**13. *Homeless Prevention Council of the Lower Cape Cod***

The Homelessness Prevention Council provides extensive counseling to those at risk of homelessness in the eight communities of the Lower Cape, including Orleans. Services include advocacy, referrals to available programs and services, help in negotiations with landlords and lenders, support in budgeting, and guidance in obtaining a further education and training. With an annual budget of approximately \$360,000, the organization applies for small grants and donations to provide emergency assistance to those at risk of homelessness. They have achieved success from direct mailings, grant proposals from foundations and church endowments, and special programs directed to children. The organization has provided important case management services in support of participants in Eastham's Rental Assistance Subsidy Program.

(14 Old Tote Road, Orleans, MA 02653; 508/255-0667)

## APPENDIX 5

### Glossary of Housing Terms

#### **Affordable Housing**

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

#### **Area Median Income (AMI)**

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

#### **As-of-right or By-right Development**

As-of-right or by-right development involves a use that is permitted in a zoning district and is therefore not subject to special review and approval by a local government.

#### **Chapter 40A**

The state Zoning Act that regulates zoning throughout the state with the exception of Boston that has its own zoning enabling statute. Recent changes to 40A now allow for a simple majority vote instead of a supermajority for residential permitting.

#### **Chapter 40B**

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

#### **Chapter 44B**

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

**Comprehensive Permit**

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

**Department of Housing and Community Development (DHCD)**

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

**Fair Housing Act**

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

**Inclusionary Zoning**

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

**Infill Development**

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

**Local Initiative Program (LIP)**

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

**MassHousing (formerly the Massachusetts Housing Finance Agency, MHFA)**

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

**Metropolitan Statistical Area (MSA)**

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

**Mixed-Income Housing Development**

Mixed-income development includes housing for various income levels.

**Mixed-Use Development**

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

**Overlay Zoning**

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

**Public Housing Agency (PHA)**

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

**Regional Non-profit Housing Organizations**

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

**Regional Planning Agencies (RPAs)**

These are public agencies that coordinate planning in each of thirteen regions of the state. They are empowered to undertake studies of resources, problems, and needs of their districts. They provide professional expertise to communities in areas such as master planning, affordable housing and open space planning, and traffic impact studies. With the exception of

the Cape Cod and Nantucket Commissions, however, which are land use regulatory agencies as well as planning agencies, the RPAs serve in an advisory capacity only. The Cape Cod Commission serves as Eastham's Regional Planning Agency.

### **Request for Proposals (RFP)**

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

### **Section 8**

Refers to the major federal (HUD) program – actually a collection of programs – providing rental assistance to low-income households to help them pay for housing. Participating tenants pay 30% of their income (some pay more) for housing (rent and basic utilities) and the federal subsidy pays the balance of the rent. The Program is now officially called the Housing Choice Voucher Program, however, some Section 8 subsidies are project-based and attached to particular units in a development as opposed to moving when the tenant leaves.

### **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% affordability 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.



**Workforce Housing Units**

This Housing Plan defines workforce units as those that are targeted to households with incomes above the affordable limit of 80% of area median income (AMI) and up to 150% AMI who may still be shut-out of Eastham's private housing market.

## APPENDIX 6

### Summary of Housing Regulations and Resources

#### I. SUMMARY OF HOUSING REGULATIONS

##### A. Chapter 40B Comprehensive Permits

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

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

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

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<sup>39</sup>:

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<sup>39</sup> Section 56.03 of the new Chapter 40B regulations.

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

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

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

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<sup>40</sup> 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.

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

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

Towns are allowed to set-aside up to 70% of the affordable units available in a 40B development for those who have a connection to the community as defined under state guidelines including current residents, municipal employees, or employees of businesses located in town. It is also worth noting that the Town, through its Affirmative Fair Housing Marketing Plan, must demonstrate the associated local need for the community preference and insure that there will be no discriminatory impacts with the use of community preference.<sup>41</sup>

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<sup>41</sup> If a municipality wishes to implement a local selection preference it must:

- Demonstrate the need for local preference in an Affirmative Fair Housing Marketing Plan that must be approved by the subsidizing agency.
- Justify the extent of the local preference (the percentage of the units proposed to be set-aside for local preference), that is how the documented local need, in the context of the size of the community, the size of the project and the regional need, justifies the proposed size of the local preference for a given project. In no case can the percentage exceed 70% of the affordable units in a project.
- Demonstrate that the proposed local preference will not have a disparate or discriminatory impact on protected classes.

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

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

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

- Information provided by the municipality or other parties regarding municipal actions previously taken to meet affordable housing needs, including inclusionary zoning, multi-family districts and 40R overlay zones.
  - Whether the conceptual design is appropriate for the site including building massing, topography, environmental resources, and integration into existing development patterns.
  - That the land valuation, as included in the pro forma, is consistent with DHCD guidelines regarding cost examination and limitations on profits and distribution.
  - Requires that LIP site approval applications be submitted by the municipality's chief 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.
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- Provide the developer with the documentation required to support a local preference within three (3) months of final issuance of the comprehensive permit. Failure to comply with this requirement will be deemed to demonstrate that there is not a need for a local preference and it will not be approved as part of any Affirmative Fair Housing Marketing Plan or use restriction.

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

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

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

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

- The hearing be terminated within 180 days of the filing of a complete application unless the applicant consents to extend.
- Allows communities already considering three (3) or more comprehensive permit applications to stay a hearing on additional applications if the total units under consideration meet the definition of a large project (larger of 300 units or 2% of housing in communities with 7,500 housing units as of the latest Census, 250 units in communities with 5,001 to 7,499 total units, 200 units in communities with 2,500 to 5,000 units, and 150 units or 10% of housing in communities with less than 2,500 units).
- Local boards can adopt local rules for the conduct of their hearings, but they must obtain an opinion from DHCD that 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 than the minimum threshold required by DHCD guidelines.
- States that ZBA’s cannot delay or deny an application because a state or federal approval has not been obtained.
- Adds new language regarding what constitutes an uneconomic condition including requiring applicants to pay for off-site public infrastructure or improvements if they involve pre-existing conditions, are not usually imposed on unsubsidized housing or are disproportionate to the impacts of the proposed development or requiring a reduction in the number of units other than on a basis of legitimate local concerns (health, safety, environment, design, etc.). Also states that a condition shall not be considered uneconomic if it would remove or modify a proposed nonresidential element of a project that is not allowed by right.

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

Subsidizing agencies are required to issue final project eligibility approvals following approval of the comprehensive permit reconfirming project eligibility, including financial feasibility, and approving the proposed use restriction and finding that the applicant has committed to complying with cost examination requirements. New Chapter 40B regulations set forth the basic parameters for ensuring 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) for *approval* by DHCD.<sup>42</sup>
- Request *certification* of compliance with the plan by demonstrating production of at least the number of units indicated above.
- Through local ZBA action, potentially deny a comprehensive permit application during the period of certified compliance, which is a period of 12 months following submission of the production documentation to DHCD, or 24 months if the 1.0% threshold is met.

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

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

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<sup>42</sup> Massachusetts General Law Chapter 40B, 760 CMR 31.07 (1)(i).



- 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 Select Board 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”.<sup>43</sup>

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.”<sup>44</sup> 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;
- 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

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<sup>43</sup> 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.

<sup>44</sup> Massachusetts General Law, Chapter 40R, Section 11.

- 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:

<b>Incentive Payments</b>	
<b>Incentive Units</b>	<b>Payments</b>
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.”<sup>45</sup>

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;

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<sup>45</sup> “A Housing Strategy for Smart Growth and Economic Development: Executive Summary,” p. 4.

- DHCD reviews the application and issues a Letter of Eligibility if the new zoning satisfies the requirements of 40R;
- The Town adopts the new zoning through a two-thirds vote of Town Meeting subject to any modifications required by DHCD;
- The Town submits evidence of approval to DHCD upon the adoption of the new zoning; and
- DHCD issues a letter of approval, which indicates the number of incentive units and the amount of payment.

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

#### **D. Local Initiative Program (LIP) Guidelines**

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

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

Specific LIP requirements include the following by category:

##### *Income and Assets*

- Must be affordable to those earning at or below 80% of area median income adjusted by family size and annually by HUD. Applicants for affordable units must meet the program income limits in effect at the time they apply for the unit and must continue to meet income limits in effect when they actually purchase a unit.

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

#### *Allowable Sales Prices and Rents<sup>46</sup>*

- Rents are calculated at what is affordable to a household earning 80% of area median income adjusted for family size, assuming they pay no more than 30% of their income on housing. Housing costs include rent and payments for heat, hot water, cooking fuel, and electric. If there is no municipal trash collection a trash removal allowance should be included. If utilities are separately metered and paid by the tenant, the LIP rent is reduced based on the area’s utility allowance. Indicate on the DHCD application whether the proposed rent has been determined with the use of utility allowances for some or all utilities.
- Sales prices of LIP units are set so a household earning 70% of area median income would have to pay no more than 30% of their income for housing. Housing costs include mortgage principal and interest on a 30-year fixed term mortgage at 95% of purchase price, property taxes, condo fees<sup>47</sup>, 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.

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<sup>46</sup> DHCD has an electronic mechanism for calculating maximum sales prices on its website at [www.mass.gov/dhcd](http://www.mass.gov/dhcd).

<sup>47</sup> 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.

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

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

- Marketing and outreach, including lottery administration in adherence with all Fair Housing laws.
- LIP requires that the lottery draw and rank households by size.
- If there are proportionately less minority applicants in the community preference pool than the proportion in the region, a preliminary lottery must be held to boost, if possible, the proportion of minority applicants to this regional level.
- A maximum of 70% of the units may be local preference units for those who have a connection to the community as defined under state guidelines (Section C: Local Preference section of the Affirmative Fair Housing Marketing Plan Guidelines (dated June 25, 2008).
- The Marketing Plan must affirmatively provide outreach to area minority communities to notify them about availability of the unit(s).
- Marketing materials must be available/application process open for a period of at least 60 days.
- Marketing should begin about six (6) months before occupancy.
- Lottery must be held unless there are no more qualified applicants than units available.

### ***Regulatory Requirements***

- The affordable units design, type, size, etc. must be the same as the market units and dispersed throughout the development.
- Units developed through LIP as affordable must be undistinguishable from market units as viewed from the exterior (unless the project has a DHCD-approved alternative development plan that is only granted under exceptional circumstances) and contain complete living facilities.
- For over 55 projects, only one household member must be 55 or older.
- Household size relationship to unit size is based on “households” = number of bedrooms plus one – i.e., a four-person household in a three-bedroom unit (important also for calculating purchase prices of the affordable units for which LIP has a formula as noted above).
- Must have deed restrictions in effect in perpetuity unless the applicant or municipality can justify a shorter term to DHCD.
- All affordable units for families must have at least two or more bedrooms and meet state sanitary codes and these minimum requirements –
  - 1 bedroom – 700 square feet/1 bath
  - 2 bedrooms – 900 square feet/1 bath
  - 3 bedrooms – 1,200 square feet/ 1 ½ baths
  - 4 bedrooms – 1,400 square feet/2 baths
- Appraisals may take into account the probability of obtaining a variance, special permit or other zoning relief but must exclude any value relating to the possible issuance of a comprehensive permit.

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

1. Written support of the municipality’s chief elected official, the Select Board 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 Rieko Hayashi of the LIP staff (phone: 617-573-1309; fax: 617-573-1330; email: [rieko.hayashi@state.ma.us](mailto:rieko.hayashi@state.ma.us)).

**E. MassWorks Infrastructure Program**

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

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

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

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

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



## II. SUMMARY OF HOUSING RESOURCES

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

### A. Technical Assistance

#### 1. *Community Planning Grant Program*

Community Planning grants may be used for a variety of activities related to land use including development. Activities may include the development of a Master Plan, Housing Production Plan, zoning review and updates, Urban Renewal Plans, Downtown Plans, Parking Management Plans, Feasibility Studies, or other Strategic Plans. Grants will likely be in the \$25,000 to \$75,000 range.

#### 2. *Peer-to-Peer Technical Assistance*

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

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

#### 3. *MHP Intensive Community Support Team*

The Massachusetts Housing Partnership Fund is a quasi-public agency that offers a wide range of technical and financial resources to support affordable housing. The Intensive Community Support Team provides sustained, in-depth assistance to support the development of affordable housing. Focusing on housing production, the Team helps local advocates move a project from the conceptual phase through construction, bringing expertise and shared lessons from other parts of the state. The team can also provide guidance on project finance. Those communities, which are interested in this initiative, should contact the MHP Fund directly for more information. (Contact MHP's Community Housing Initiatives Team at 617-330-9944 ext. 227.)

#### **4. *MHP Chapter 40B Technical Assistance Program***

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

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

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

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

#### **5. *Community Planning Grant Program***

The Community Planning Grant Program provides funding for technical assistance that can be used for a variety of community planning activities related to land use including the development of a Master Plan or Housing Production Plan, Zoning review and updates, Urban Renewal Plans, Downtown Plan, Feasibility Studies, etc. Grants are likely to be in the \$25,000 to \$75,000 range. Applications were be processed through the new Community One Stop for Growth Program which is a single application portal involving a collaborative review process for a number of state grant programs making targeted investments in housing and economic development.

(The online application portal can be accessed at <https://eohed.intelligrants.com>.)

### **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 (Eastham participates in the Barnstable County HOME Consortium) to do the following:

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

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

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

### **2. *Community Development Block Grant Program (CDBG)***

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

Massachusetts.

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

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

### ***3. Housing Stabilization Fund (HSF)***

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

### ***4. Low Income Housing Tax Credit Program***

The Low Income Housing Tax Credit Program was created in 1986 by the Federal Government to offer tax credits to investors in housing development projects that include some low-income units. The tax credit program is often the centerpiece program in any affordable rental project

because it brings in valuable equity funds. Tax credits are either for 4% or 9% of the development or rehab costs for each affordable unit for a ten-year period. The 4% credits have a present value of 30% of the development costs, except for the costs of land, and the 9% credit have a present value equal to 70% of the costs of developing the affordable units, with the exception of land. Both the 4% and 9% credits can be sold to investors for close to their present values.

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

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

#### ***5. Affordable Housing Trust Fund***

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

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

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

Application is used to apply for funding, typically through the availability of two funding rounds per year.

**6. *Housing Innovations Fund (HIF)***

The state also administers the Housing Innovations Fund (HIF) that was created by a 1987 bond bill and expanded under two subsequent bond bills to provide a 5% deferred loan to non-profit organizations for no more than \$500,000 per project or up to 30% of the costs associated with developing alternative forms of housing including limited equity coops, mutual housing, single-room occupancy housing, special needs housing, transitional housing, domestic violence shelters and congregate housing. At least 25% of the units must be reserved for households earning less than 80% of median income and another 25% for those earning within 50% of area median income. HIF can also be used with other state subsidy programs including HOME, HSF and Low Income Housing Tax Credits. The Community Economic Development Assistance Corporation (CEDAC) administers this program. Applicants are required to complete the One-Stop Application.

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

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

**8. *MHP Permanent Rental Financing Program***

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

### **9. *OneSource Program***

The Massachusetts Housing Investment Corporation (MHIC) is a private, non-profit corporation that since 1991 has provided financing for affordable housing developments and equity for projects that involve the federal Low Income Housing Tax Credit Program. MHIC raises money from area banks to fund its loan pool and invest in the tax credits. In order to qualify for MHIC's OneSource financing, the project must include a significant number of affordable units, such that 20% to 25% of the units are affordable to households earning within 80% of median income. Interest rates are typically one point over prime and there is a 1% commitment fee. MHIC loans range from \$250,000 to several million, with a minimum project size of six units. Financing can be used for both rental and homeownership projects, for rehab and new construction, also covering acquisition costs with quick turn-around times for applications of less than a month (an appraisal is required). The MHIC and MHP work closely together to coordinate MHIC's construction financing with MHP's permanent take-out through the OneSource Program, making their forms compatible and utilizing the same attorneys to expedite and reduce costs associated with producing affordable housing.

### **10. *Section 8 Rental Assistance***

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

### **11. *District Improvement Financing Program (DIF)***

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

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

The Urban Center Housing Tax Increment Financing Zone Program (UCH-TIF) is a relatively new

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

### ***13. Community Based Housing Program***

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

### ***14. Compact Neighborhoods Program***

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

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

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

The process for implementing a Compact Neighborhoods Zone includes:



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

### **15. *DHCD Project-Based Homeownership Program***

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

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

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

### **16. *Workforce Housing Fund***

The state is investing in a Workforce Housing Fund to provide rental housing for those households earning 61% to 120% AMI. It was envisioned that the Fund, when coupled with strategic capital investments by the state, will promote additional private investment in tandem with critical support for middle-income residents. Other components of the Fund include:

- Provides up to \$100,000 per workforce housing unit to create 1,000 new units statewide.
- Leverages resources in development opportunities on state-owned land.
- Ensures that in addition to the workforce housing tier at least 20% of the units will be affordable to those earning at or below 80% AMI.
- Requires deed restrictions for units targeted to those earning between 61% and 120% AMI for generally 30 years or longer.
- Offers support for newly-created units as well as the refinancing of existing developments that incorporate new workforce housing units.

### **17. *Community Scale Housing Initiative (CSHI)***

The state has developed a small-scale production program to address non-metro community need for smaller-scale housing that responds to local housing needs and density requirements. These projects, because of their small size, are not a good fit for the Low Income Housing Tax Credit program. Generally, projects that can leverage some debt by having a few higher income units and a gap filler like the Community Preservation Act funding (CPA) are in the best position to utilize such a program. This initiative includes the following eligibility criteria:

- Community must have a population not to exceed 200,000.
- Program sponsors can be both non-profit and for-profit entities with a demonstrated ability to undertake the project.
- The proposed project must include at least five rental units but no more than 20 rental units.
- Project must involve new construction or adaptive reuse.
- A minimum of 20% of the units must be affordable but it is anticipated that most proposed projects will have a minimum of 50% affordable units.
- The host community must provide a financial commitment in support of the project.
- The CSHI subsidy may not exceed \$200,000 per unit unless the developer intends to seek DHCD project-based rental assistance in which case the subsidy may not exceed \$150,000 per unit.
- The total development cost per unit may not exceed \$350,000.
- Projects will receive no more funding than is necessary to make the project feasible.
- Projects must be financially feasible without state or federal Low Income Housing Tax Credits. Projects are expected to close and proceed to construction within 12 months of the date of the award letter.

### **18. *Starter Home Program***

State legislation was enacted to implement a Starter Home Program as part of the Governor's Economic Development Bill. This was accomplished by modifying the existing Smart Growth Zoning and Housing Production law of Chapter 40R to include \$25 million in new funding over five years for cities and towns that create new starter home zoning districts. The new districts

must be a minimum of three acres, restrict primary dwelling size to 1,850 square feet of heated living area, require that 50% of the primary dwelling units contain three bedrooms, allow a minimum of four units per acre by right, and provide 20% affordability up to 100% AMI.

## **C. Homebuyer Financing and Counseling**

### **1. *ONE Mortgage Program***

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

### **2. *Homebuyer Counseling***

There are a number of programs, including the Soft Second Loan Program and MassHousing's Home Improvement Loan Program, as well as Chapter 40B homeownership projects that require purchasers to attend homebuyer workshops sponsored by organizations that are approved by the state, Citizens Housing and Planning Association (CHAPA) and/or HUD as a condition of occupancy. These sessions provide first-time homebuyers with a wide range of important information on homeownership finance and requirements. The organizations that offer these workshops in closest proximity to Eastham are the Housing Assistance Corporation and Community Development Partnership.

### **3. *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.

### **4. *State Down Payment Assistance***

While state financing has largely focused on multi-family rental development, particularly for families, the state now offers an expanded program to assist first-time homebuyers with their down payments under the following conditions:

- Increased assistance of up to 5% of the purchase price or \$15,000, whichever is less.
- More property types are eligible for assistance including single-family homes, condominiums and 2-, 3-, and 4-family properties.

- Higher income limits of up to 135% of the area median income (AMI) in Boston and the Commonwealth's 26 Gateway Cities and up to 100% AMI in other communities, including Eastham.
- The assistance is in the form of a 15-year, fixed rate loan at 2%. (Example: \$15,000 down payment assistance loan = 180 payments of \$96.53; 2.011% APR)
- Repayment of the down payment assistance is due upon the sale or refinance of the property prior to the end of the 15-year term and otherwise forgiven.

#### **D. State Home Improvement Financing**

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

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

##### **2. *Get the Lead Out Program***

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

##### **3. *Septic Repair Program***

Through a partnership with the Massachusetts Department of Environmental Protection and Revenue, MassHousing offers loans to repair or replace failed or inadequate septic systems for qualifying applicants. The interest rates vary according to the borrower's income with 0% loans available to one and two-person households earning up to \$23,000 and three or more person households earning up to \$26,000 annually. There are 3% loans available for those one or two person households earning up to \$46,000 and three or more persons earning up to \$52,000. Additionally, one to four-family dwellings and condominiums are eligible for loan amounts of up to \$25,000 and can be repaid in as little as three years or over a longer period of up to 20 years. To apply for a loan, applicants must contact a participating lender.

##### **4. *Home Modification Program***

This state-funded program provides financial and technical assistance to those who require

modifications to their homes to make them handicapped accessible. The Southern Middlesex Opportunity Council (SMOC), with an office located in Buzzards Bay, administers this program for the Cape.