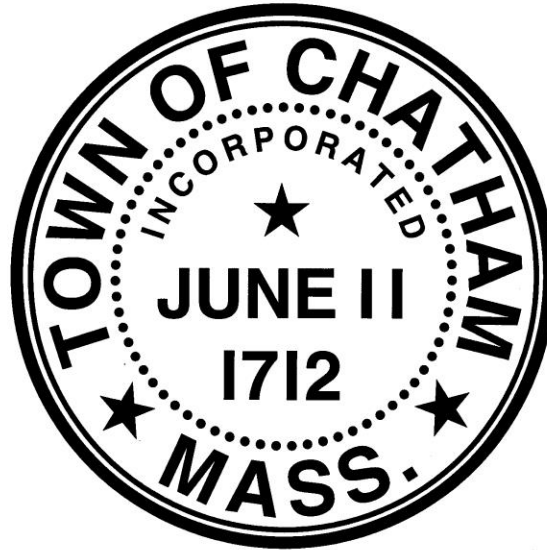


# TOWN OF CHATHAM, MASSACHUSETTS



## HOUSING PRODUCTION PLAN

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**November 2018**

# Chatham Housing Production Plan

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# Chatham Housing Production Plan

## 1. EXECUTIVE SUMMARY

Chatham is among the most desirable places in the country to vacation, retire, to work, and to raise children. However, based on a continued affordability gap, largely outside of the Town's control due to demographic and economic conditions, the community needs to strategically plan for future residential development. By establishing a proactive housing policy, Chatham can continue to promote housing types that fit its own needs while still complementing the community's small town, seaside character.

Through a range of strategies including zoning changes, partnerships with developers and service providers, and subsidies, the Town can continue to play a meaningful role in promoting housing options that match people to appropriately priced and sized units – producing housing that reflects the range of local needs!

This Housing Production Plan updates the one that was prepared in 2013, providing current demographic and housing characteristics and trends, including housing market information for both rentals and homeownership. The planning process also enables the community to acknowledge the progress that has been made during the past few years and determine how best to move forward on the Town's housing agenda of promoting greater housing diversity and affordability.

### 1.1 Summary of Demographic and Housing Characteristics and Trends

The Housing Needs Assessment, included in Section 3 of this Housing Production Plan, provides information on demographic and housing characteristics and trends with the following key findings:

#### **Demographic and Economic Trends**

##### ***Very limited year-round population growth***

Since 1980, there has been a net increase of only 54 residents with an actual decrease of 500 residents between 2000 and 2010 to a total population of 6,125. There has been little population growth since then with the 2016 census estimates suggesting a total population of 6,142 residents with Town records, as of March 1, 2018, indicating a year-round population of 6,171 residents.

##### ***Some projected more significant population growth based on a recent report***

While other population projections forecast significant population losses,<sup>1</sup> the recent Regional Housing Market Analysis<sup>2</sup> estimated population growth to 6,245 residents by 2020 and 6,415 by 2025, representing a 4.7% rate of growth between 2010 and 2025.

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<sup>1</sup> The Metropolitan Area Planning Council (MAPC) estimates a decline to 5,757 residents by 2020 and to 5,245 by 2030, representing a 14.4% loss of population between 2010 and 2030. The State Data Center at the University of Massachusetts' Donahue Institute projects even greater population losses to 5,518 residents by 2020, 5,194 by 2025, and 4,899 by 2030 for a 20% population decrease since 2010.

<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.

### ***Declining numbers of younger residents and increases in older ones***

Census data indicates that the median age of residents has increased significantly from 53.9 years in 2000 to 58.9 by 2010, and those 65 years of age or older comprised 37.7% of all residents in 2010. The 2016 census estimates indicate there have been some gains in those under age 25, continued declines in middle-age residents, and continued increases in the 65 to 74 age group.

### ***High projected increases in older residents***

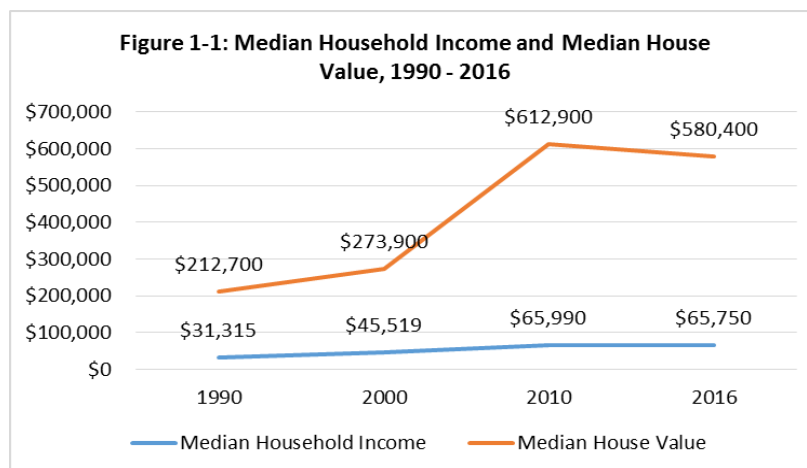
While the recent Regional Housing Market Analysis did not break down population projections by age range for each community, it did emphasize that population increases will be largely driven by those age 65 and older. The State Data Center and MAPC population projections largely forecast continuing decreases in younger residents from 2010 levels and increases in those 65 years and older to at least 50% of all year-round residents by 2030. The Town's housing agenda will have to address these continuing demographic shifts.

### ***Increases in smaller households***

The average household size decreased from 2.10 to 1.95 persons between 1990 and 2010, suggesting the need for a greater number of smaller units to accommodate a growing population of single-person households and smaller families. The 2016 census estimates indicate an increase in average household size to 2.16 persons however, which is surprising and questionable but still lower relative to the county and state at 2.25 and 2.54 persons, respectively.

### ***Relatively high income levels but growing income disparities***

Incomes have increased substantially, with the median household income level increasing by 45% between 1999 and 2010, from \$45,519 to \$65,990, and remaining relatively flat at \$65,750 based on 2016 census estimates. This median income level is also relatively high in comparison to Barnstable County at \$55,294 and the state at \$63,961. Nevertheless, with the median house price at \$580,400



based on 2016 census estimates and \$592,500 in 2017 based on Banker & Tradesman tracking of actual sales, an affordability gap becomes immediately apparent as visually presented in Figure 1-1.

Also, despite relatively higher incomes, there are still residents with very limited financial means including 858 households earning less than \$35,000, 592 of whom earned less than \$25,000 based

on 2016 census estimates. This is up considerably from 543 and 348 households, respectively, in 2010.

There is also a large income disparity between owners and renters as reflected in median income levels of \$82,584 and \$24,288, respectively. While the median homeowner's household income was considerably higher than the county level of \$73,364, the renter median was well below the countywide one of \$36,077. Of particular note is that **while the median household income for homeowners increased by 9.5% between 2010 and 2016, it decreased by 44.3% for renters.**

The Cape Cod Commission's Regional Housing Market Analysis projects that these income disparities will widen further with the median income of homeowner household increasing to \$95,775 by 2025 and those of renters decreasing to \$19,598.

**It is important to note that these income figures are based on the Town's year-round population, not those who live in town for parts of the year. This group of occasional residents, who occupy more than half of Chatham's housing units, have significantly higher average incomes in order to afford the high costs of seasonal units or second homes.** A Cape Cod Commission report on a survey conducted of second homeowners indicates that 81% of Lower Cape owners had incomes of more than \$100,000, 44% of more than \$200,000.<sup>3</sup>

#### ***Recent increases in poverty***

The 2016 census figures estimate considerable increases in poverty, growing from 7% to 12.7% between 2010 and 2016 to include 780 residents and 154 families. This is especially worrisome given that there are only about a hundred subsidized rentals in the community.

#### ***Predominant service economy and significant fishing industry with relatively low average wages***

Chatham's economy is driven largely by tourism but also includes a thriving fishing industry with an average weekly wage of \$815, about half of Boston's average weekly wage at \$1,794. This weekly wage translates into an annual income of about \$42,500, well below the Town's median income of \$65,750, and confirms the need for workforce housing.

### **Housing Trends**

#### ***Slower recent housing growth***

Despite a population loss of 500 persons between 2000 and 2010, there was a gain of 600 housing units during this same time period, a clear signal that new housing units were not typically being created for year-round residents. Since 2010 the town permitted about half this amount of new dwelling units.

#### ***High level of demolition/rebuild activity***

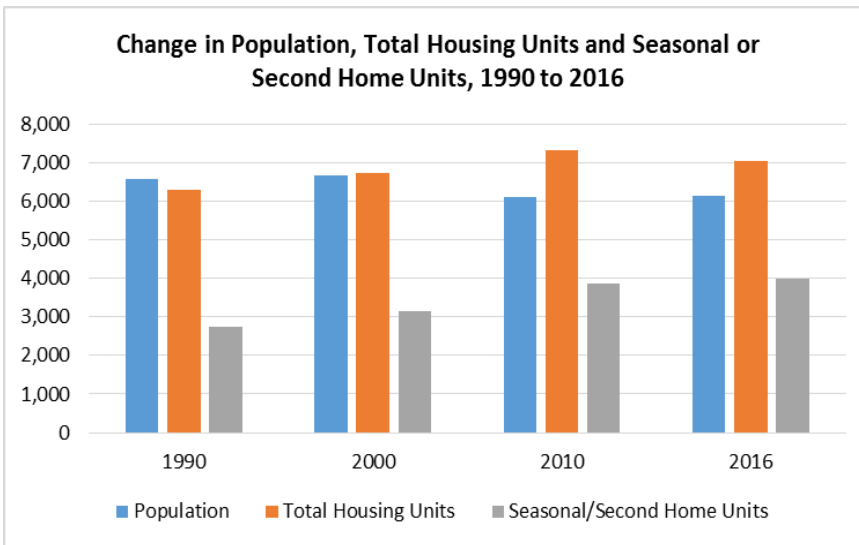
However, about two-thirds of new residential building permits involved the demolition of a previous structure and replacement of typically larger ones. Consequently, the total number of housing units included in the census figures likely overestimates the size of the housing stock as it has not taken teardown activity into consideration. The total number of units is likely closer to 7,450 units as of early 2018.

#### ***More than half of Chatham's housing includes seasonal units or second homes***

As shown in Figure 1-2, seasonal units or second homes currently outnumber the town's year-round population. Those who do not permanently reside in Chatham in fact occupy the majority of units, 56%. While these occasional visitors have boosted the local economy, they have also driven up the cost of housing, creating substantial affordability gaps for many year-round residents, local workers, increasing numbers of seniors, and those who were raised locally but cannot afford to return to raise their own families in Chatham.

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<sup>3</sup> UMASS Donahue Institute, "Cape Cod Second Homeowners: Technical Report of 2017 Survey Findings," prepared for the Cape Cod Commission, June 2017.



The recent Regional Housing Market Analysis forecasts that Chatham's seasonal units will increase by 7.1% between 2010 and 2025 while year-round units will increase by 2.1%.

***Predominance of owner-occupied, single-family detached homes,***

Chatham's housing stock is dominated by single-family detached residences at 87% of all units based on 2016 census estimates, 92% based on the

2010 census count.

***Housing costs remain high***

There is very little affordability remaining in the Town's housing market. The 2016 census estimates indicate that there were only 27 owner-occupied units valued below \$200,000 that likely coincide with the Town's 27 affordable homeownership units.

There is a strong luxury housing market in Chatham as almost 60% of the owner-occupied housing stock was valued at \$500,000 or more, with more than 20% valued above \$1 million. The median single-family home price is high at \$592,500 as of the end of 2017. A household would have to earn approximately \$120,000, based on 80% mortgage financing, to afford this price, almost double the median household income level of \$65,750.<sup>4</sup>

The median condo price was \$299,000 as of the end of 2017, down considerably from prior years and requiring an income of about \$68,600 with a 20% down payment.

In regard to rentals, the \$1,027 gross rent identified in the 2016 census estimates would require an income of about \$41,100 based on spending no more than 30% of the household's income on rent, including average monthly utility costs of \$175. This income level is much higher than the median income of renter households of \$24,288. Also, while listings were limited, they were typically well above this median rent level.

***Gaps in housing demand and supply***

The Regional Housing Market Analysis calculated that the gap between housing supply and demand will widen considerably between 2015 and 2025 for homeownership units with a cumulative total of 1,492 units needed, including 1,012 units for households earning at or below 80% of median homeowner household income compared to 933 and 881 in 2015, respectively. The analysis also suggests a cumulative increase in the need for rental units for those earning at or below 120% of median renter household income at 264 units in 2025 compared to 235 in 2015.

<sup>4</sup> Based on interest rate of 4.75%, 30-year fixed mortgage term, 2018 property tax rate of \$4.87 per thousand, insurance of \$6 per thousand for single-family homes and \$4 per thousand for condos, \$250 monthly condo fees, the purchaser spending 30% of income on housing costs, and 80% financing.

### ***High affordability gaps***

Focusing on the Town's median income level of \$65,750, according to 2016 census estimates, a household could likely afford a single-family home of about \$281,500.<sup>5</sup> Therefore, the affordability gap would be \$311,000, the difference between the median house price of \$592,500 based on The Warren's Group median for 2017 and this affordable price. The gap widens only modestly to \$327,000 when calculating the gap for those earning at 80% of the area median income, or \$62,100 for a household of three in 2018, who can afford a home of about \$265,500. For a two-person household earning at 80% AMI (\$55,200), the gap would be approximately \$356,300.

With respect to condos, the median priced condo was \$299,000 as of the end of 2017 while the median income earning household (\$65,750) could afford a condo of approximately \$245,500. Consequently, the gap is \$53,500, the difference between \$299,000 and \$245,500. The gap widens to \$99,800 for a two-person household earning at 80% of area median income (\$55,200) and \$130,000 for a single-person household (earning at \$48,300). **If the median condo price bounced back to one closer to the 2016 median of \$422,000, the gaps would be considerably higher. Also, rising interest rates, insurance costs, and utility expenses will all contribute to widening affordability gaps.**

Based on the median gross rental of \$1,027 according to 2016 census estimates, there is no affordability gap as the median income earning household (\$65,750) could afford a rental of about \$1,470 premised on not spending more than 30% of income on housing costs, including estimated monthly utility costs of \$175. A gap of \$245 is calculated using the median income of \$24,288 for renter households however, who can afford a rent of no more than about \$782.

### ***Widening cost burdens***

A special HUD report estimated that in 2014 there were 1,168 households, or about 41% of all households, who were earning at or below 80% median family income (MFI) that might be eligible for housing assistance based on income alone. This is up considerably from 943 or 30% of all households in 2009.

This report also estimated that 913 households (211 renters and 702 owners) were spending too much on their housing (spending more than 30% of income on housing costs), up from 884 households in 2009. Further, of the 1,168 total households earning at or below 80% MFI, 644 or 55% were spending more than 30% of their income on housing and 402 or 34% were spending more than half of their income on housing.

### ***Limited supply of workforce housing***

Recent sales data from the Multiple Listing Service indicated that only six single-family homes and six condos sold within the last year for under \$200,000 that would potentially be affordable to low- and moderate-income households. Additionally, the Massachusetts Department of Housing and Community Development's most recent data on the Chapter 40B Subsidized Housing Inventory (SHI) states that Chatham had 3,460 year-round housing units<sup>6</sup>, of which 174 were counted as affordable, representing

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<sup>5</sup> Based on interest rate of 4.75%, 30-year fixed mortgage term, 2018 property tax rate of \$4.87 per thousand, insurance of \$6 per thousand for single-family homes and \$4 per thousand for condos, \$250 monthly condo fees, the purchaser spending 30% of income on housing costs, and 95% financing assuming the purchaser could qualify for a state-sponsored mortgage program such as the ONE Mortgage Program or MassHousing mortgage that would not require private mortgage insurance.

<sup>6</sup> The census calculates year-round units by subtracting seasonal units or second homes from the total unit count.

5.03% of the year-round housing stock. Assuming future housing growth, the 10% state goal under Chapter 40B is a moving target and ultimately the required minimum number of year-round units will increase over time.

As the affordability analysis indicates in Section 3.2.7, significant gaps remain between what most current residents can afford and what housing is available. In addition to sizable income requirements, both purchasers and renters are confronted with substantial up-front cash requirements and credit checks when seeking housing. Also, long-term residents may encounter difficulties keeping up with housing expenses including taxes, utilities, insurance and maintenance needs. It is no wonder that so many households were spending too much on their housing (spending more than 30% of their income on housing), including 211 renters and 702 owners.

The convergence of these trends – an aging population, fewer young adults, very high housing prices, lower housing production, little housing diversity, limited supply of rentals, difficulty in obtaining affordable financing, and large up-front cash requirements for homeownership and rentals – all point to a challenging affordability gap! If these demographic and housing trends are left to evolve unchecked, Chatham will lose ground on its ability to be a place where individuals and families across a range of economic and social strata can call home.

## **1.2 Priority Housing Needs**

Based on input from a wide variety of sources including demographic and housing characteristics and trends (Section 3.1 and 3.2), housing goals (Section 2.2), community input, and prior planning efforts, the following priority housing needs have been identified:

### ***Households with Limited Incomes – Need affordable rental housing***

There still remains a population living in Chatham with very limited financial means. Given the high costs of rental housing, including sizable up-front costs (first and last months rent, a security deposit, and/or moving expenses) and limited development of such units, more subsidized rental housing is necessary to make living in Chatham affordable, particularly for the community's most vulnerable residents. Additionally, almost all state subsidies are targeted to rental development.

### ***Gaps in Affordability and Access to Affordable Housing – Need affordable homeownership opportunities***

Housing in Chatham is expensive with large gaps between what housing costs and what many year-round residents can afford. Even though Chatham has a very high level of homeownership, at almost 80%, there would be a public benefit for the Town to promote opportunities for newer and younger households to purchase a home, access decent employment opportunities, and establish roots in the community. A wider range of affordable housing options is needed for these younger households entering the job market and forming their own families as well as municipal employees, other town employees, and seniors looking to downsize.

### ***Housing Conditions – Need home improvement resources***

Almost two-thirds of the housing stock was built before 1980 and may have deferred maintenance needs as well as traces of lead-based paint that pose safety hazards to children. Because properties in Chatham are largely reliant on septic systems, it is also likely that there are homes with failing systems that require repair or replacement, which is particularly worrisome given the sensitive environmental conditions on Cape Cod.

### ***Special Needs Housing – Need barrier-free units and supportive services***

There were significant numbers of residents who claimed some type of disability, 821 or almost 14% of all residents, and given the aging of the population greater emphasis should be placed on housing that includes supportive services and increased conformance with universal design guidelines for handicapped accessibility, adaptability and visitability.

### **1.3 Summary of Housing 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).<sup>7</sup> Chatham would have to produce at least 17 affordable units annually based on these goals, a formidable challenge, and housing growth will continue to drive-up the 10% goal.

If the state certifies that the locality has complied with its annual production goals, the Town may be able, through its Zoning Board of Appeals, to deny what it considers to be inappropriate comprehensive permit applications without the developer's ability to appeal the decision. Production goals over the next five (5) years include the creation of an estimated 87 affordable units and 166 total housing units.

It should be noted that 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 are now requiring that at least 10% of the units in affordable production 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.).

### **1.4 Summary of Housing Strategies**

The strategies summarized in Table 1-1 are based on previous plans, reports, studies, the Housing Needs

**The strategies included in this Housing Production Plan (including accessory dwelling units and small nonconforming lot development) are presented as a package for the Town to consider, each through the appropriate regulatory channels, many of which will also be subject to review and approval by the Board of Selectmen and Town Meeting .**

Survey, the Housing Needs Assessment, local housing goals, community input, and the experience of other comparable localities in the area and throughout the Commonwealth. The strategies are grouped according to the type of action proposed – Building Local Capacity, Zoning and Regulatory Strategies, Production Initiatives and Direct Assistance – and categorized according to priority as those to be implemented within Years 1 and 2 and those within Years 3 to 5. The strategies also reflect state requirements that ask communities to address a number of major categories of strategies to the greatest extent applicable.<sup>8</sup>

While a major goal of this Plan is to eventually meet the state's 10% affordability threshold under Chapter 40B, another important goal is to serve the full range of local housing needs. Consequently, there are instances where housing initiatives

<sup>7</sup> The state has issued changes to Chapter 40B that included modifications to the Planned Production requirements. For example, the annual production goals are instead based on one-half of one percent of total housing units and plans are now referred to as Housing Production Plans (HPP).

<sup>8</sup> Massachusetts General Law Chapter 40B, 760 CMR 56.03.4.

might be promoted to meet community needs that will not necessarily result in the inclusion of units in the Subsidized Housing Inventory (SHI).

The proposed actions also present opportunities to judiciously invest limited Community Preservation funding and the Housing Trust Fund to build local capacity, modify or create new local zoning provisions, and subsidize actual unit production (predevelopment funding and/or subsidies to fill the gap between total development costs and the affordable rent or purchase prices) that leverage other necessary resources.

<b>Table 1-1 Summary of Housing Strategies</b>	<b>Priority for Implementation</b>		<b># Affordable</b>	<b>Responsible Parties***</b>
	<b>In Years 1-2</b>	<b>In Years 3-5</b>		
<b>6.1 Capacity Building Strategies</b>				
1. Hire a Housing Coordinator	X		*	BOS
2. Continue to capitalize the Affordable Housing Trust Fund	X		*	BOS/CPC/AHT/AHC
3. Conduct ongoing community education	X		*	AHC/CHA/COA
4. Establish a working relationship between the AHC and EDC as well as the PB	X		*	AHC/EDC/PB
<b>6.2 Zoning and Regulatory Strategies</b>				
1. Modify existing bylaws Accessory Dwelling Units Small nonconforming lot development Inclusionary zoning/Affordable Dwelling Units Mandatory Provision Apartment Incidental to a Commercial Use	X	X X X	4 units 6 units 2 units	PB/AHC
2. Promote mixed-use development		X	3 units	PB/AHC/EDC
3. Explore tax relief for year-round rentals		X	*	BOS
<b>6.3 Production Strategies</b>				
1. Make suitable public property available for affordable housing	X		16 units	BOS/AHC
2. Promote "Friendly 40B" private Development**	X		40 units	BOS/AHC/ZBA
3. Encourage special needs housing		X	8 units	AHC
4. Explore a Buy-down Program		X	8 units	AHC
5. Continue to promote regional Partnerships		X	*	BOS/PB/AHC
<b>6.4 Direct Assistance Strategies</b>				
1. Continue funding local housing programs	X		*	CPC/AHC/CHA
2. Help qualifying residents access housing Assistance	X		*	AHC/CHA/COA

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

\*\* It should be noted that public property development will also likely use the “friendly 40B” process but units are counted under strategy 6.3.1 instead of 6.3.2.

\*\*\*Abbreviations

Affordable Housing Committee = AHC

Affordable Housing Trust = AHT

Board of Selectmen = BOS

Planning Board = PB

Zoning Board of Appeals = ZBA

Chatham Housing Authority = CHA

Economic Development Committee = EDC

Council on Aging = COA

Community Preservation Committee = CPC

## 2. INTRODUCTION

### 2.1 Background and Purpose of the Project

The Town of Chatham sits on the elbow of Cape Cod, surrounded on three sides by water. Its beaches and historic seaside charm have attracted visitors from all over the world for decades. Not only has Chatham been a much sought-after destination for a vacation, but it has also drawn those looking for a second home or a place to retire. This has significantly affected the community's socio-economic character and housing mix with increasing amounts of seasonal or occasional housing units, now at more than half of Chatham's housing units, as well as declines in younger residents and substantial gains in older ones with almost 40% of year-round residents 65 years of age or older. These trends are projected to continue. Additionally, during the summer months the population explodes to more than 25,000, putting significant pressures on Town services and existing housing.

Housing growth in fact has outstripped population growth considerably. Despite a population loss of 454 persons between 1990 and 2010, there was a gain of 1,042 housing, indicative that new housing units were largely being created for seasonal or occasional residents. Much of the recent housing development has also involved the demolition of existing homes and replacement with more expensive dwellings.

Like most communities on Cape Cod, there is a substantial gap between the costs of housing, whether ownership or rental, and what many local year-round residents can afford. Affordability is a particular problem for those lower wage workers who are seasonal and support the town's important tourism industry. Affordable housing production has been intermittent since 1960 and has not kept up with the rapid growth of the community. The result is an affordable housing shortage that threatens the character and viability of the community. Consequently, the Town of Chatham has been experiencing a housing crisis that affects its social and economic health as more year-round residents are forced to leave the community or make adjustments in where they spend the summer when seasonal visitors outbid them for available units.

Chatham currently has 5.03% of its year-round housing stock considered affordable. The Commonwealth has established a goal of having 10% of the housing stock affordable for all communities, which the Town of Chatham has embraced in its Long Range Comprehensive Plan, subsequent Housing Plans, and its Community Preservation Master Plan. The Town of Chatham also recognizes the need to provide some housing for those earning above 80% AMI but still priced out of the housing market.

The Affordable Housing section of Chatham's Long Range Comprehensive Plan begins with this quote:

*"When one compares the maximum affordable home purchase prices for an average, locally-employed Chatham couple or family to the average listing price for Chatham residential properties, it is clear that there is a remarkable affordability gap for locally-employed Chatham workers and residents who wish to acquire their own home."*

The quote was from Affordable Housing Strategies for Chatham written in June 1988, but it still applies today.

This Housing Production Plan involves an update of the one the Town produced in 2013, which was approved by the state under Massachusetts General Law Chapter 40B, 760 CMR 56.00. In accordance with these state Housing Production guidelines, this Plan projects affordable housing creation equal to 0.50%, or 17 units per year of the total year-round housing stock (3,460) based on the 2010 Census. If the Town can produce this level of affordable housing in any calendar year, it will be able to deny inappropriate comprehensive permit projects without the developer's ability to appeal the decision, thus gaining greater local control over housing development.

As these Plans have five-year terms, the 2013 Plan is due to expire on July 16, 2018. This updated Plan provides the Town with the opportunity to obtain updated information on demographic and housing trends and revisit previous housing goals and strategies, revising them accordingly based on the shifting housing dynamic and available resources. As such, this Plan provides guidance to help the Town meet the housing needs of the community as well as to get closer to the 10% state affordability threshold.

## **2.2 Goals and Objectives**

This Housing Production Plan includes the following five (5) housing goals that serve as the context for the strategies that are proposed in Section 6, most of which have been included in the Local Comprehensive Plan or previous Housing Plans:

- Provide a wide range of safe and affordable housing opportunities to meet diverse housing needs.
- Strive to reach the state 10% affordable housing goal.
- Preserve the existing affordable housing stock.
- Assure new housing production is harmonious with the existing community and the Local Comprehensive Plan.
- Maximize local interest and investment in affordable housing, leveraging public and private funds to the greatest extent possible in the production and preservation of affordable housing.

### 3. HOUSING NEEDS ASSESSMENT<sup>9</sup>

This Housing Needs Assessment presents an overview of current demographic and housing characteristics and trends for the town of Chatham, providing the context within which a responsive set of strategies can be developed to address identified housing needs and meet production goals.

#### 3.1 Demographic and Economic Profile

It is important to closely examine social and economic characteristics, particularly past and future trends, in order to understand the composition of the population and how it relates to community housing needs. Key questions to be addressed in this Needs Assessment include the following:

- What have been the town's growth trends, particularly since 2010?
- What are the ramifications of increases and decreases of various age groups in regard to housing needs?
- What are the variations in household size and types of households that suggest unmet or greater housing needs?
- What changes in income levels have occurred and how does this relate to housing affordability?
- What changes in the community's economic base have ramifications on housing needs?
- What portion of the population has special needs that suggest more supportive services or home modifications?

These and other social and economic issues are discussed in the following sections.

##### 3.1.1 Population Growth – Year-round population recently leveling off

As noted in Table 3-1 and Figure 3-0, Chatham's population steadily increased between 1930 and 1990 with the greatest population growth occurring between 1960 and 1980. Between 1990 and 2000 there was a net increase of only 46 residents with an *actual decrease of 500 residents between 2000 and 2010, representing a 7.5% population loss.*

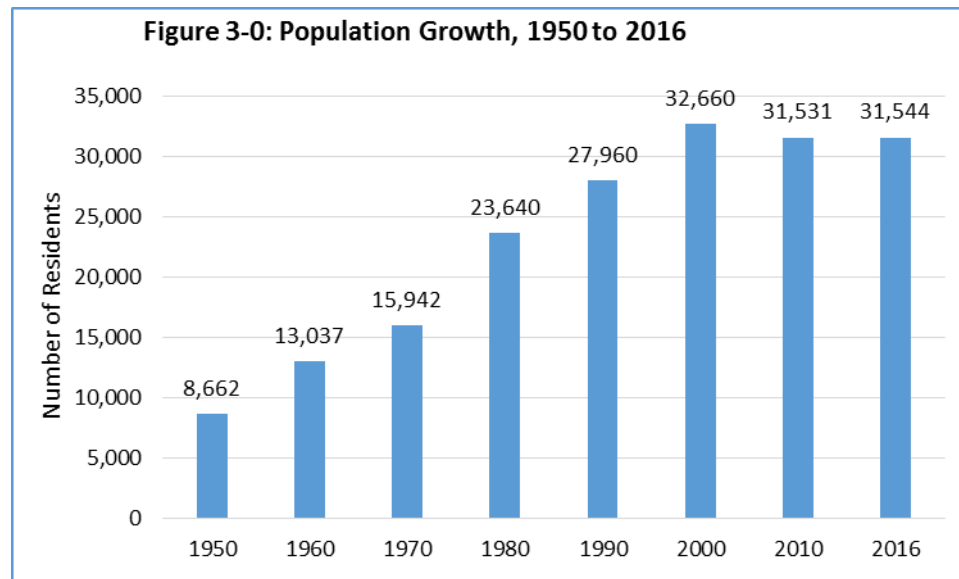
**Table 3-1: Population Change**

Year	Total Population	Change in Number	Percentage Change
1930	1,931	--	--
1940	2,136	205	10.6
1950	2,457	321	15.0
1960	3,273	816	33.2
1970	4,554	1,281	39.1
1980	6,071	1,517	33.3
1990	6,579	508	8.4
2000	6,625	46	0.7
2010	6,125	-500	-7.5
2016	6,142	17	0.3
As of 3-1-18	6,171	29	0.5

Source: U.S. Census Bureau, 2010, the University of Massachusetts Donahue Institute State Data Center, and Chatham Town Clerk's Office.

<sup>9</sup> It should be noted that this Housing Needs Assessment includes the most up-to-date data available. In regard to census figures, in addition to the 2010 census data, the most recent issue of the Census Bureau's American Community Survey (ACS) is also offered. Because the ACS is based on a sample, it is subject to sampling error and variation.

There has been little population growth since 2010 with the 2016 census estimates suggesting a total population of 6,142 residents, just 17 more than the 2010 population total of 6,125. Town records, as of March 1, 2018, indicate a year-round population of 6,171 residents, further demonstrating the very limited amount of population growth since 2010.



The Cape Cod Commission (CCC) and Barnstable County commissioned a Regional Housing Market Analysis which was completed in June 2017.<sup>10</sup> This report suggested some continued population growth for the county in general and for Chatham as well to an estimated population of 6,245 in 2020 and 6,415 by 2025, representing a 4.7% 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.

On the other hand, population projections from the Metropolitan Area Planning Council (MAPC) and State Data Center, which provide such projections for all communities in the Commonwealth, estimate significant future population losses. These forecasts rely on historical or a retrospective view of past demographic trends largely focused on migration, birth, and death rates. MAPC estimates a decline to 5,757 residents by 2020 and to 5,245 by 2030, representing a 14.4% loss of population between 2010 and 2030. The State Data Center at the University of Massachusetts' Donahue Institute projects even greater population losses to 5,518 residents by 2020, 5,194 by 2025, and 4,899 by 2030 for a 20% population decrease since 2010.

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

<sup>10</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.

residents from outside the region.<sup>11</sup> The CCC projections are likely a more reliable source for demographic forecasts although they do appear somewhat optimistic regarding future growth given past trends.

### **3.1.2 Racial Composition – Slight increases in minority residents**

As shown in Table 3-1, the racial composition of Chatham’s population is predominately White at 93.2% of all residents. However, there has been some growth in minority residents between 2010 and 2016, going from 3.9% to 6.8% of all residents. Almost all of this growth involved new Black or African-American residents. Also, 205 residents claimed Hispanic or Latino heritage based on 2016 census estimates.

**Table 3-2: Population by Race  
2000, 2010 and 2016**

Race	2000		2010		2016	
	#	%	#	%	#	%
White alone	6,325	94.7%	5,885	96.1	5,727	93.2
Black or African American alone	40	0.6%	86	1.4	285	4.6
American Indian/Alaska Native alone	64	1.0%	16	0.3	0	0.0
Asian alone	31	0.5%	36	0.6	43	0.7
Native Hawaiian/Other Pacific Islander Alone	8	0.1%	0	0.0	0	0.0
Some other race alone	100	1.5%	38	0.6	0	0.0
Two or more races	112	1.7%	64	1.0	87	1.4
Total	6,625	100.0	6,125	100.0	6,142	100.0

Source: US Census Bureau, 2000 and 2010; American Community Survey 5-Year Estimates, 2012-2016.

### **3.1.3 Age Distribution – Declining numbers of younger residents and increases in older ones**

Census data regarding the changes in the age distribution from 1990 to 2016 is provided in Table 3-3. In general, there were significant declines in the younger age categories and major population gains in the older ones between 1990 and 2010, however the 2016 census estimates include some reversals of past trends which is surprising and may be questionable.

- *Children – Declining population*  
The number and proportion of children declined markedly over the past several decades. Those school-age children under age 18 decreased by 24% between 1990 and 2010, from 15.0% of the population to 12.2% of all residents. In comparison, the percentage of those under 18 was 21.7% for the state in 2010. The 2016 census estimates, based on sample survey data, indicate a gain of 104 children to 13.9% of the population.
- *College age residents – Numbers decreased significantly*  
Young residents in the 18 to 24-age range decreased by 37.8% between 1990 and 2010, from 360 residents to 224. Once again, the 2016 census estimates indicate an increase in this age group to 368 residents, questionably reversing past trends significantly.

<sup>11</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.

- *Young adults – Decreased by almost half*  
Younger adults in the family formation stage of their lives, the 25 to 34-age range, also decreased significantly between 1990 and 2010, dropping to 6.4% of the population in 2010 from 11.1% in 1990 or by almost 46%. Even those who were somewhat older, age 35 to 44, decreased by about 35%. The 2016 census estimates indicate a further erosion of these age groups. Clearly an increasing number of those who were raised in Chatham are choosing to live elsewhere. The high cost of housing is likely an issue although the relative scarcity of well-paying jobs is probably the greatest contributing factor.
- *Baby boomers – Substantial increases*  
Those in the 45 to 64-age range, many of the baby boomer generation during these decades, increased significantly, going from 22.1% of the population in 1990 to 31.5% by 2010. The 2016 census estimates suggest some declines of those in this age range to 29% of the population, another reversal of past trends.
- *Older adults – Substantial population of residents 65 years or older*  
The number of those 65 years of age and older increased modestly between 1990 and 2010, showing only a net gain of 67 residents. Nevertheless, this age group comprised more than one-third of all residents, 37.7%, by 2010. The 2016 census estimates indicate some modest but continued growth of these older residents. Certainly Chatham’s reputation as a retirement community is well earned. Of particular note were the frail elderly of at least age 85 who increased by 44% between 1990 and 2010. Once again the 2016 census estimates show a reversal of past trends with a steep decline in this age group from 408 to 282 residents between 2010 and 2016 and from 6.7% to 4.6% of all residents.

**Table 3-3: Change in Age Distribution  
1990 to 2016**

Age Range	1990		2000		2010		2016	
	#	%	#	#	%	%	%	%
Under 5 Years	237	3.6	193	2.9	163	2.7	276	4.5
5 – 17 Years	748	11.4	686	10.4	586	9.6	577	9.4
18 – 24 Years	360	5.5	291	4.4	224	3.7	368	6.0
25 – 34 Years	728	11.1	491	7.4	394	6.4	356	5.8
35 – 44 Years	808	12.3	820	12.4	526	8.6	399	6.5
45 – 54 Years	592	9.0	933	14.1	781	12.8	749	12.2
55 – 64 Years	865	13.1	938	14.2	1,143	18.7	1,032	16.8
65 – 74 Years	1,151	17.5	1,062	16.0	1,105	18.0	1,345	21.9
75 – 84 Years	807	12.3	851	12.8	795	13.0	761	12.4
85+ Years	283	4.3	360	5.4	408	6.7	282	4.6
Total	6,579	100.0	6,625	100.0	6,125	100.0	6,145*	100.0
Under 18	985	15.0	879	13.3	749	12.2	853	13.9
Age 65+	2,241	34.1	2,273	34.3	2,308	37.7	2,388	38.9

Source: US Census Bureau, 1990, 2000 and 2010; American Community Survey 5-Year Estimates, 2012-2016.

\*The 2016 census estimates only provide percentage data and therefore there is some minor rounding error.

Figure 3-1 dramatically displays this significant shrinking of the younger age groups and the relative dominance of those residents 65 years of age or older. The chart also shows where the 2016 census estimates demonstrate a reversal of trends from the decennial census figures of 2000 and 2010.

**Figure 3-1: Changes in Age Distribution: 2000, 2010 and 2016**

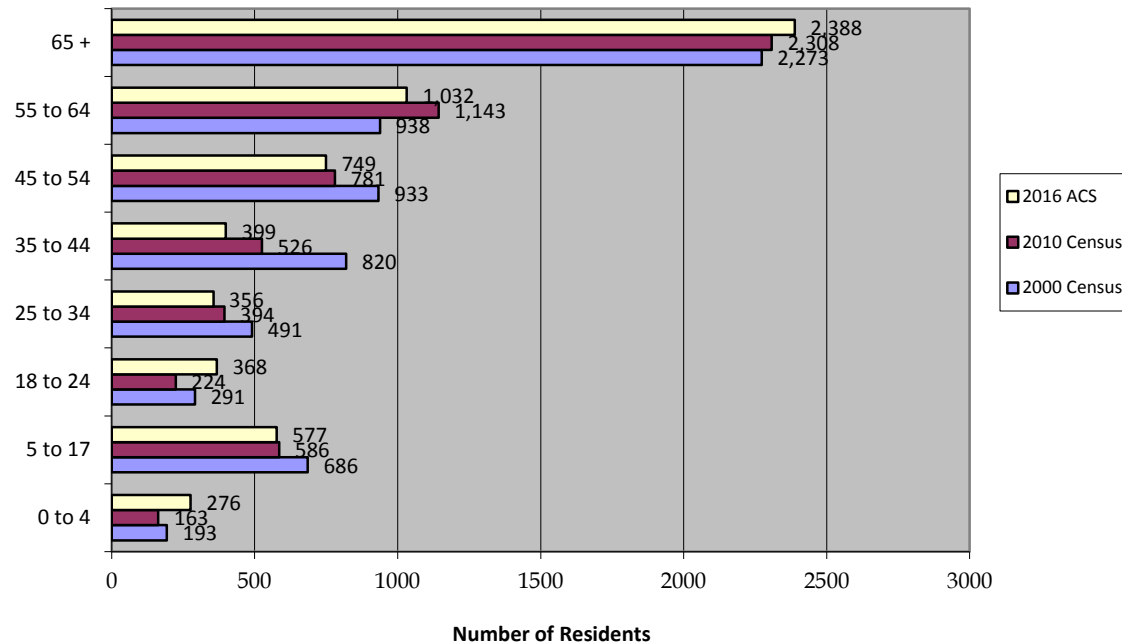


Table 3-4 provides comparative information for Barnstable County and the state, which highlights the trends described above. Chatham continues to have proportionately fewer younger residents and greater numbers of older ones in comparison to Barnstable County and the state, although the percentage of those in the 55 to 64 age range is relatively comparable to the county level of about 17%.

The level of those under age 18 is dramatically lower in Chatham, at 13.9% in 2016 compared to 15.9% and 20.6% for the county and state, respectively. Those in the 18 to 34 years age range are also notably lower, at 11.8% compared to 15.8% for the county and 24.1% for the state. On the other end of the age range, those ages 65 and older include 38.9% of all Chatham residents in 2016, so much higher than 27.8% for Barnstable County and 15.1% for the state.

**Table 3-4: Comparative Age Distribution Data, 2000 and 2016**

	Chatham		Barnstable County		Massachusetts	
	% 2000	% 2016	% 2000	% 2016	% 2000	% 2016
Under 18	13.3	13.9	20.4	15.9	23.6	20.6
Age 18 to 34	11.8	11.8	14.9	15.8	17.8	24.1
Age 35 to 44	12.4	6.5	15.3	9.2	14.6	12.4
Age 45 to 54	14.1	12.2	14.8	14.2	16.7	14.6
Age 55 to 64	14.2	16.8	11.5	17.1	13.8	13.1
Age 65 +	34.3	38.9	23.1	27.8	13.5	15.1

Source: U.S. Census Bureau, 2000 and 2012-2016 American Community Survey 5-Year Estimates.

Additional comparative census data is provided in Table 3-5, examining the median age levels for Chatham in comparison to the county and state. This data indicates that the median age of Chatham residents has increased significantly from about 54 years in 2000 to more than 58 years in 2010 and 2016. When compared to the median ages of Barnstable County and the state at 51.8 years and 39.4 years, respectively, the community by in large is considerably older than the both the region (by 6.4 years) and state as a whole (by 18.8 years). While in the recent past, the differentials were similar to breakdowns between the median ages of both sexes to the county and the state, however, the recent 2016 census estimates suggest the same median age for both men and women at 58.2 years, another questionable statistic and likely an error.

**Table 3-5: Median Age  
2000, 2010 and 2016**

Gender	Chatham			Barnstable County		Massachusetts	
	2000	2010	2016	2010	2016	2010	2016
Both Sexes	53.9 years	58.9 years	58.2 years	49.9 years	51.8 years	39.1 years	39.4 years
Male	51.6 years	57.4 years	58.2 years	48.1 years	49.9 years	37.7 years	37.8 years
Female	56.7 years	60.5 years	58.2 years	51.4 years	53.6 years	40.3 years	40.8 years

Source: US Census Bureau, 2000 and 2010; American Community Survey 5-Year Estimates, 2012-2016.

While the Cape Cod Commission Regional Housing Market Analysis did not include forecasted population breakdowns by age, it did provide countywide projections that are summarized in Table 3-6. Despite a projected increase in the total population between 2010 and 2025 of 2.3%, younger residents under age 20 are forecasted to decrease by 16.1% with accompanying smaller declines in younger adults in the 20 to 44 age range of 3.9%. Even older middle-aged residents between age 45 and 64 are projected to decline in number and as a proportion of the population, decreasing by 14% during this same period. On the other hand, those 65 years of age and older are estimated to grow by 43.5%.

The Regional Housing Market Analysis asserts that, “Quite clearly, the population increase is expected to be driven by the age 65 and older cohort. From 2017 to 2025, the age 65+ cohort is forecasted to increase by an average of approximately 1,667 residents per year (2.57%)” on a countywide basis.<sup>12</sup> Because Chatham and other communities on the Lower Cape have a higher proportion of older adults and a lower proportion of younger ones than the county as a whole, it can be anticipated that population forecasts would also be more extreme with even fewer children and more older residents. For example, Chatham’s 2010 population had a higher proportion of seniors in 2010, at 37.7% of the population, than what was projected for the county in 2025 of 35%.

Applying a countywide growth rate of 43.5% to Chatham’s 2010 population of those 65 years or more puts this population at approximately 3,300 residents or about 51% of the population (using the 2025 projected total population of 6,415) which is in line with the MAPC and State Data Center percentages in Table 3-7. Likewise, the projected 16% countywide decline in those under age 20 when applied to Chatham residents in 2010 suggests a population of about 682 residents or 10.6% by 2025, once again based on a projected 2025 total population of 6,415 residents. This is not far off from the number of such residents in the State Data Center figures and the percentage of residents in the MAPC projections for 2030.

<sup>12</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.

**Table 3-6: Projected Age Distribution for Barnstable County  
2010 Census to 2025**

Age Range	2010 Census		2020 Projections		2025 Projections	
	#	%	#	%	#	%
0-19 Years	41,767	19.3	35,709	16.5	35,044	15.9
20-44 Years	50,237	23.3	48,138	22.3	48,273	21.9
45-64 Years	70,005	32.4	64,239	29.7	60,207	27.3
65 + Years	53,879	25.0	68,209	31.5	77,296	35.0
Total	215,888	100.0	216,295	100.0	220,820	100.0

Source: "Regional Housing Market Analysis and 10-year Forecast of Housing Supply and Demand for Barnstable County, Massachusetts", prepared for the Cape Cod Commission and Barnstable County, June 30, 2017.

Table 3-7 presents population projections by age range through 2030 from the Metropolitan Area Planning Council (MAPC) and State Data Center at the University of Massachusetts Donahue Institute,

**While those age 65 or older increased by 29% between 1990 and 2010 to 38% of the population, they are expected to become at least half of the population by 2030, coinciding with the aging of the baby boomers, according to some forecasts. The housing needs of this expanding population of seniors will need to be addressed in the Town's housing agenda.**

comparing them to 2010 census figures. These projections are based largely on historical trends related to births, deaths and migration patterns and suggest population losses to 5,245 and 4,899 by 2030, respectively as noted earlier. During this time of projected population decline, the percentage of those 65 years of age or more is estimated to increase to more than half of all residents by 2030 with declines in middle-aged residents. While the MAPC projections estimate continued declines in younger residents, the State Data Center figures project a somewhat less significant population loss.

**Table 3-7: MAPC and State Data Center Population Projections for 2030**

Age Range	2010 Census		MAPC		State Data Center	
	#	%	#	%	#	%
Less than 5 years	163	2.7	114	2.2	142	2.9
5 to 19 years	650	10.6	381	7.3	557	11.4
20 to 34 years	554	9.0	396	7.6	401	8.2
35 to 64 years	2,450	40.0	1,492	28.4	1,344	27.4
65+ years	2,308	37.7	2,862	54.6	2,455	50.1
Total	6,125	100.0	5,245	100.0	4,899	100.0

Source: Metropolitan Area Planning Council (MAPC), Massachusetts Housing Data Portal, January 2014; University of Massachusetts, Donahue Institute, State Data Center.

These demographic shifts would significantly change the character of the community given substantial losses of population diversity, significant losses of younger workers, and an extended retirement focus. This situation is not unique to Chatham as it is a trend throughout the Mid and Lower Cape.

#### **3.1.4 Households – High portion of smaller nonfamily households**

As shown in Table 3-8, the number of households increased between 1990 and 2000, from 3,023 to 3,160, and then decreased to 3,085 by 2010. The 2016 census estimates suggest further declines to 2,772 households, which is questionable given no total population loss. The Cape Cod Commission's Regional Housing Market Analysis also forecasts some decrease in the number of Chatham households

to 2,847 by 2020 and 2,902 by 2025, still representing a 5.9% decrease since 2010 despite a projected 4.7% population increase during this period.

**Table 3-8: Household Characteristics  
1990 to 2016**

	1990		2000		2010		2016	
	#	%	#	%	#	%	#	%
Total Households	3,023	100.0	3,160	100.0	3,085	100.0	2,772	100.0
Family Households*	1,917	63.4	1,887	59.7	1,776	57.6	1,747	63.0
Female Headed Families w/Children *	76	2.5	92	2.9	90	2.9	91	3.3
Nonfamily Households *	1,106	36.6	1,273	40.3	1,309	42.4	1,025	37.0
Persons living alone 65 years+ **	583	19.3	595	18.8	626	20.3	597	21.5
Average Household Size	2.10 persons		2.00 persons		1.95 persons		2.16 persons	

Source: U.S. Census Bureau, Census 1990, 2000 and 2010; American Community Survey 5-Year Estimates, 2012-2016. \* Percent of all households \*\* Percent of total population

The average household size continued to decrease between 1990 and 2010, from 2.10 persons and 1.95 persons, respectively; and then is estimated to have increased significantly to 2.16 persons in 2016, another surprising and questionable figure. This level is still lower relative to the county and state at 2.25 and 2.54 persons, respectively, however.

**The predominance of the baby boom generation has had a substantial impact on a slowdown in the rate of new household formation and the increase in smaller households and greater need for smaller units.**

The decrease in average household size has been largely correlated with more smaller, nonfamily households<sup>13</sup>, which grew from 1,106 in 1990 to 1,309 by 2010. In 2010, these nonfamily households comprised more than 40% of all households in Chatham including one-fifth of all households who were living alone and 65 years of age or older. *This data further suggests a need for a greater number of smaller units to accommodate a growing population of single-person households and smaller families.*

Table 3-9 examines the types of households by household size. Single-person households comprised 31.8% of all households according to 2016 census estimates, down from 34.7% in 2000 but up a bit from 30.7% in 2010. Of the 882 single-person households in 2016, 597 or two-thirds were 65 years of age or older. There were also 1,228 two-person households, down from 1,427 such households in 2000 and 1,466 in 2010. The 14% decline in these two-person households between 2000 and 2016 is higher than the 12% decrease in the total number of households during this period. Once again, this reversal of trends in the 2016 census estimates is surprising and questionable. Three-person households also increased during this period, from 9.3% and 9.5% in 2000 and 2010, respectively, to 10.9% according to 2016 census estimates.

In regard to large households, the 2016 census estimates also demonstrate a reversal of past trends towards fewer larger households with four-person or more households decreasing from 341 in 2000 to 272 in 2010 and then growing to 359 in 2016, higher than the 2000 level.

<sup>13</sup> Includes individuals and unrelated household members.

**Table 3-9: Types of Households by Size, 2000 and 2010 Census and 2016 Estimates**

Households by Type/Size	2000		2010		2016	
	#	%	#	%	#	%
<i>Nonfamily households</i>	1,270	40.2	1,012	34.8	1,025	37.0
1-person	1,095	34.7	892	30.7	882	31.8
2-persons	165	5.2	93	3.2	127	4.6
3-persons	10	0.3	11	0.4	0	0.0
4-persons	0	0.0	0	0.0	16	0.6
5-persons	0	0.0	16	0.6	0	0.0
6-persons	0	0.0	0	0.0	0	0.0
7+ persons	0	0.0	0	0.0	0	0.0
<i>Family households</i>	1,887	59.8	1,897	65.2	1,747	63.0
2-persons	1,262	40.0	1,373	47.2	1,101	39.7
3-persons	284	9.0	268	9.2	303	10.9
4-persons	224	7.1	159	5.5	242	8.7
5-persons	104	3.3	67	2.3	81	2.9
6-persons	4	0.1	15	0.5	8	0.3
7+ persons	9	0.3	15	0.5	12	0.4
Total	3,157	100.0	2,909	100.0	2,772	100.0

Sources: U.S. Census Bureau, 2000 Census, Summary File 3, and American Community Survey Five-Year Estimates 2006-2010 and 2012-2016. Because these figures reflect sample data, they are somewhat different than the actual counts included in Table 3-8.

### **3.1.5 Income – Relatively high income levels but growing income disparities**

Table 3-10 presents income data based on the 1999, 2010 and 2016 census estimates, demonstrating changes in the distribution of incomes during that period. This information is also visually presented in Figure 3-2.

Incomes have increased substantially, with the median income level increasing by 45% between 1999 and 2010, from \$45,519 to \$65,990 and then remaining relatively flat at \$65,750 in 2016. This median income level was also relatively high in comparison to both Barnstable County at \$55,294 and the state at \$63,961 in 2010 but is now comparable to the county at \$65,382 and much lower than the state level of \$70,954 in 2016. With the median house price at \$592,500 in 2017, an affordability gap becomes immediately apparent.

Only 16% of year-round resident earned \$100,000 or more in 1999, but by 2010 32% were earning above this level with about the same level in 2016. Despite this growing prosperity, there are still residents with very limited incomes including 858 households earning less than \$35,000, 592 of whom earned less than \$25,000. This is higher than in 2010 when 543 households were earning less than \$35,000, 348 at less than \$25,000. All other income ranges of more than \$35,000 saw proportional increases between 1999 and 2010, with about 15% of all households earning more than \$100,000 in 1999 compared to almost one-third by 2010. The level of higher-income households earning more than \$75,000 was comparable to the state, at 44.4% versus 43.1% of all households, but significantly higher than the county level of 35.7%.

**Table 3-10: Household Income Distribution  
1999, 2010 and 2016**

Income Range	1999		2010		2016	
	#	%	#	%	#	%
Under \$10,000	158	5.0	151	5.2	140	5.1
\$10,000-24,999	682	21.6	197	6.8	452	16.3
\$25,000-34,999	469	14.9	195	6.7	266	9.6
\$35,000-49,999	414	13.1	476	16.4	240	8.7
\$50,000-74,999	576	18.2	598	20.6	435	15.7
\$75,000-99,999	387	12.3	365	12.5	368	13.3
\$100,000-149,999	301	9.5	433	14.9	439	15.8
\$150,000 +	170	5.4	494	17.0	432	15.6
Total	3,157	100.0	2,909	100.0	2,772	100.0
Median income	\$45,519		\$65,990		\$65,750	

Sources: US Census Bureau, 2000 Summary File 3 and American Community Survey 2006-2010 and 2012-2016 Five-Year Estimates.

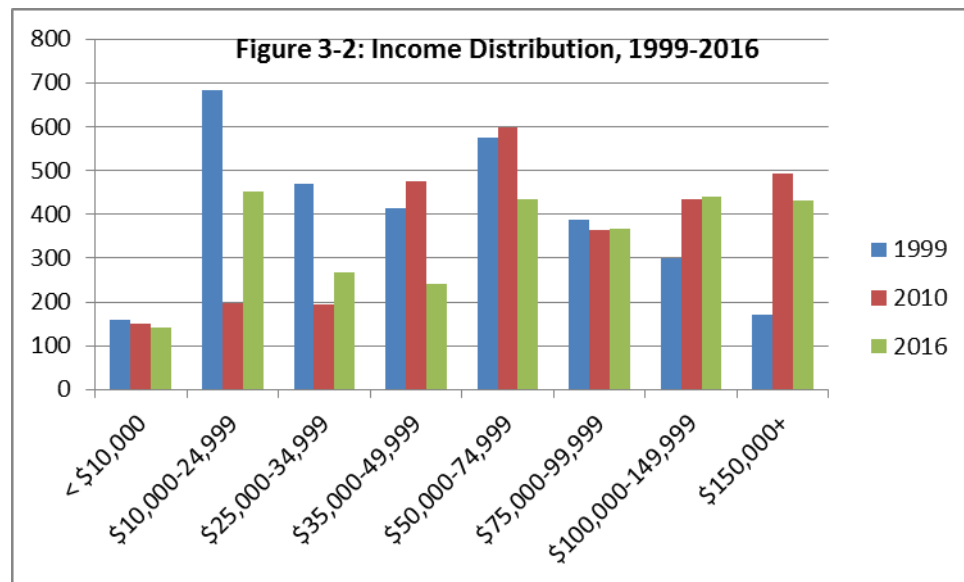


Table 3-11 provides median income levels for various types of households comparing 2010 and 2016 census estimates. This data shows that, to a greater or lesser extent, income levels declined between 2010 and 2016 with the exception of homeowners and full-time, year-round, male workers. The median income of nonfamily households was 37% of those for families in 2016 at \$32,092 versus \$86,683, a finding highly correlated with the greater prevalence of two worker households in families and the considerable number of seniors living alone on fixed incomes and counted as nonfamilies. It is not surprising that besides those living in families, median income levels were highest among homeowners, those in the prime of their earning potential, and men.

**Table 3-11: Median Income by Household Type  
2010 and 2016**

Type of Household/Householder	Median Income Levels	
	2010	2016
Individual/Per capita	\$48,729	\$48,776
Households	\$65,990	\$65,750
Families	\$90,445	\$86,683
Nonfamilies*	\$40,119	\$32,092
Renters	\$43,634	\$24,288
Homeowners	\$75,417	\$82,584
Householder less than age 25	\$50,938	**
Householder age 25 to 44	\$54,750	\$50,536
Householder age 45 to 64	\$96,607	\$88,793
Householder age 65 or more	\$62,649	\$56,936
Full-time, year-round male workers	\$40,914	\$54,509
Full-time, year-round female workers	\$40,000	\$45,541

Source: U.S. Census Bureau, American Community Survey 5-Year Estimates 2012-2016.

\*Includes persons living alone and unrelated households members.

\*\* Not available as the sample size was too small.

The 2016 census estimates indicate that 35.4% of households received retirement income with a mean income of \$39,379. More than half of households received Social Security Income with a mean income of \$23,161. Only 35 households were earning Supplemental Social Security income and 30 households received public assistance with average cash payments of only \$2,490. Somewhat more households, 187 or 6.7%, received Food Stamp/SNAP benefits. Clearly this subset of the Town's population is under serious financial strain.

A comparison of 2010 and 2016 income levels for owners and renters is provided in Table 3-12. More than half (53.3%) of renters earned less than \$25,000 compared to only 13.3% of homeowners in 2016. On the other hand, more than half of the homeowners (53.6%) earned more than \$75,000 compared to only 9.5% of the renter households. The income disparity between owners and renters is also reflected in median income levels of \$82,584 and \$24,288, respectively. While the median homeowner's household income was considerably higher than the county level of \$73,364, the renter median was well below the countywide one of \$36,077. Of particular note is that **while the median household income for homeowners increased by 9.5% between 2010 and 2016, it decreased by 44.3% for renters.**

The Cape Cod Commission's Regional Housing Market Analysis projects that these income disparities will widen further with the median income of homeowner household increasing to \$95,775 by 2025 and those of renters decreasing to \$19,598.

**It is important to note that these income figures are based on the Town's year-round population, not those who live in town for parts of the year. This group of occasional residents, who occupy more than half of Chatham's housing units, have significantly higher average incomes in order to afford the high costs of seasonal units or second homes.** A Cape Cod Commission report on a survey conducted of second homeowners, indicates that 81% of such Lower Cape owners had incomes of more than \$100,000, 44% of more than \$200,000.<sup>14</sup>

<sup>14</sup> UMASS Donahue Institute, "Cape Cod Second Homeowners: Technical Report of 2017 Survey Findings," prepared for the Cape Cod Commission, June 2017.

**Table 3-12: Income Distribution by Owner and Renter Households  
2010 and 2016**

Income Range	Homeowners				Renters			
	2010		2016		2010		2016	
	#	%	#	%	#	%	#	%
Under \$10,000	100	4.2	66	3.0	51	9.9	74	13.2
10,000-24,999	135	5.6	228	10.3	62	12.0	224	40.1
25,000-34,999	183	7.7	198	8.9	12	2.3	68	12.2
35,000-49,999	313	13.1	192	8.7	163	31.5	48	8.6
50,000-74,999	458	19.1	343	15.5	140	27.1	92	16.5
75,000-99,999	356	14.9	360	16.3	9	1.7	8	1.4
100,000-149,999	405	16.9	394	17.8	28	5.4	45	8.1
150,000 +	442	18.5	432	19.5	52	9.9	0	0.0
Total	2,392	100.0	2,213	100.0	517	100.0	559	100.0
2010 Median Household Income	\$75,417		\$82,584		\$43,634		\$24,288	

Source: U.S. Census Bureau, 2006-2010 and 2012-2016 American Community Survey.

Table 3-13 summarizes the income distribution by the age of the head of the household. There were only 12 households with a head of less than 25 years of age, all 12 with limited incomes of between \$15,000 and \$20,000. Those households with heads in the 25 to 44 age range had incomes that were by in large less than those 45 to 64 years of age in the prime of their earning careers. For example, 39.1% of residents age 25 to 44 were earning less than \$35,000 and 24% were earning more than \$100,000 compared to 23.5% earning less than \$35,000 and 42.9% earning more than \$100,000 for those in the 45 to 64 group. This disparity is also reflected in the median income levels. Residents 65 years of age or older, many who are retired and living on fixed incomes, were more evenly dispersed among the income categories with the exception of the below \$10,000 range, however the median income was not much higher than that of the 25 to 44 year olds.

**Table 3-13: Income Distribution by Age of Householder  
2016**

Income Range	Less than Age 25		Age 25 to 44		Age 45 to 64		Age 65 or Over	
	#	%	#	%	#	%	#	%
Under \$10,000	0	0.0	17	4.6	69	7.5	54	3.7
\$10,000-24,999	12	100.0	91	24.5	120	13.1	229	15.5
\$25,000-34,999	0	0.0	37	10.0	27	2.9	202	13.7
\$35,000-49,999	0	0.0	33	8.9	26	2.8	181	12.3
\$50,000-74,999	0	0.0	88	23.7	140	15.3	207	14.1
\$75,000-99,999	0	0.0	16	4.3	141	15.4	211	14.3
\$100,000-149,999	0	0.0	39	10.5	234	25.5	166	11.3
\$150,000 or more	0	0.0	50	13.5	159	17.4	223	15.1
Total	12	100.0	371	100.0	916	100.0	1,473	100.0
Median Household Income	*		\$50,536		\$88,793		\$56,936	

Source: U.S. Census Bureau, 2012-2016 ACS 5-Year Estimates

\*Sample size too small.

### 3.1.6 Poverty Status – Recent increases in poverty

Table 3-14 confirms that poverty levels increased for individuals and families between 1999 and 2010, declining only for those 65 years of age or older. While these figures are disconcerting, the level of poverty was somewhat lower than that for the state as a whole, where 10.8% of all individuals were living in poverty in 2010, as opposed to 7.0% in Chatham.<sup>15</sup> The ability to provide affordable housing options for those with very limited incomes is a continuing challenge and a pressing need.

The 2016 figures show considerable increases in poverty, growing from 7% to 12.7% between 2010 and 2016 to include 780 residents and 154 families. This is especially worrisome, if true, given that there are only about a hundred subsidized rentals in the community. Of particular concern is the increase in the number and percentage of children living in poverty to 31.2% of all children under 18 years of age. While the 2016 census estimates appear off-track for many of the demographic trends discussed earlier, it can be hoped that these figures overestimate those living in poverty in the community.

**Table 3-14: Poverty Status  
1999, 2010 and 2016**

Demographic Type	1999		2010		2016	
	#	%	#	%	#	%
Individuals Below Poverty *	311	4.8	429	7.0	780	12.7
Families **	36	1.9	55	3.1	154	8.8
Related Children Under 18 Years ***	42	5.1	71	9.5	266	31.2
Individuals 65 and Over****	80	3.7	53	2.3	72	3.0

Sources: US Census Bureau, 1990 and 2000 Summary File 3 and American Community Survey 2006-2010 and 2012-2016 Five-year Estimates. \* Percentage of total population \*\* Percentage of all families \*\*\* Percentage of all children under 18 years \*\*\*\* Percentage of all individuals age 65+

### 3.1.7 Employment – Predominant service economy with significant fishing industry but relatively low average wages

Chatham's economy is driven largely by tourism, and a large segment of the labor force is tied to the service and retail industries. Of those 5,370 Chatham residents over the age of 16 in 2016,<sup>16</sup> 2,800 or 52% were in the labor market, a decline from 3,050 or about 56% in 2010. Only about 228 residents had jobs in the community. It should also be noted that 81% of workers drove alone to work, another 5% carpooled, and another 10% either worked at home or walked to work according to the 2016 census estimates. The average commuting time was about 23 minutes, suggesting employment opportunities were typically located not too far away.

The 2016 census estimates also provide information on the concentration of Chatham workers by industry, indicating that 37.5% were involved in management, business, science, or arts occupations with the remainder employed largely in the lower paying retail and service-oriented jobs that support the local economy including sales and office occupations (25.4%), service occupations (20.7%),

<sup>15</sup> The 2018 federal poverty levels from the U.S. Department of Health and Human Services were \$12,140 for a single individual and \$20,780 for a family of three (3) for example.

<sup>16</sup> Based the US Census Bureau's 2006-2010 estimates from the American Community Survey.

production and transportation (5.7%), and construction and maintenance (10.7%). About two-thirds of Chatham's labor force involved salaried or wage workers, another 11% were government workers, and **22.8% were self-employed. This level of self-employed workers is high as evident in the statewide level of 5.9%, and suggesting the entrepreneurial nature of workers living in seasonal economies and living a distance away from major employment centers.**

Detailed labor and workforce data from the state on employment patterns in Chatham is presented in Table 3-15. This information shows an average employment of 2,282 in 2010 compared to 3,550 in 2016, demonstrating an expanding job base. Employment data also indicates that as of February 2018, those employed had decreased to 2,843 workers with an unemployment rate of 7.2%, reflecting the seasonal nature of many Chatham jobs.

The data also confirms a mix of employment opportunities with a *concentration of lower paying retail and service sector jobs that bring the average weekly wage for those working in Chatham to a relatively low level of \$815, up from \$726 in 2010, also signaling an improving economy.* The average wage of \$815 was still about half that of Boston's at \$1,794. As another point of comparison, the unemployment level in 2017 was 4.4% for Chatham and 2.7% for Boston, down considerably from 7.9% and 8.0% for Chatham and Boston, respectively, as of the end of 2010 during the depths of the recession. The shaded industries shown in Table 3-15 reflect average employment of 150 workers or more and further demonstrate the relatively lower wages in these occupations.

**Table 3-15: Average Employment and Wages by Industry, 2010/2016**

Industry	# Establishments	Total Wages	Average Employment	Average Weekly Wage
Agriculture, forestry, fishing	0/10	\$0/\$421,865	0/122,282	\$0/\$676
Construction	43/45	\$10,928,470/\$16,446,452	184/253	\$1,142/\$1,250
Manufacturing	16/10	\$1,668,071/\$2,120,928	70/78	\$458/\$523
Wholesale trade	8/8	\$3,128,955/\$2,347,435	56/59	\$1,075/\$765
Retail trade	78/75	\$10,688,935/\$14,131,877	383/460	\$537/\$591
Transportation/warehousing	9/8	\$1,131,928/\$1,198,044	30/32	\$726/\$720
Information	7/7	\$1,425,503/\$1,797,896	38/49	\$721/\$706
Finance/Insurance	11/12	\$3,586,034/\$4,475 from 5,142 jobs, 236	71/74	\$971/\$1,163
Real estate/rental/leasing	15/15	\$1,700,268/\$2,946,613	61/62	\$536/\$914
Professional/technical services	33/37	\$7,086,070/\$5,864,060	106/95	\$1,286/\$1,187
Administrative/ waste services	40/41	\$4,595,868/\$6,960,774	150/191	\$589/\$701
Health care/social assistance	23/28	\$11,414,849/\$14,044,698	292/315	\$752/\$857
Arts/entertainment/recreation	16/19	\$5,593,657/\$7,843,502	171/213	\$629/\$708
Accommodation/food services	52/51	\$21,335,621/\$31,909,382	756/928	\$543/\$661
Other services/except public admin	28/25	\$3,231,00/\$3,294,871	103/98	\$603/\$647
Public administration	0/90/	\$0/\$9,228,003	145	\$0/\$1,224
<b>Total</b>	<b>402/406</b>	<b>\$106,492,378/150,464,330</b>	<b>2,822/3,550</b>	<b>\$726/\$815</b>

Source: Massachusetts Executive Office of Labor and Workforce Development, June 2012 and April 10, 2018. The shaded industries reflect average employment of 150 workers or more.

**The Cape Cod Commission's Regional Housing Market Analysis forecasts continued growth in jobs for Chatham, from 5,142 jobs in 2016 to 5,560 by 2025. These figures, however, are much higher than**

### state employment data levels.

It is important to note that this data significantly undercounts employment in the Town's thriving fishing industry.<sup>17</sup> There have been a number of economic studies done regarding Chatham's commercial fleet by National Marine Fisheries through NOAA grants and Friends of Chatham Waterways which were co-authored by Chatham's Shellfish Constable, Renee Gagne, in the early 1990s. These studies document substantially more activity involving wholesale distributors, buyers, bait shops, etc. as well as the many who own fishing vessels or engage in commercial fishing and shellfishing in Chatham. Recent Harbormaster Department mooring data identifies 263 vessels involved in commercial fishing and shellfishing. Additionally, Town permit information indicates that there are 315 people who hold commercial shellfish permits in Town, all who are required to live in town.

Moreover, data has documented that the value of federally-licensed enterprises reporting their fish catch at \$32 million dollars in off the boat fish combined with Provincetown, however Provincetown is estimated to be less than 20% of Chatham's fleet. The information also does not include those who only report to the Commonwealth of Massachusetts (state only licensed fishing businesses).

#### **3.1.8 Education – High educational attainment and declining student enrollment**

The educational attainment of Chatham residents has improved over the last couple of decades. In 2010, 95% of those 25 years and older had a high school diploma or higher, and 50% had a Bachelor's degree or higher (compared with 39.1% for the county and 38.5% for the state), up from the 2000 figures of 93.3% with at least a high school degree and 42.7% with a college degree or higher. The 2016 census estimates indicate even higher levels of attainment at 96.5% and 51.5% for those with at least a high school and college degree, respectively.

Those enrolled in school (nursery through graduate school) in 2010 totaled 1,002 residents or 16.4% of the population, and those enrolled in kindergarten through high school totaled 812 students, representing 13.3% of the total population. The 2016 census estimates indicate a decline in school children to 959 residents or 15.6% of the population. Those in preschool through high school decreased to 638 students or 10.4% of Chatham's population.

While Chatham's overall population decreased by 7% between 1990 and 2010, those under age 18 decreased by 24%, representing a declining portion of the population – from 15% in 1990 to 12.2% by 2010. The 2016 census estimates suggest some increase to 13.9%.

With the exception of the Chatham Elementary School, most schools serving Chatham are regional including the Cape Cod Vocational Technical School, the Cape Cod Lighthouse Charter School, and the Monomoy Regional School District with a middle school and high school serving the Harwich and Chatham communities (also includes 230 School Choice students from other communities). The Monomoy Regional School District became operational in mid-2012 with the Middle School (grades 5 to 7), located in Chatham, and High School (grades 8 to 12), located in Harwich, both opening in 2014.

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<sup>17</sup> For details go to: [https://www.st.nmfs.noaa.gov/pls/webpls/MF\\_LPORT\\_HIST.RESULTS](https://www.st.nmfs.noaa.gov/pls/webpls/MF_LPORT_HIST.RESULTS)  
State only reported fish landing info can be found <https://www.mass.gov/service-details/current-quotas-and-landings>

Historic enrollment data is included in Table 3-16, demonstrating slow declines through the 2011-2012 school year and then general increases through 2014-2015 and only a small decrease after that to 1,866 students in the 2017-18 school year.

This trend of decreasing school enrollments is happening in most communities on Cape Cod, particularly those in the Mid to Lower Cape. Many people with children have moved away due to the high cost of living, lack of jobs, etc., and others are sending their children to charter or private schools in the area.

**Table 3-16: Historic School Enrollments for the Monomoy Regional School District  
Pre-Kindergarten through 12<sup>th</sup> Grade, 2005-2018**

Year	Enrollment	Difference	% Difference
2005-06	1,998	--	--
2006-07	1,995	-3	-0.15
2007-08	1,913	-82	-4.1
2008-09	1,744	-169	-8.8
2009-10	1,713	-31	-1.8
2010-11	1,678	-35	-2.0
2011-12	1,632	-14	0.8
2012-13	1,880	248	15.2
2013-14	1,869	-11	-0.6
2014-15	1,934	65	3.5
2015-16	1,933	-1	-0.05
2016-17	1,896	-37	-1.9
2017-18	1,866	-30	-

Source: New England School Development Council, July 25, 2016 and Massachusetts Department of Education website, April 8, 2018.

Projections of school enrollments through to the 2025-2026 school year from the New England School Development Council are presented in Table 3-17, largely showing continued slow but steady declines in enrollment from year to year to 1,799 students by 2025.

**Table 3-17: Projected School Enrollments for the Monomoy Regional School District  
Pre-Kindergarten through 12<sup>th</sup> Grade  
2016 to 2025**

Year	Total Enrollment	Difference	% Difference
2016-17	1,896	-37	-1.9
2017-18	1,927	31	1.6
2018-19	1,920	-7	-0.4
2019-20	1,901	-19	-1.0
2020-21	1,897	-4	-0.2
2021-22	1,884	-13	-0.7
2022-23	1,868	-16	-0.8
2023-24	1,848	-20	-1.1
2024-25	1,841	-7	-0.4
2025-26	1,799	-42	-2.3

Source: New England School Development Council, July 25, 2016.

### 3.1.9 Disability Status<sup>18</sup> – Declining but still significant special needs

Disability levels remain high in Chatham and are in fact higher than the state's as shown in Table 3-18. In 2000, 22.7% of all residents claimed a disability, decreasing to 13.7 by 2016 according to census estimates. The state has also experienced a decline in those with disabilities, going from 18.5% to 11.6% between 2000 and 2016, still proportionately lower than Chatham's total levels. Chatham nevertheless had a lower proportionate level of those 65 years of age or older who claimed a disability, which is surprising given the community's much larger population of older residents. These levels of disability represent significant special needs within the community and suggest that the Town make a concerted effort to produce special needs housing units that are handicapped accessible and/or have access to supportive services.

**Table 3-18: Population Five Years and Over with Disabilities for Chatham and the State  
2000 and 2016**

Age	Chatham				Massachusetts			
	2000		2016		2000		2016	
	#	%	#	%	#	%	#	%
5-20 years/ 2000 Under 18/2016	118	14.6	37	4.4	116,151	8.6	63,424	4.6
21-64 years/ 2000 18-64/2016	835	25.5	316	11.0	663,354	17.9	387,416	9.0
65+ years	550	25.5	468	20.6	305,241	37.6	322,886	33.0
Total	1,503	22.7	821	13.7	1,084,746	18.5	773,726	11.6

Source: U.S. Census Bureau, 2000 Summary File 3 and American Community Survey 5-Year Estimates 2012-2016.

The Barnstable County HOME Consortium's 2012 Annual Plan indicates that there is a shortage of housing available for people with disabilities. The Cape Organization for Rights of the Disabled (CORD) emphasizes the need for adequate, accessible and affordable living options for the disabled, especially affordable independent living options. CORD also suggests that discrimination and the need for unit modifications or adaptations are common problems for those with disabilities. CORD now serves about 1,400 persons annually throughout the Cape.

The Tufts Healthy Aging Profile provides information regarding local disabilities in comparison to state figures, as summarized in Table 3-19. In general, Chatham estimates of the levels of disabilities are lower than those of the state.

This profile noted that Chatham is a very walkable community and compared to some other state averages, older residents do better on health indicators such as lower rates of depression, Alzheimer's disease or related dementias, diabetes, hypertension, heart attacks and other heart problems, obesity, lung cancer, hospital stays, nursing home stays, emergency room visits, and prescription medication use for example. However, the profile also reported that they do worse on rates of glaucoma as well as breast and prostate cancer. Community resources to promote healthy aging include a walking club, a Council on Aging, and a Recreation Department.

<sup>18</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 who first need affordable, available and/or accessible housing.

**Table 3-19: Types of Disabilities**

Population Characteristics	Chatham Estimates	State Estimates
% disabled for a year or more	27.3%	31.0%
Hearing impairment % 65-74/% 74+	2.9%/20.6%	7.4%/21.2%
Vision impairment % 65-74/% 74+	2.3%/5.3%	3.2%/9.3%
Cognition impairment % 65-74/% 74+	2.4%/5.3%	4.7%/12.1%
Ambulatory impairment % 65-74/% 74+	8.6%/17.4%	12.9%/29.4%
Self-care impairment % 65-74/% 74+	2.5%/8.9%	3.7%/12.2%
Independent living impairment % 65-74/% 74+	4.9%/14.6%	7.2%/24.3%

Source: Tufts Health Plan Foundation, Massachusetts Healthy Aging Community Profile, updated March 2015.

### 3.2 Housing Profile

This section of the Housing Needs Assessment summarizes housing characteristics and trends, analyzes the housing market from a number of different data sources and perspectives, compares what housing is available to what residents can afford, summarizes what units are defined as affordable by the state, and establishes the context for identifying priority housing needs.

**While Chatham's year-round population declined by 6.6% between 1990 and 2016, housing units increased by 12%, largely fueled by the seasonal and second home markets.**

#### 3.2.1 Housing Growth – Slowdown in housing growth and high level of demolition/rebuild activity

As indicated in Table 3-18, based on 2016 census estimates, the level of housing growth has slowed down over the past several decades. The greatest housing growth occurred after 1950 when the Cape was becoming a destination for both retirees and second-home owners. Only 14.7% of the housing units were built prior to World War II compared to 12.1% for the county and 33.7% for the state.

Moreover, despite a population loss of 454 persons between 1990 and 2010, there was a gain of 1,042 units based on decennial figure (Table 3-20), indicative that new housing units were largely being created for seasonal or occasional residents.

**Table 3-18: Housing Units by Years Structure Was Built, 2016**

Time Period	#	%
2010 through 2016	63	0.9
2000 to 2009	675	9.6
1990 to 1999	845	12.0
1980 to 1989	1,020	14.4
1970 to 1979	864	12.2
1960 to 1969	1,082	15.3
1950 to 1959	1,025	14.5
1940 to 1949	449	6.4
1939 or earlier	1,042	14.7
Total	7,065	100.0

Source: US Census Bureau, American Community Survey, 5-Year Estimates, 2012-2016

Table 3-18 indicates that only 63 units have been created between 2010 and 2016 based on census estimates and further identify an actual loss of 278 units based on Table 3-20, both of which are highly questionable. Building permit information indicates a higher level of housing growth during this period of 292 units. However, these figures represent the number of new units that have been permitted since 2010 but do not reflect the considerable teardown and replacement activity that has been taking place in the community with about two-thirds of new residential building permits involving the demolition of a previous structure and replacement of typically larger ones. Consequently, the total number of housing units included in the census figures likely overestimates the size of the housing stock as it has not taken teardown activity into consideration. The total number of units is likely closer to 7,450 units.

**Table 3-19: Residential Building Permits, 2010 through March 2018**

Year	# New Dwelling Units	# Demolitions of New Dwellings	Total Valuation	Average Valuation/Unit
2010	30	18	\$19,619,500	\$653,983
2011	33 2 5-unit buildings = 10 units + 2 Units	14	\$17,989,000	\$399,756
2012	37 + 3 units	24	\$28,684,000	\$717,100
2013	41 + 2 units	25	\$27,787,000	\$646,209
2014	48	45	\$44,643,241	\$930,068
2015	49	39	\$37,807,112	\$771,574
2016	37	24	\$23,968,482	\$647,797
<i>Subtotal 2010 to 2016</i>	292	189	\$200,498,335	\$686,638
2017	36	30	\$29,048,069	\$806,891
As of March 2018	9	5	\$3,663,200	\$407,022
<b>Total</b>	<b>337</b> <b>(320 single-family and 17 units in multi-family dwellings)</b>	<b>224</b> <b>(66.5% of new dwellings)</b>	<b>\$233,209,604</b>	<b>\$692,017</b>

Source: Chatham Department of Community Development, Building Division

### **3.2.2 Housing Occupancy -- Predominance of owner-occupied properties and growing seasonal and second home market to more than half of all units**

Besides total housing figures, Table 3-20 includes a summary of occupancy characteristics for 2000, 2010 and 2016 that indicates the following major trends:<sup>19</sup>

- *High level of owner-occupancy*

Of the 2,772 occupied units in the 2016 census estimates, 2,213 or about 80% are year-round and owner-occupied, representing a lower number of occupied units from the 2010 census figure of 2,389 but a higher level of owner-occupancy from 77.4%. According to the 2016 census estimates, there was a 313-unit decrease in the total number of occupied units with accompanying decreases in both owner-occupied and renter-occupied units of 176 and 137, respectively. About one-third of this loss can be explained by a gain of 108 seasonal or occasional units as shown in Table 3-20. Still these 2016 estimates are suspect.

<sup>19</sup> These 2000 and 2010 census figures are based on actual decennial counts while the 2016 figures are 5-year census estimates from the Census Bureau's American Community Survey.

The Cape Cod Commission's Regional Housing Market Analysis indicates that the level of owner-occupancy will increase to 2,682 units by 2025, or by 12.3% since 2010, compared to a decrease in rental units to 601 units or by 13.6%. This would increase the level of owner-occupancy to 81.7% compared to 18.3% for rentals.

- *Continued growth of seasonal or occasional units*

Table 3-20 includes a summary of housing characteristics from 1990 through 2016. Of the 7,343 total housing units in 2010, Chatham had 3,460 year-round units<sup>20</sup> of which 3,085 were occupied. Of the occupied units, 2,389 or 77.4% were owner-occupied and the remaining 696 units or 22.6% were renter-occupied. This level of owner-occupancy is comparable to Barnstable County as a whole, but higher than the state with a 62.3% owner-occupancy level. The proportion of year-round owner-occupied units to rentals in 2010 was similar to 1990 levels with a net gain of only six (6) rental units. There was a significant erosion of rental units between 1990 and 2000, likely the result of converting seasonal rental units to year-round owner-occupancy and perhaps the teardown of rental properties and replacement by owner-occupied ones, particularly second homes.

**Table 3-20: Housing Characteristics  
1990 to 2016**

Housing Characteristics	1990		2000		2010		2016	
	#	%	#	%	#	%	#	%
Total Housing Units	6,301	100.0	6,743	100.0	7,343	100.0	7,065	100.0
Occupied Units *	3,023	48.0	3,160	46.9	3,085	42.0	2,772	39.2
Occupied Owner Units **	2,333	77.2	2,528	80.0	2,389	77.4	2,213	79.8
Occupied Rental Units **	690	22.8	632	20.0	696	22.6	559	20.2
Total Vacant Units/ Seasonal, Rec. or Occasional Use*	3,278/ 2,748	52.0/ 43.6	3,553/ 3,147	52.7/ 46.7	4,258/ 3,883	58.0/ 52.9	4,293/ 3,991	60.8/ 56.5
Average Household Size/ Owner-occupied Unit	2.10 persons		2.03 persons		2.00 persons		2.10 persons	
Average Household Size/ Renter-occupied Unit	2.01 persons		1.86 persons		1.80 persons		2.38 persons	

Source: U.S. Census Bureau, Census 1990, 2000 and 2010 Summary File 1 and American Community Survey 5-Year Estimates 2012-2016. \* Percentage of all housing units \*\* Percentage of occupied housing units

As Table 3-21 indicates, and what is visually presented in Figure 3-3, there have been significant fluctuations in the relative growth of seasonal versus year-round units over the years with seasonal units outnumbering year-round ones in 1970 and again in 2010 and 2016.

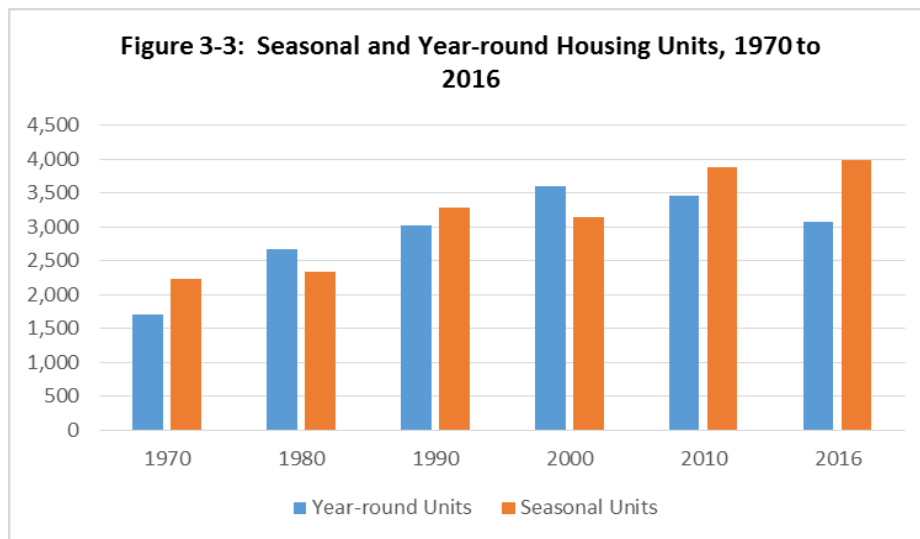
<sup>20</sup> The year-round figure is the one used under Chapter 40B for determining the 10% affordability goal and annual housing production goals. It is calculated by subtracting seasonal or occasional units from the total number of occupied units (7,343 – 3,883 = 3,460).

**Table 3-21: Seasonal Versus Year-round Housing Units, 1970 to 2010**

Year	Year-round Units*		Seasonal Units		Total Units	
	#	%	#	%	#	%
1970	1,705	43	2,238	57	3,943	100.0
1980	2,666	53	2,337	47	5,003	100.0
1990	3,023	48	2,748	44	6,301	100.0
2000	3,596	53	3,147	47	6,743	100.0
2010	3,460	47	3,883	53	7,343	100.0
2016	3,074	44	3,991	56	7,065	100.0

Source: US Census Bureau, decennial figures for 1970 through 2010 and American Community Survey 5-Year Estimates 2012-2016. \* Includes vacant units that are not seasonal, occasional or recreational.

*Seasonal units or second homes currently outnumber the town's year-round ones, thus those who do not permanently reside in Chatham occupy the majority of units, at 56% based on 2016 census estimates, up from 53% in 2010. While this population of occasional visitors has boosted the local economy, they have also driven up the cost of housing, creating substantial challenges for many year-round residents, local workers, and those who were raised locally but cannot afford to return to raise their own families.*



**The Regional Housing Market Analysis further estimated that Chatham's seasonal units will increase from 3,894 in 2010 to 4,171 by 2025, representing a 7.1% increase, while year-round units are predicted to increase by 2.1%, from 3,217 to 3,283 units.**

The Cape Cod Commission's Regional Housing Market Analysis suggests 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>21</sup>

<sup>21</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.

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>22</sup> The survey followed up on a similar one conducted in 2008, looking at 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 Lower Cape sub-region in the case of Chatham.<sup>23</sup> Major findings include:

- Second homeowners are above average in terms of age, education, and income with an average age of 65, 80% with a bachelor's degree or higher and half with advanced degrees, and 70% with a pre-tax household income of \$100,000 or higher. Levels for the Lower Cape are even higher for educational attainment and income with 86% earning a Bachelor's degree or higher and 81% earning more than \$100,000.
  - Respondents are making personal use of their home, most heavily in the summer, with only 29% ever renting their homes during the past five years with the largest group of 18% renting solely on a weekly basis in the summer season.
  - Over the next 20 years, 19% of respondents anticipate that they will convert their second home to a full-time residence. 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.
  - About three-quarters of respondents indicated that they supported both arts and cultural organizations on the Cape with those on the Lower Cape reporting higher levels of support.
  - The median number of years the household has owned their second home was 18 years in the Lower Cape sub-region.
- *Declining vacancy rates*  
As shown in Table 3-22, the vacancy rate was 5.4% for ownership in 2010, up from 2.1% in 2000, with quite high rental rates, above 15%, for both 2000 and 2010. These vacancy rates were higher than the county, state and national rates for both ownership and rental and likely reflective of the turnover of seasonal properties. The 2016 census estimates suggest a significant decrease in vacancy rates, down significantly to 3.8% for rentals and 3.3% for homeownership units. Such declines, for rental properties in particular, reflect a tightening of the housing market or may be questionable as some amount of seasonal turnover should be expected and reflected these figures.

**Table 3-22: Comparative Vacancy Rates by Tenure**

Tenure	Chatham			County	MA	Nation
	2000	2010	2016	2010/2016	2010/2016	2010/2016
Rental	15.7%	15.4%	3.8%	12.4%/7.1%	6.5%/9.1%	9.2%/6.2%
Homeowner	2.1%	5.4%	3.3%	2.6%/1.7%	1.5%/4.1%	2.4%/1.9%

Source: US Census Bureau, 2000 and 2010 and American Community Survey 5-Year Estimates 2012-2016.

<sup>22</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%.

<sup>23</sup> Lower Cape communities include Brewster, Harwich and Orleans in addition to Chatham.

- *Limited year-round resident mobility*

Table 3-23 presents information on how long Chatham year-round residents have remained in their homes. From 2000 to 2010, there was significantly less mobility of residents as more households remained in their units, growing to half of all households staying in their homes for five to 19 years, and more than 28% in the same place for 20 years or more. The reduction in shorter-term residency, decreasing from 33% of all households to 22% between 2000 and 2010, is likely explained by the financial crisis in the later part of the decade that had a profound effect on the housing market, slowing down market activity. Sellers were more likely to stay in place unless they could get what they wanted for their properties, and potential purchasers were less likely to buy based on concerns that the market had not yet bottomed out. Nevertheless, the 2016 census estimates suggest about the same level of short-term mobility, a somewhat higher level of mobility in the five to 19 year period, and a return to the 2000 level of long-term residency.

**Table 3-23: Length of Residency as a Percentage of Households  
2000, 2010 and 2016**

Length of Residency	2000 %	2010 %	2016 %
< 5 Years	33%	22%	23%
5 - 19 Years	44%	50%	54%
20 Years +	23%	28%	23%

Source: U.S. Census Bureau, 2000 and American Community Survey, 5-Year Estimates for 2006-2010 and 2012-2016.

- *Reduction in person/unit over the decades correlated to decreases in average household size*

Table 3-24 demonstrates that for the most part the average number of people per occupied unit has decreased substantially over the past few decades, from 2.67 persons in 1970 to 1.98 by 2010. This trend is not surprising given the similar reduction in average household size at 1.95 persons by 2010, reflective of an increasingly older population and fewer children. Once again, the 2016 census estimates suggest a reversal of this trend to 2.22 persons per household, even higher than the 1990 level and reflective of the average household size of 2.16 persons, higher than the 2010 average of 1.95.

**Table 3-24: Persons per Occupied Housing Unit (PPOHU)  
1970 to 2016**

Year	Population	Total Year-round Occupied Housing Units	PPOHU
1970	4,554	1,705	2.67
1980	6,071	2,666	2.28
1990	6,579	3,023	2.18
2000	6,625	3,160	2.10
2010	6,125	3,085	1.98
2016	6,143	2,772	2.22

Source: U.S. Census Bureau, 1970, 1980, 1990, 2000 Summary File 3 and American Community Survey 5-Year Estimates, 2006-2010 and 2012-2016.

### **3.2.3 Types of Units and Structures – Predominance of single-family detached dwellings**

Chatham's housing stock is dominated by single-family detached residences as indicated in Table 3-25. According to the 2010 American Community Survey from the U.S. Census Bureau, 6,506 or 91.5% of all

units were single-family detached structures, an increase of 7.1% from 2000 and higher than the county's level of 81.9% and the state's at 52%. Once again, the 2016 census estimates suggest a reversal of trends with a decline of 360 units to 87%, which is questionable.

Between 2000 and 2010, there was a decrease in single-family attached structures, two-family houses and units in five to nine-unit properties. Besides single-family detached homes, some housing growth occurred in three to four-family structures and larger multi-family buildings. Again, the 2016 census estimates generally suggest a reversal of most of these trends, most notably decreases in 5 to 9-units structures and those with 20 or more units with an accompanying increase in the number of units in 10 to 19-unit structures.

**Table 3-25: Units by Type of Structure, 2000, 2010 and 2016**

Type of Structure	2000		2010		2016	
	#	%	#	%	#	%
1-unit, detached	6,076	90.4	6,506	91.5	6,146	87.0
1-unit, attached	117	1.7	9	0.1	239	3.4
2 units	176	2.6	88	1.2	242	3.4
3 or 4 units	135	2.0	210	3.0	207	2.9
5 to 9 units	176	2.6	165	2.3	122	1.7
10 to 19 units	11	0.2	18	0.3	68	1.0
20 or more units	29	0.4	106	1.5	41	0.6
Boat, RV or van	0	0.0	10	0.1	0	0.0
Total	6,720	100.0	7,112	100.0	7,065	100.0

Source: US Census 2000, Summary File 3, and American Community Survey 5-Year Estimates for 2006-2010 and 2012-2016.

**Table 3-26: Units by Type of Structure and Tenure, 2010 and 2016**

Type of Structure	Owner-occupied Units				Renter-occupied Units			
	2010		2016		2010		2016	
	#	%	#	%	#	%	#	%
1- unit detached	2,278	95.2	2,045	92.4	276	53.4	237	42.4
1- unit attached	9	0.4	59	2.7	0	0.0	16	2.9
2 units	0	0.0	46	2.1	40	7.7	109	19.5
3 to 4 units	31	1.3	48	2.2	34	6.6	126	22.5
5 to 9 units	35	1.5	0	0.0	130	25.1	31	5.5
10+ units	39	1.6	15	0.7	27	5.2	40	7.2
Other/boat, RV, van	0	0.0	0	0.0	10	1.9	0	0.0
Total	2,392	100.0	2,213	100.0	517*	100.0	559	100.0

Source: U.S. Census Bureau, 2006-2010 and 2012-2016 American Community Survey 5-Year Estimates

\*The discrepancy between the 2010 census decennial figure of 696 units and this census estimate must be due to sample error, but a substantial one in this case.

Table 3-26 provides a breakdown of the estimated 2010 and 2016 distributions of units per structure according to whether the units were occupied by renters or homeowners. Almost all of the owners lived in single-family detached homes as did 42% of the renters. In comparison, 2010 state levels were 77.5% and 10.1%, respectively, for example. Only 105 owners lived in multi-family properties in 2010, up only to 109 in 2016, reflective of the relatively small number of condominiums in Chatham. There had to be some error in the numbers of renter households living in smaller multi-family properties as the 2010

data indicates that 130 such households lived in multi-family properties of five to nine units, down to 31 in 2016, whereas the number of such households in three to four-unit dwellings shifted similarly from 34 in 2010 to 126 in 2016.

Table 3-27 provides information on the distribution of unit sizes, more specifically the number of rooms per unit. This data indicates that the median unit was moderately sized with almost six (6) rooms, or about three (3) bedrooms, somewhat higher than the county median of 5.7 rooms in line with the Town's median of 6.0 rooms in 2000. In addition, those units most appropriate for single persons, with three (3) rooms or less, comprised less than 7.0% of the housing stock in 2010 and increased a bit to 10% in 2016 compared to 15.5% statewide in 2016.

On the other end of the spectrum, there was a substantial supply of larger homes of seven (7) or more rooms, involving 31.4% of the housing stock in 2010 and up to 36.1% in 2016 and comparable to 2000 levels.

**Table 3-27: Number of Rooms per Unit  
2000, 2010 and 2016**

Number of Rooms per Unit	2000		2010		2016	
	#	%	#	%	#	%
1 Room	26	0.4	29	0.4	75	1.1
2 Rooms	125	1.9	146	2.1	239	3.4
3 Rooms	342	5.1	289	4.1	408	5.8
4 Rooms	669	10.0	842	11.8	841	11.9
5 Rooms	1,267	18.9	1,690	23.8	1,036	14.7
6 Rooms	1,833	27.3	1,885	26.5	1,920	27.2
7 Rooms	1,227	18.3	1,041	14.6	1,170	16.6
8 Rooms	564	8.4	619	8.7	841	11.9
9 or More Rooms	667	9.9	571	8.0	535	7.6
Total	6,720	100.0	7,112	100.0	7,065	100.0
Median (Rooms)	6.0 Rooms		5.8 Rooms		6.0 Rooms	

Source: U.S. Census Bureau, 2000 Summary File 3 and the 2006-2010, 2012-2016 American Community Survey 5-Year Estimates.

### **3.2.4 Housing Market Conditions – Housing costs remain very high**

The following analysis of the housing market looks examines the values of homeownership and rental housing from a number of data sources including:

- *The 1990, 2000, and 2010 Decennial U.S. Census figures*
- *The U.S. Census Bureau's 2006-2010 and 2012-2016 American Community Survey*
- *The Warren Group's median income statistics and sales volume by year, from 2000 through February 2018*
- *Multiple Listing Service data*
- *Town Assessor's data*
- *Craigslist and other Internet websites (rental housing)*

#### **Homeownership**

*Census data* also provides information on housing values, as summarized in Table 3-28 for occupied homeownership units. The 2010 census estimates indicated that the 2010 median house value was \$612,900, which decreased to \$580,400 according to the 2016 census estimates. While there were 61 units valued at less than \$150,000 in 2010, comprising 2.5% of the housing stock, the 2016 estimates

indicate a decrease to only 13 units and 0.6%. It is likely that these units are very small cottages and require substantial improvements. Only another 20 units were valued below \$200,000 in 2010, down to 14 by 2016. **The 27 units assessed below \$200,000 in 2016 likely coincide with the Town's 27 affordable ownership units.**

On the other end of the price range, 1,494 units, or 62.5% of the owner-occupied housing stock, were priced at \$500,000 or more, with more than 500 units valued above \$1 million in 2010. The 2016 census estimates suggest a decrease to 1,310 units valued at more than \$500,000 and 448 above \$1 million, still at very high levels and demonstrating a substantial luxury housing market in Chatham, most likely principally occupied by second home owners or retirees.

**Table 3-28: Values of Owner-Occupied Housing  
1990 to 2016**

Price Range	1990		2000		2010		2016	
	#	%	#	%	#	%	#	%
Less than \$50,000	5	0.2	6	0.3	10	0.4	7	0.3
\$50,000 to \$99,999	49	2.3	22	1.0	51	2.1	6	0.3
\$100,000 to \$149,999	358	16.8	212	9.5	0	0.0	0	0.0
\$150,000 to \$199,999	551	25.9	404	18.1	20	0.8	14	0.6
\$200,000 to \$299,999	645	30.3	652	29.2	104	4.3	182	8.2
\$300,000 to \$499,999	350	16.4	601	26.9	713	29.8	694	31.4
\$500,000 to \$999,999	171	8.0	220	9.8	985	41.2	862	39.0
\$1 million or more			118	5.3	509	21.3	448	20.2
Total	2,129	100.0	2,235	100.0	2,392	100.0	2,213	100.0
Median (dollars)	\$212,700		\$273,900		\$612,900		\$580,400	

Source: U.S. Census Bureau, 1990 and 2000, and U.S. Census Bureau, 2006-2010 and 2012-2016 American Community Survey 5-Year Estimates.

Table 3-29 provides *Warren Group data* on median sales prices and number of sales from 2000 through February 2018, offering a long-range perspective on sales activity. This data is tracked from Multiple Listing Service information based on actual sales.

The median sales price of a single-family home as of February 2018 was \$570,000,<sup>24</sup> down a bit from the \$592,500 median in 2017, and a significant decrease from \$639,000 as of the end of 2011. The lowest point in the market during this timeframe was in 2000 at \$312,000. After that single-family home values climbed steadily and reached \$690,000 in 2006, the height of the housing market for Chatham and many communities in the state. The number of single-family home sales also fluctuated considerably as shown in Figure 3-5, from a high low of 127 in 2008 during the recession to 201 in 2016 and down to 182 in 2017.

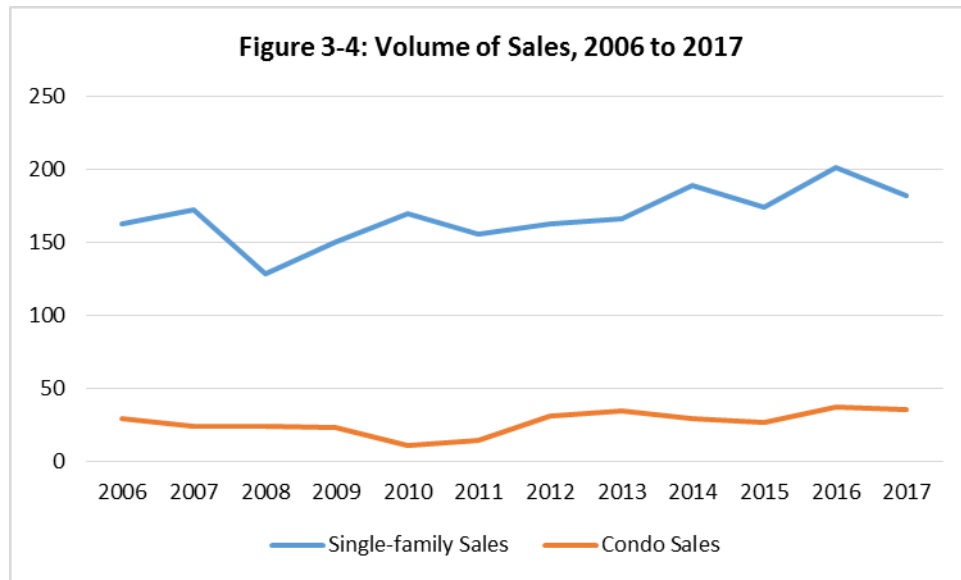
<sup>24</sup> Because the February 2018 figure involves a relatively small sample of 21 sales, it may be less reliable than the 2017 median.

**Table 3-29: Median Sales Prices and Number of Sales  
2000 through February 2018**

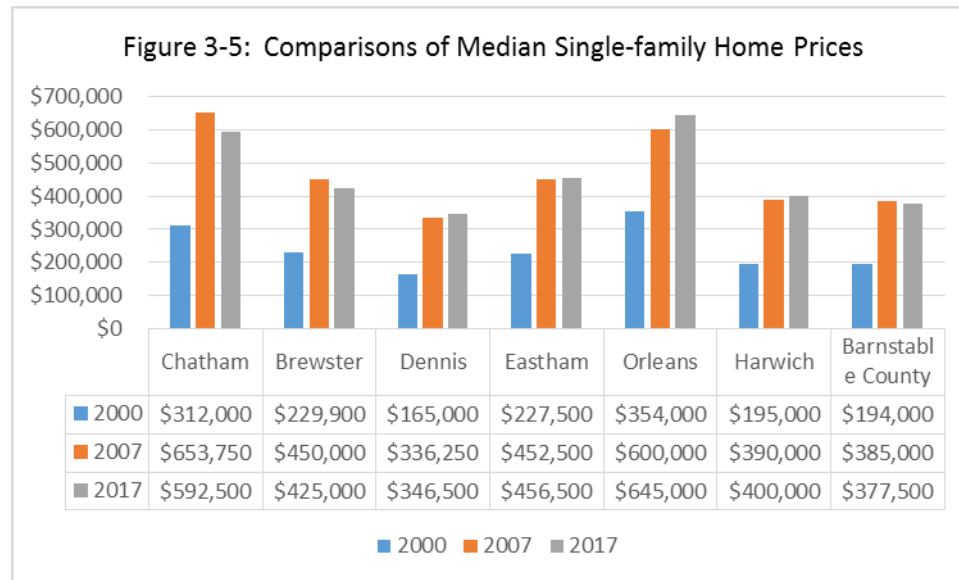
Year	Months	Single-family		Condominiums		All Sales	
		Median	# Sales	Median	# Sales	Median	# Sales
2018	Jan – Feb	\$570,000	21	\$466,000	4	\$560,000	36
2017	Jan – Dec	592,500	182	299,000	35	550,000	255
2016	Jan – Dec	595,000	201	422,000	37	575,000	295
2015	Jan – Dec	625,950	174	337,450	26	575,000	256
2014	Jan – Dec	585,000	189	320,000	29	530,000	272
2013	Jan – Dec	519,500	166	287,500	34	480,000	248
2012	Jan – Dec	550,000	163	361,000	31	550,000	268
2011	Jan – Dec	639,000	151	350,000	14	573,750	222
2010	Jan – Dec	590,000	170	277,500	11	575,000	229
2009	Jan – Dec	515,000	149	500,000	23	503,750	198
2008	Jan – Dec	635,000	127	264,800	24	573,000	197
2007	Jan – Dec	653,750	172	515,100	24	623,750	252
2006	Jan – Dec	690,000	163	590,000	29	672,500	270
2005	Jan – Dec	657,500	190	475,000	29	601,000	294
2004	Jan – Dec	565,000	225	306,250	19	549,900	313
2003	Jan – Dec	492,500	191	250,250	20	435,000	291
2002	Jan – Dec	375,000	194	220,000	25	361,563	294
2001	Jan – Dec	342,500	192	190,000	21	305,000	289
2000	Jan – Dec	312,000	241	175,000	51	275,000	368

Source: The Warren Group/Banker & Tradesman, April 13, 2018.

The condo market has experienced even more volatility, both in terms of values and number of sales. Median prices increased from \$175,000 in 2000 to a high of \$590,000 in 2006. It then dropped to \$264,800 in 2008 due to the recession and remained volatile after that, ranging from \$500,000 in 2009 to as low as \$299,000 in 2017. In addition to significant fluctuations in values, the number of sales fell from a high of 51 sales in 2000, to 11 in 2010, and up 37 and 35 in 2016 and 2017, respectively.



Housing prices are high in Chatham relative to neighboring communities as well as Barnstable County as shown in Figure 3-5, comparing median single-family home sales prices for 2000, 2007 and 2017. Median values for single-family homes were highest in Chatham in 2007, prior to the recession, with Orleans closely behind but declined in all communities following the recession. While Chatham, Brewster and Barnstable County as a whole have yet to surpass pre-recession levels in terms of median home prices, the other communities' housing markets have rebounded more quickly.



Another analysis of housing market data is presented in Table 3-30, which breaks down sales data from the *Multiple Listing Service* as compiled by Banker & Tradesman of The Warren Group for single-family homes and condominiums. This table provides a snapshot of the range of sales for April 2017 through

**In April, a local realtor indicated that the spring housing market was very strong and properly-priced properties were being sold very quickly, often with bidding wars. Like many areas of the Cape and the state, the housing inventory is low and demand is high, as are the prices.**

March 2018. There were a total of 248 sales during this period, including 212 single-family homes and 31 condos. Units that sold below \$200,000, and were therefore relatively affordable to those earning at or below 80% of area income, included six (6) single-family homes and six (6) condominiums, likely very small and in need of substantial improvement. About half of the condos sold for less than \$300,000 while only 8% of single-family homes sold within this range.

On the other end of the price range, 29% of single-families and almost 10% of condos sold for \$1 million or more, clearly demonstrating the significant luxury market in Chatham. The median single-family home price was \$590,000, \$350,000 for condos.

**Table 3-30: Single-family House and Condo Sales  
April 2017 through March 2018**

Price Range	Single-family Homes		Condominiums		Total	
	#	%	#	%	#	%
Less than 200,000	6	2.8	6	19.4	12	4.9
\$200,000-299,999	11	5.2	9	29.0	20	8.2
\$300,000-399,999	24	11.3	6	19.4	30	12.1
\$400,000-499,999	32	15.1	3	9.7	35	14.4
\$500,000-599,999	36	17.0	2	6.5	38	15.6
\$600,000-699,999	18	8.5	0	0.0	18	7.4
\$700,000-799,999	18	8.5	0	0.0	18	7.4
\$800,000-899,999	3	1.4	0	0.0	3	1.2
\$900,000-999,999	2	0.9	2	6.5	4	1.6
Over \$1 million	62	29.2	3	9.7	65	26.7
Total	212	100.0	31	100.0	243	100.0

Source: Banker & Tradesman, April 13, 2018.

*Assessor data* on the assessed values of residential properties in Chatham is presented in Table 3-31, which provides insights into the range of values for single-family homes and condominiums. This data shows that Chatham has 5,847 single-family homes, up by 108 units from 5,739 in 2012 but below census figures for single-family detached units of 6,506 in 2010 and the questionable 6,146 units in 2016. Part of the discrepancy is likely due to the number of multiple homes on a single lot that are recorded separately in Assessor's data but are added to census counts if they are single-family detached dwellings.

Assessments ranged considerably from \$68,600 to \$9,478,000 with a median value of \$594,900, which is not significantly higher than the Banker & Tradesman median of \$592,500 for 2017. More than 30% of the units were assessed for more than \$1 million, representing a very large luxury housing market, while only 38 units were valued below \$200,000 and thus likely to be affordable to those earning at or below 80% of area median income.

This Assessor's data also includes 513 condominium units, up from 426 in 2012. The lowest valuation was \$96,200 and ranged up to \$3,206,900 with a median of \$337,800, once again somewhat higher than the Banker & Tradesman figure of \$299,000 for 2017.

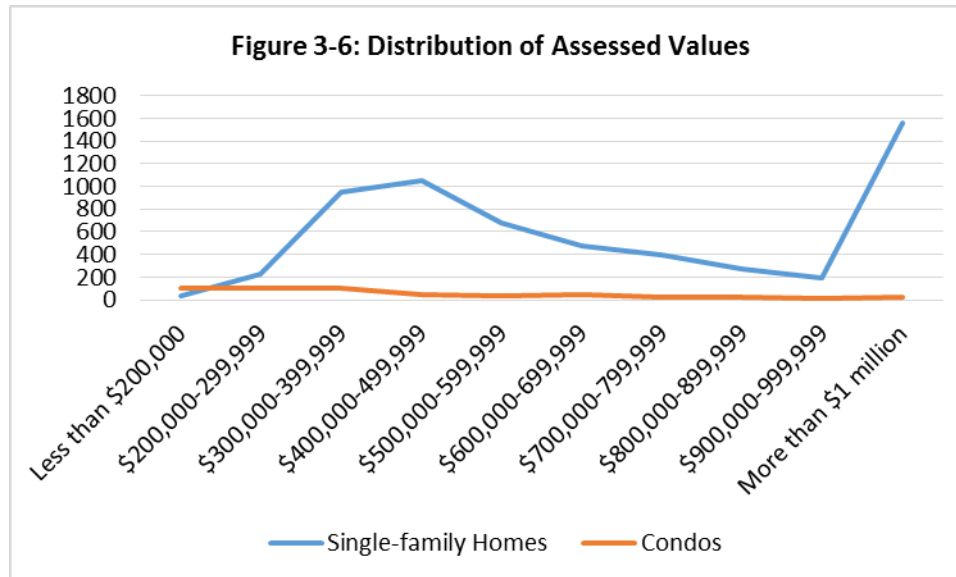
Table 3-31 demonstrates the relative lack of affordability in Chatham's housing market with only 138 units assessed for less than \$200,000, representing 2.2% of single-family homes and condos. Even those valued between \$200,000 and \$300,000 are limited at only 5.3% of these units.

**Table 3-31: Assessed Values of Single-family and Condominiums  
2018**

Assessment	Single-family Dwellings		Condominiums		Total	
	#	%	#	%	#	%
0-\$199,999	38	0.6	100	19.5	138	2.2
\$200,000-299,999	232	4.0	107	20.9	339	5.3
\$300,000-399,999	955	16.3	106	20.7	1,061	16.7
\$400,000-499,999	1,055	18.0	48	9.4	1,103	17.3
\$500,000-599,999	674	11.5	37	7.2	711	11.2
\$600,000-699,999	475	8.1	45	8.8	520	8.2
\$700,000-799,999	398	6.8	18	3.5	416	6.5
\$800,000-899,999	272	4.7	18	3.5	290	4.6
\$900,000-999,999	192	3.3	10	1.9	202	3.2
Over \$1 million	1,556	26.6	24	4.7	1,580	24.8
Total	5,847	100.0	513	100.0	6,360	100.0

Source: Chatham Assessor, Fiscal Year 2018.

Figure 3-6 presents the distribution of these values for both single-family homes and condominiums. This figure shows not only the lack of affordability in the housing market, but also identifies two separate housing markets – one with usual bell curve of the values below \$1 million and another uptick for those properties above this level.



Assessor's data also indicated the following:

- There were 135 mixed residential and commercial properties, 29 that were primarily residential and 106 primarily commercial with median values of \$560,100 and \$652,200, respectively.
- Of the 275 properties that included more than one house on the same parcel, 61% were valued at more than \$1 million with a median value of \$1,285,800.
- There were 34 two-family homes (68 units) valued between \$264,600 and \$2,645,600 with a median value of \$563,600. The number of these properties has declined from 41 in 2012. As

these dwellings are typically among the most affordable in the private housing market, given the rental income that is derived, this loss represents some erosion of affordability.

- There were seven (7) three-family properties (21 units) with valuations ranging from \$397,500 to \$1,768,000 and a median of \$1,009,000.
- Values for nine (9) four to eight-unit properties ranged from \$408,900 to \$1,191,500 and had a median valuation of \$586,900.

### **Rentals**

Table 3-32 presents information on rental costs from 1990 to 2016, based on *census estimates*.

**Table 3-32: Rental Costs  
1990 to 2016**

Gross Rent	1990		2000		2010		2016	
	#	%	#	%	#	%	#	%
Under \$200	59	8.7	0	0.0	0	0.0	61	10.9
\$200-299	33	4.9	21	3.3	29	5.6		
\$300-499	230	33.9	65	10.1	24	4.6		
\$500-749	233	34.3	264	41.2	40	7.7	184	32.9
\$750-999	37	5.4	111	17.3	143	27.7		
\$1,000-1,499	4	0.6	87	13.6	150	29.0	171	30.6
\$1,500 +			0	0.0	39	7.5	94	16.8
No Cash Rent	83	12.2	93	14.5	92	17.8	49	8.8
Total*	679	100.0	641	100.0	517	100.0	559	100.0
Median Rent	\$479		\$671		\$971		\$1,027	

Sources: U.S. Census Bureau, Census 1990 and 2000 Summary File 3 and 2006-2010 and 2012-2016 American Community Survey 5-Year Estimates.

The rental market has changed substantially as the median rent more than doubled between 1990 and 2010, going from \$479 per month to \$971, increasing to \$1,027 according to 2016 census estimates. Based on 2010 census estimates, about two-thirds of the town's rental units were renting for more than \$750, 7.5% above \$1,500. The number and percentage of units renting for more than \$1,500 more than doubled between 2010 and 2016 to 94 and 16.8% of all occupied rental units. It is also important to note that the census counts included 139 subsidized units, which represented one-fifth of all rental units in Chatham.

Local realtors indicate that they receive few if any listings for year-round or winter rentals. As one realtor put it, "I have several cottages that I rent out, and I can make more in one week in the summer than I can make over months in the winter. Why would I rent outside of the summer season?" She nevertheless mentioned that the community could use more rental housing.

*Internet listings* on recent rental offerings in April 2018 for Chatham are provided below with only several year-round listings. Given the time of the year, as the market gears up for the summer season, it is not surprising that there would be fewer listings than usual, nevertheless, one would expect somewhat more listings related to normal turnover.

- \$740 for a studio apartment of 200 square feet that also included the requirement of 5 hours of housekeeping per week.
- \$2,000 for a four-bedroom, two-bath house with 1,344 square feet, utilities included.

- \$9,800 for a four-bedroom, four-bath townhouse in a local condo complex with substantial amenities.

Most apartments require first and last month's rent plus a security deposit equivalent to as much as a month's rent. For a \$1,500 apartment, that totals \$4,500 in up-front cash, an amount that many prospective tenants just do not have.

Summer rentals ranged considerably from about \$1,000 per week for tiny cottages to well over \$10,000 per week for larger houses with access to the water and other amenities.

### **3.2.5 Affordability of Existing Housing**

While it is useful to have a better understanding of past and current housing costs, it is also important to analyze the implications of these costs on affordability. This section focuses on a projected analysis of housing demand and supply from 2015 through 2025, affordability gaps, cost burdens and foreclosure activity.

#### ***Housing Unit Demand***

The Regional Housing Market Analysis prepared for the Cape Cod Commission and Barnstable County also analyzed housing gaps, looking at housing supply and demand at various income levels for both homeownership and rental units, including year-round and seasonal units.<sup>25</sup> The countywide findings indicate that housing unit demand through 2025 will be greatest in the age 65 plus category while demand for units in the 15 to 24 age range is expected to decline given increasing housing costs relative to projected income growth. "Overall, demand in the county is expected to increase by 2,712 year-round units by 2025 (or an average annual rate of 270 year-round units per year). Demand for owner units is expected to increase by 2,137 units by 2025 (or an annual rate of 214 units per year). Rental unit demand is expected to increase by 575 units (corresponding to an annual increase of 58 units per year)."<sup>26</sup> These estimates correspond to an overall annual housing growth rate of 0.3% for year-round units compared to 0.6% for seasonal ones.

Table 3-33 provides the housing unit demand analysis for Chatham. These figures indicate that while total housing demand will increase by 4.7% between 2015 and 2025, from 7,119 to 7,455 units, this growth will be relatively evenly split between year-round and seasonal/second home units. Also, of the new year-round units projected to be built between 2015 and 2025, 135 or 81% are estimated to be ownership units versus 19% for rentals with all of the growth in single-family units. Given the 19% growth rate of rentals, it is surprising there was not some commensurate increase in multi-family units. Additionally, this analysis suggests that households will grow by 3% during this period, surprisingly and questionably significantly lower than the 5.3% growth of year-round units.

<sup>25</sup> The methodology was based on a December 2016 Forecast where the number of future housing units would be a function of the number of forecasted housing completions, using a statistical regression analysis for each category of housing type from 1980 through 2015.

<sup>26</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, page 71.

**Table 3-33: Change in Units/Households**

	<b>2015</b>	<b>2020</b>	<b>2025</b>	<b>Percentage Change 2015-2025</b>
Total Units	7,119	7,242	7,455	4.7%
Year-round Units	3,117	3,172	3,283	5.3%
Single-family	2,815	2,879	2,976	5.7%
Multi-family	302	294	302	0%
Owner Units	2,547	2,592	2,682	5.3%
Renter Units	570	601	601	5.4%
Second Home Units	4,002	4,069	4,171	4.2%
Households	2,816	2,845	2,900	3.0%

Source: 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.

The Regional Housing Market analysis also estimated the gap between housing demand and supply at different income levels for both homeownership and rentals. The analysis also includes estimates for 2015 and 2025 as summarized in Tables 3-34 and 3-35, respectively.

This analysis uses the affordability threshold of 30% of household income based on HUD's definition that households spending more than this amount as overspending or cost burdened. The analysis defines supply within a particular income range as those units that are affordable if all units were available. Demand is defined as the number of households within the particular income range. The difference between the units available and affordable (supply) and the number of households that can afford them (demand) results in the gap for each income range.

The Regional Market Analysis points out that some households are spending far less than 30% of their income level and not demanding housing units that are affordable based on their income level. This is occurring throughout the Cape due to the large numbers of older residents who have paid off their mortgage and thus have lowered their monthly housing costs. The report indicates that this is particularly an issue with moderately-valued homes in the \$200,000 to \$400,000 range, thus showing an oversupply of housing units at this price range in some communities. In effect there is not an oversupply of units anywhere on the Cape, regardless of household income, and there are a great number of households at lower income levels competing for these units as there are not enough available within their income range.

Table 3-34 uses the median household incomes of homeowners and renters of \$78,409 and \$23,939, respectively, and applies percentages of these to get at the affordability gaps. These income levels are relatively close to the 2018 area median income (AMI) limits for a three-person household earning at 100% and 30% of AMI, respectively, as shown in Table 3-40. These calculations indicate that there is a gap of 535 homeownership units and 78 rental units for households earning at or below the 50% levels. Another 346 ownership units and 165 rental units are needed for those earning between 50% and 80% of median homeowner and rental incomes, respectively. The analysis indicates that there is a gap of only 51 owner units and 11 rental units for those earning above the 80% levels.

**Table 3-34: Estimated Gaps in Housing Demand and Supply  
2015**

<b>Homeownership Units</b>	<b>50% MHI</b>	<b>80% MHI</b>	<b>100% MHI</b>	<b>120% MHI</b>	<b>&gt; 120% MHI</b>
Income (based on 2015 census estimates of median homeowner income of \$78,409)	\$39,205	\$62,727	\$78,409	\$94,091	>\$94,901
Affordable Price	\$144,754	\$244,836	\$312,369	\$380,069	>\$380,069
Estimated Unit Demand	575	377	276	230	1,089
Estimated Unit Supply	40	31	256	199	2,021
Affordability Gap in Units (Demand Minus Supply)	535	346	20	31	-932
<b>Cumulative Demand</b>	<b>575</b>	<b>952</b>	<b>1,228</b>	<b>1,458</b>	<b>2,547</b>
<b>Cumulative Supply</b>	<b>40</b>	<b>71</b>	<b>326</b>	<b>525</b>	<b>2,547</b>
<b>Cumulative Gap</b>	<b>535</b>	<b>881</b>	<b>901</b>	<b>933</b>	
<b>Rental Units</b>					
Income (based on 2015 census estimates of median renter income of \$23,939)	\$11,970	\$19,151	\$23,939	\$28,727	>\$28,727
Affordable Price (based on 30% of monthly income)	\$299	\$479	\$598	\$718	>718
Estimated Unit Demand	153	171	50	27	170
Estimated Unit Supply	75	6	39	45	405
Affordability Gap in Units (Demand Minus Supply)	78	165	11	-19	-235
<b>Cumulative Demand</b>	<b>153</b>	<b>324</b>	<b>374</b>	<b>400</b>	<b>570</b>
<b>Cumulative Supply</b>	<b>75</b>	<b>81</b>	<b>120</b>	<b>165</b>	<b>570</b>
<b>Cumulative Gap</b>	<b>78</b>	<b>243</b>	<b>254</b>	<b>235</b>	

Source: 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.

Cumulative supply and demand based on estimated figures at a particular income level plus estimations from each lower income level.

Assumptions include calculations for three-person households spending 30% of income, 95% financing with 5% down payment, 3.93% interest rate, and monthly utility costs of \$165 for rental units.

Table 3-35 indicates that by 2025, the gap between housing supply and demand will widen considerably for homeownership units with a cumulative total of 1,492 units, including 1,012 units for households earning at or below the 80% of median homeowner income compared to 933 and 881 in 2015, respectively.

This 2025 analysis suggests some cumulative increase in the need for rental units for those earning at or below 120% of the median renter household income at 264 units compared to 235 in 2015. While the 2015 figures suggest more than enough affordable units in the 100% to 120% income range, the 2025 figures indicate a gap of 50 units. The 2025 figures also estimate decreases in the gaps of the other income ranges except for those at or below 50% of the median renter household income. Such decreases are largely the result of a declining supply of rentals in the lower income levels with 84% of rentals affordable to those earning above the 120% level in 2025 compared to 71% in 2015.

**Table 3-35: Estimated Gaps in Housing Demand and Supply  
2025**

<b>Homeownership Units</b>	<b>50% MHI</b>	<b>80% MHI</b>	<b>100% MHI</b>	<b>120% MHI</b>	<b>&gt; 120% MHI</b>
Income (based on projected median homeowner household income of \$95,775)	\$47,887	\$76,620	\$95,775	\$114,929	>\$114,929
Affordable Price	\$144,480	\$243,544	\$310,346	\$377,305	>\$377,305
Estimated Unit Demand	632	421	293	253	1,083
Estimated Unit Supply	31	10	18	47	2,575
Affordability Gap in Units (Demand Minus Supply)	601	411	274	206	
<b>Cumulative Demand</b>	<b>632</b>	<b>1,053</b>	<b>1,346</b>	<b>1,599</b>	<b>2,682</b>
<b>Cumulative Supply</b>	<b>31</b>	<b>42</b>	<b>60</b>	<b>107</b>	<b>2,682</b>
<b>Cumulative Gap</b>	<b>601</b>	<b>1,012</b>	<b>1,286</b>	<b>1,492</b>	<b>1,492</b>
<b>Rental Units</b>					
Income (based on projected median renter household income of \$19,598)	\$9,799	\$15,678	\$19,598	\$23,518	>\$23,518
Affordable Price (based on 30% of monthly income)	\$245	\$392	\$490	\$588	
Estimated Unit Demand	119	86	104	54	329
Estimated Unit Supply	21	51	22	4	503
Affordability Gap in Units (Demand Minus Supply)	98	35	81	50	-174
<b>Cumulative Demand</b>	<b>119</b>	<b>205</b>	<b>309</b>	<b>362</b>	<b>691</b>
<b>Cumulative Supply</b>	<b>21</b>	<b>72</b>	<b>94</b>	<b>98</b>	<b>601</b>
<b>Cumulative Gap</b>	<b>98</b>	<b>133</b>	<b>214</b>	<b>264</b>	<b>354</b>

Source: 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.

Cumulative supply and demand based on estimated figures at a particular income level plus estimations from leach lower income level.

Assumptions included a household spending 30% of income, 95% financing with 5% down payment, 5.94% interest rate, and monthly utility costs of \$165 for rental units.

### ***Affordability Gaps***

Another calculation of the affordability gap involves computing the difference between the median priced unit and what households earning at various income levels can afford using median income levels by tenure. The Regional Housing Market Analysis estimated these gaps based on various income ranges for both 2015 and 2025 as summarized in Tables 3-36 and 3-37, respectively.

The 2015 analysis estimates an affordability gap of \$376,414 for homeowners earning at the 80% of median homeowner income level, the difference between the median priced single-family home at the time of \$621,250 and what this household could afford or \$244,836. The gap narrows as incomes levels increase to a gap of \$241,181 for a household earning at 120% of median level. It should be noted that the 2017 median house price is lower than the 2015 one, at \$592,500, and thus the affordability gaps would be somewhat lower as well.

Table 3-36 also calculates the affordability gaps for renters in 2015, once again based on different income levels. The report applied a monthly median rental of \$885 and a utility allowance of \$142 with

affordability gaps ranging from \$596 for a household earning at 50% of the median household income of renters to \$416 for one earning at the 80% level. Even those earning at the 120% limit are calculated to have a gap of \$177. Given rising rents with a median gross rental of \$1,027 based on 2016 census estimates, these figures likely underestimate the existing affordability gaps for rentals.

**Table 3-36: Estimated Affordability Gaps**  
**2015**

<b>Homeownership Units</b>	<b>50% AMI</b>	<b>80% AMI</b>	<b>100% AMI</b>	<b>120% AMI</b>
Income (based on 2015 census estimates of median homeowner income of \$78,409)	\$39,205	\$62,727	\$78,409	\$94,091
Affordable Price	\$144,754	\$244,836	\$312,369	\$380,069
Median House Price	\$621,250	\$621,250	\$621,250	\$621,250
Affordability Gap	\$476,496	\$376,414	\$308,881	\$241,181
<b>Rental Units</b>				
Income (based on 2015 census estimates of median renter income of \$23,939)	\$11,970	\$19,151	\$23,939	\$28,727
Monthly Household Income	\$997	\$1,596	\$1,995	\$2,394
% of Income for Housing	30%	30%	30%	30%
Affordable Gross Price	\$299	\$479	\$598	\$718
Median Rent	\$753	\$753	\$753	\$753
Utility Allowance	\$142	\$142	\$142	\$142
Monthly Gross Rent (Includes Utilities)	\$895	\$895	\$895	\$895
Affordability Gap	\$596	\$416	\$297	\$177

Source: 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.

Assumptions include calculation for three-person households spending 30% of income, 95% financing with 5% down payment, 3.93% interest rate, and monthly utility costs of \$142 for rental units.

Table 3-37 includes the same analysis projected for 2025. Projected affordability gaps increase considerably for homeownership, from a gap of \$376,414 for those earning at 80% of median homeowner household income in 2015 to \$776,537 by 2025 for example. This is largely due to the projected increase in the median house price to \$1,020,081 from \$621,250 in 2015 and very limited changes in the estimated affordable prices on which the gaps are based. The gaps remain extremely high even for those earning at the 120% level.

This analysis forecasts that the rental housing gap will decrease by 2025 to \$508 for a household earning at the 50% of median renter household income from \$596 in 2025 for example. These declines are largely based on a projected decrease in the median rent to \$588 and only modest increases in the utility allowance. As the supply of the more affordable rentals is projected to decrease somewhat (see Table 3-35), it is surprising that the rents would decline, particularly to such an extent.

**Table 3-37: Estimated Affordability Gaps  
2025**

<b>Homeownership Units</b>	<b>50% AMI</b>	<b>80% AMI</b>	<b>100% AMI</b>	<b>120% AMI</b>
Income (% of Median Homeowner Household Income = \$95,775)	\$47,887	\$76,620	\$95,775	\$114,929
Affordable Price	\$144,480	\$243,544	\$310,346	\$377,305
Median House Price	\$1,020,081	\$1,020,081	\$1,020,081	\$1,020,081
Affordability Gap	\$875,601	\$776,537	\$709,735	\$642,776
<b>Rental Units</b>				
Income (@ 30% AMI limits) (% of Median = \$19,598)	\$9,799	\$15,678	\$19,598	\$23,518
Monthly Household Income	\$817	\$1,307	\$1,633	\$1,960
% of Income for Housing	30%	30%	30%	30%
Affordable Gross Price	\$245	\$392	\$490	\$588
Median Rent	\$588	\$588	\$588	\$588
Utility Allowance	\$165	\$165	\$165	\$165
Monthly Gross Rent (Includes Utilities)	\$753	\$753	\$753	\$753
Affordability Gap	\$508	\$361	\$263	\$165

Source: 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.

Assumptions include calculation for three-person households spending 30% of income, 95% financing with 5% down payment, 5.94% interest rate, and monthly utility costs of \$165 for rental units.

Focusing on the Town's median income level of \$65,750, according to 2016 census estimates, a household could likely afford a single-family home of about \$281,500.<sup>27</sup> Therefore, the affordability gap would be \$311,000, the difference between the median house value of \$592,500 (based on The Warren's Group median for 2017 – see Table 3-29) and the affordable purchase price for a median-income earning household of \$281,500. This gap widens only modestly to \$327,000 when calculating the gap for those earning at 80% AMI, or \$62,100 for a household of three in 2018 (see Table 3-40), who can afford a home of about \$265,500. For a two-person household earning at 80% AMI (\$55,200), the gap would be approximately \$356,300.

With respect to condos, the median priced condo was \$299,000 as of the end of 2017 while the median income earning household (\$65,750) could afford a condo of approximately \$245,500. Consequently, the gap is \$53,500, the difference between \$299,000 and \$245,500. The gap widens to \$99,800 for a two-person household earning at 80% AMI (\$55,200) and \$130,000 for a single-person household (earning at \$48,300). **If the median condo price bounced back to one closer to the 2016 median of \$422,000, the gaps would be considerably higher. Also, rising interest rates, insurance costs, and utility expenses will all contribute to widening affordability gaps.**

<sup>27</sup> Based on interest rate of 4.75%, 30-year fixed mortgage term, 2018 property tax rate of \$4.87 per thousand, insurance of \$6 per thousand for single-family homes and \$4 per thousand for condos, \$250 monthly condo fees, the purchaser spending 30% of income on housing costs, and 95% financing assuming the purchaser could qualify for a state-sponsored mortgage program such as the ONE Mortgage Program or MassHousing mortgage that would not require private mortgage insurance.

Based on the median gross rental of \$1,027 according to 2016 census estimates, there is no affordability gap as the median income earning household (\$65,750) could afford a rental of about \$1,470 premised on not spending more than 30% of income on housing costs, including estimated monthly utility costs of \$175.

### **Cost Burdens**

It is also useful to identify numbers of residents who are living beyond their means based on their existing housing costs. The census provides data on how much households spent on housing whether for ownership or rental. Such information is helpful in assessing how many households are encountering housing affordability problems, defined as spending more than 30% of their income on housing, also referred to as cost burdens.

Based on 2016 estimates from the Census Bureau's American Community Survey, there were 170 households, or 15% of the homeowners in Chatham who had a mortgage, spending between 30% and 34% of their income on housing and another 263 owners, or 23.2%, spending more than 35% of their income on housing expenses. Even some without a mortgage were overspending on their housing including 8 spending between 30% and 34% and another 157 spending more than 35% of their income on housing expenses. Thus 598, or 27% of all owner households, were overspending on housing based on these estimates.

In regard to renters, 64 renter households or 12.5% were spending between 30% and 34% of their income on housing costs and another 307 or 60.2% were allocating 35% or more of their income for housing, for a total of 371 renters who were overspending or about two-thirds of all renter households.

*This data suggests that altogether 969 households or more 35% of all Chatham households were living in housing that is by common definition beyond their means and unaffordable.*

HUD also prepares a report that summarizes cost burdens by tenure, income level and type of household. The results, based on 2010-2014 American Community Survey data (latest report available), are summarized in Table 3-38 and suggest greater cost burdens including:

- *This data suggests that there were 1,168 or about 41% of all households who were earning at or below 80% median family income (MFI) and might be eligible for housing assistance based on income alone. This is up considerably from 943 or 30% of all households in 2009.*
- *This data also estimates that 913 households (211 renters and 702 owners) were spending too much on their housing, up from 884 households in 2009.*
- Of the 1,168 total households earning at or below 80% MFI, 644 or 55% were spending more than 30% of their income on housing and 402 or 34% were spending more than half of their income on housing.
- A total of 269 households, earning more than 80% MFI, were spending too much on their housing as well.

### **Renter Households**

- There were 483 renter households counted in this data and of these 211 or 44% were experiencing cost burdens.
- Of the 378 renter households earning at or below 80% MFI, 104 were spending between 30% and 50% of their income on housing and another 107 were spending more than half of their

income on housing expenses. Of these existing renter households, none of those earning more than 80% MFI were experiencing cost burdens and only 4 earning between 50% and 80% MFI were overspending. *The focus of rental housing production should be on those earning at or below 50% MFI to the greatest extent possible.*

- A total of 183 of the renter households were 62 years of age or older and only those earning at or below 50% MFI were spending too much on their housing. This included 92 households or 78% of the 118 elderly households earning below this income range.
- There were 85 small family households earning at or below 80% MFI and of these 60 or 71% were spending more than half of their income on housing, demonstrating a need for more subsidized rentals for families.
- There were only 20 large families renting in Chatham, none who were experiencing cost burdens.
- There were also a high number of renters who were nonelderly, single individuals with a total of 155 such households, 135 or 87% earning at or below 80% MFI and 55 or 36% with cost burdens. These individuals might be well served by the availability of more accessory apartments and other smaller rental units.

**Table 3-38: Type of Households by Income Category and Cost Burdens  
2014**

Type of Household	Households earning < 30% MFI/# with cost burdens **	Households earning > 30% to < 50% MFI/ # with cost burdens	Households earning > 50% to < 80% MFI/# with cost burdens	Households earning > 80% to < 100% MFI/# with cost burdens	Households Earning > 100% MFI/# with cost Burdens	Total/# with cost burdens
<b>Elderly Renters</b>	54/25-8	64/55-4	35/0-0	10/0-0	20/0-0	183/80-112
<b>Small Family Renters</b>	35/0-25	35/0-35	10/4-0	35/0-0	10/0-0	125/4-60
<b>Large Family Renters</b>	0/0-0	10/0-0	0/0-0	0/0-0	10/0-0	20/0-0
<b>Other Renters</b>	65/10-35	10/10-0	60/0-0	0/0-0	20/0-0	155/20-35
<b>Total Renters</b>	154/35-68	119/65-39	105/4-0	45/0-0	60/0-0	483/104-107
<b>Elderly Owners</b>	80/4-55	205/70-45	250/15-55	140/14-10	695/45-20	1,370/148-185
<b>Small Family Owners</b>	35/0-35	30/10-0	70/35-15	50/35-0	500/65-20	635/145-70
<b>Large Family Owners</b>	0/0-0	0/0-0	10/0-0	4/0-0	35/10-0	49/10-0
<b>Other Owners</b>	45/0-45	40/4-35	25/0-10	25/0-20	105/20-10	240/24-120
<b>Total Owners</b>	160/4-125	275/84-80	355/50-80	219/49-30	1,335/140-50	2,344/327-375
<b>Total</b>	314/39-203	394/149-119	460/54-80	264/49-30	1,395/140-50	2,827/431-482

Source: U. S. Department of Housing and Urban Development (HUD), SOCDs CHAS Data, and American Community Survey, 2010-2014. Median family income (MFI) is the equivalent of area median income (AMI) in this report.

\*\* First number is total number of households in each category/second is the number of households paying between 30% and up to 50% of their income on housing (with cost burdens) – and third number includes those who 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 nonelderly and nonfamily households.

### *Owner Households*

- There were 2,344 owner households in this report, 702 or 30% with cost burdens.
- Of the 790 owner households earning within 80% MFI (up from 704 in 2009), 423 were spending too much (up from 399) including 285 or 36% who were spending more than half of their earnings on the costs of housing (up from 264 in 2009).
- Given Chatham's burgeoning senior population, it is not surprising that 58% of all owners were 62 years of age or older. Of these, 333 or 24% were experiencing cost burdens.
- A total of 535 or 39% of all elderly owners were earning at or below 80% MFI and of these 244 or 46% were overspending on their housing. This population might benefit from having an accessory dwelling unit or some further relief on property taxes and utilities.
- There were 636 small family owner households, 135 which were earning at or below 80% MFI. Of these, 50 or 37% were spending more than half of their income on housing costs.
- There were only 49 large family owner households, none with cost burdens who were earning below 100% MFI.
- Of the total 240 individual owners below 62 years of age, 144 or 60% were overspending and of these 105 or 73% were earning at or below 80% MFI.

### ***Foreclosures***

Another indicator of affordability involves the ability to keep up with the ongoing costs of housing which some residents have found challenging since the "bursting of the housing bubble" about a decade ago. This recession forced some Chatham homeowners to confront the possibility of losing their home through foreclosure as shown in Table 3-39.

While there were no foreclosures prior to 2010, there have been 16 foreclosure auctions and 24 petitions since then with the highest level of foreclosure activity in 2017. With four petitions to foreclose and one auction in just little more than a quarter of 2018, this year may surpass numbers from last. This may relate to a backlog of cases that have been on hold pending court cases and the need to clarify new regulations.

**Table 3-39: Foreclosure Activity, 2007 through April 16, 2018**

<b>Year</b>	<b>Petitions to Foreclose</b>	<b>Foreclosure Auctions</b>	<b>Total Activity</b>
<b>1/1/18-4/16/18</b>	4	1	5
<b>2017</b>	5	3	8
<b>2016</b>	3	1	4
<b>2015</b>	1	2	3
<b>2014</b>	1	2	3
<b>2013</b>	1	2	3
<b>2012</b>	6	2	8
<b>2011</b>	2	2	4
<b>2010</b>	1	1	2
<b>2009</b>	0	0	0
<b>2008</b>	0	0	0
<b>2007</b>	0	0	0
<b>Total</b>	24	16	40

Source: The Warren Group, Banker & Tradesman, April 16, 2018.

### 3.2.6 Subsidized Housing Inventory (SHI)

Federal and state programs offer a number of different definitions of affordable housing. As noted earlier, the U.S. Department of Housing and Urban Development (HUD) generally identifies units as affordable if the costs of renting or owning a home are no more than 30% of a household's income. If households are paying more than this amount, they are described as experiencing housing affordability problems; and if they are paying 50% or more for housing, they have severe housing affordability problems and severe cost burdens.

Housing subsidy programs are typically targeted to particular income ranges depending upon programmatic goals. Extremely low-income housing is directed to households with incomes at or below 30% of area median income as defined by the U.S. Department of Housing and Urban Development (\$23,300 for a family of three for the area) and very low-income is defined as households with incomes between 30% and 50% of area median income (\$38,800 for a family of three). Low- and moderate-income generally refers to the range between 50% and 80% of area median income (\$62,100 for a family of three at the 80% level). These income levels are summarized in Table 3-40. In addition to the income limits calculated by the Community Preservation Coalition for the 100% AMI level, what they refer to as moderate-income households. Another income level of 120% is also offered, based on the Community Preservation Coalition figures.

The Community Preservation Act (CPA) allows Community Preservation funding to be directed to those earning up to 100% AMI. Additionally, some housing developments incorporate several income tiers. It should be noted, however, that those units that involve occupants with incomes higher than 80% of area median income, while still serving local housing needs, will not count as part of the Subsidized Housing Inventory unless they are part of a Chapter 40B rental development where 100% of the units would qualify for inclusion in the SHI.

**Table 3-40: 2018 Income Levels for Affordable Housing in Barnstable County**

# in Household	30% AMI	50% AMI	80% AMI	100% AMI	120% AMI
1	\$18,100	\$30,200	\$48,300	\$60,340	\$72,408
2	20,700	34,500	55,200	68,960	82,752
3	23,300	38,800	62,100	77,580	93,096
4	25,850	43,100	68,950	86,200	103,440
5	29,420	46,550	74,500	93,096	111,715
6	33,740	50,000	80,000	99,992	119,990
7	38,060	53,450	85,500	106,888	128,266
8+	42,380	56,900	91,050	113,784	136,541

Source: U.S. Department of Housing and Urban Development (HUD) for 30%, 50% and 80% of Area Median Income (AMI) levels and the Community Preservation Coalition for the 100% AMI figures with the 120% AMI level calculated based on the 100% limits.

A common definition of affordable housing relates to the Chapter 40B comprehensive permit program. The state established legislation for promoting affordable housing under the Massachusetts Comprehensive Permit Law (Massachusetts General Laws Chapter 40B).<sup>28</sup> This legislation allows

<sup>28</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

developers to override local zoning if the project meets certain requirements, the municipality has less than 10% of its year-round housing stock defined as affordable in its Subsidized Housing Inventory (SHI), or housing production goals are not met. Specifically, all SHI units must meet the following criteria:

1. Subsidized by an eligible state or federal program or approved by a subsidizing agency.
2. Subject to a long-term deed restriction limiting occupancy to income eligible households for a specified period of time increasingly moving towards as long a period of time as possible.
3. Subject to an Affirmative Fair Housing Marketing and Resident Selection Plan.
4. Be affordable to households earning at or below 80% AMI.

Most state-supported housing assistance programs are targeted to households earning at this same level, at or below 80% AMI, however, others, particularly rental programs, are directed to those earning at lower income thresholds. For example, the Low Income Housing Tax Credit Program subsidizes rental units targeted to households earning at 50% and 60% AMI. First-time homebuyer programs typically apply income limits of up to 80% AMI. It is worth noting that according to a special HUD report 1,168 or about 41% of all households would have likely been income-eligible for affordable housing using the 80% AMI income criterion without consideration of financial assets. This is up considerably from 943 or 30% of all households in 2009.

***Current Inventory – Chatham is halfway towards meeting the state’s 10% affordability goal***

Table 3-41 summarizes the units included in the Subsidized Housing Inventory (SHI), the list of affordable dwelling units that the state recognizes as eligible for counting towards Chatham’s 10% state affordability goal or annual housing production goals. This SHI includes 174 affordable housing units, representing 5.03% of the total year-round housing stock of 3,460 units. The vast majority of the SHI units are rentals (139 units or 80%), which includes special needs housing in group settings. This represents an increase of six (6) units from the 168 SHI units in the previous 2013 Housing Production Plan based on the inclusion of Levi’s Path and Main Street Community Housing projects. Therefore, the Town has not yet surpassed the Chapter 40B 10% affordability threshold. This means that Chatham is not exempt from comprehensive permit projects that enable developers to override local zoning in exchange for meeting state guidelines in building affordable housing.

Expiring affordability restrictions will eliminate the five (5) units that were rehabilitated through the Homeownership Rehab Program, with CDBG funding administered through the Lower Cape Cod Community Development Corporation (renamed the Community Development Partnership), that had shorter-term affordability restrictions. This funding is no longer available to Chatham however.

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restrictions in communities where less than 10% of the year-round housing is subsidized for low- and moderate-income households.

**Table 3-41: Chatham's Subsidized Housing Inventory (SHI)**

<b>Project Name</b>	<b># SHI Units</b>	<b>Project Type/ Subsidizing Agency</b>	<b>Use of a Comp Permit</b>	<b>Affordability Expiration Date</b>
The Anchorage*	40	Rental-seniors and disabled/DHCD HUD	No	Perpetuity
Capt. Bearse Congregate House*	19	Rental – seniors with services/ DHCD	No	Perpetuity
Family On Site Housing*	10	Rental – families/DHCD	No	Perpetuity
Fellowship Health Resources Group Home*	6	Rental –special needs/DHCD	No	Perpetuity
Group Home*	8	Rental – special needs/DHCD	No	Perpetuity
Group Home	2	Rental – special needs/DHCD	No	Perpetuity
DDS Group Home	3	Rental – special needs/DDS	No	NA
Chatham Housing Opportunity Program/CHOP*	21	Ownership/DHCD	Yes	Perpetuity
Lake Street Affordable Housing*	50	Mix of 47 rentals and 3 ownership units/DHCD, FHLBB and Town of Chatham	Yes	Perpetuity
Housing Rehab Program	5	Ownership – rehab/DHCD	No	9/17 – 11/19
MCI Housing Savings Program*	4	Rental/DHCD	No	2026
Levi's Path	2	Ownership/DHCD	Yes	Perpetuity
Main Street Community Housing	4	Ownership/DHCD	Yes	Perpetuity
<b>TOTAL</b>	174	139 rentals, 30 ownership, and 5 rehab	77 40B units	

Source: Massachusetts Department of Housing and Community Development, April 2, 2018

\*Chatham Housing Authority units or its involvement.

Many communities in the state have been confronting challenges in boosting their relatively limited supply of affordable housing. The affordable housing levels for Chatham and neighboring communities are visually presented in Figure 3-7 as of September 14, 2017. Affordable housing production varies substantially among these communities with none past the 10% state affordability threshold, but with Orleans getting close at 9.2% and only 2.1% in Eastham. Chatham, Brewster and Harwich are all about at the halfway level with Dennis and Yarmouth not far behind.

**Figure 3-7: SHI Units for Chatham and Neighboring Communities**

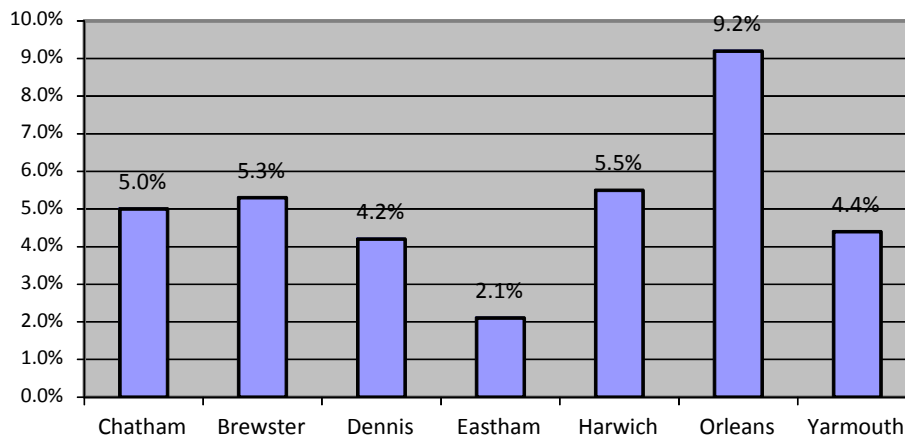


Table 3-42 provides a breakdown of Chatham Housing Authority (CHA) units by the size of elderly or family housing (number of bedrooms). It also indicates the numbers of applicants on the wait list who are Chatham residents and those who currently reside outside of town. Clearly local applicants have shorter wait times, however waits still remain long, ranging from two (2) to seven (7) years. The numbers on the wait list have also increased since 2013, up to 571 total applicants from 209 and from 10 to 53 local ones.

**Table 3-42: Chatham Housing Authority Housing Unit Wait Lists**

Project	Units	# Bedrooms	Wait List Local/ Local Applicants	Wait Times/Local Applicants*
The Anchorage	40	All 1-bedroom	204/26	5 to 7 years
Capt. Bearse House	19 with services	Studios and two, 2-bdrm units for couples/2 handicap accessible units	10/0	0-2 years
Family On Site Housing	10	2 2-bedroom 8 3-bedroom/ 2 handicap accessible units	357/27	5 to 7 years, longer for the handicapped accessible units
Total	69		571/53	

Source: Chatham Housing Authority, as of April 17, 2018.

\* Applicants are served by date of application; however, as mandated by the state, veterans and emergency applicants have priority over local standard applicants. Local applicants go ahead of non-local applicants on the waitlist.

In addition to owning and managing the Anchorage, for seniors and younger disabled individuals, and the family units at their Family On Site Housing development, CHA is responsible for the following projects and programs:

- *Captain Bearse House*  
This project provides a congregate living setting for seniors. Each of the studio units has a half bath but showers are shared on each floor. CHA has a much shorter waitlist for this program. While there are two, two-bedroom units for couples, typically the Housing Authority has to fill

these with single individuals. Cape Cod Elder Services evaluates each of the tenants and determines the level of care that is required by number of service hours. These hours are pooled for all tenants and support an on-site service provider.

- *Property Improvements*  
CHA has received state capital improvement funding from DHCD for its Anchorage and Family On Site Housing developments and is coordinating the improvements over the five-year term of the funding.
- *Group Homes*  
CHA also manages two group homes, one that is leased by Fellowship Housing Resources for the Department of Mental Health (DMH) clients and the other for clients of the Department of Developmental Disabilities (DDS).  
Service
- *Rental Assistance Subsidies*  
CHA manages eleven (11) MRVP vouchers with five (5) of the voucher holders living in Chatham. These rental subsidies are provided to qualifying households renting units in the private housing market, filling the gap between an established market rent – the Fair Market Rent (FMR) – and a portion of the household’s income. Preference is granted to applicants who reside or are employed in Chatham. Applicants must also have incomes within 80% of area median income, \$62,100 for a family of three (3) based on HUD 2018 income limits. There is a considerable wait for these housing vouchers, yet despite approval from the state to go up to 110% of the Fair Market Rents, those who are issued rental subsidies have a difficult time locating units in Chatham and the surrounding towns given the relative scarcity of year-round units and high rents.
- *Chatham Housing Opportunity Program (CHOP)*  
The Housing Authority has been the resale agency for this program that works to extend long-term affordability to homes where deed restrictions would bring purchase prices beyond the means of those earning at or below 80% AMI. Until the state adopted a standard deed rider for the sale of affordable homes (based on the AMI), such affordability restrictions typically included resale price formulas indexed to housing market prices. As housing prices soared, so did the calculated resale prices. CHA has saved 21 such affordable homes through CHOP to date, involving an investment of \$110,000 in CPA funding in addition to state subsidies. CHA was recently awarded \$200,000 in CPA funds to use as buy-down money to save additional affordable properties under the older deed restrictions.
- *Chatham Voucher Program*  
The Chatham Housing Authority has developed a Town Voucher Program that offers qualifying households a subsidy for a period of three (3) years that consists of a shallow rent subsidy of not more than \$350 per month. The Housing Authority calculates the voucher amount based on a participant’s income, expenses and rent level. The subsidy is paid directly to the landlord, and the participant is responsible for promptly paying the balance of the rent amount.

Program participants must meet the following eligibility criteria:

- Must live and/or work in Chatham or have children enrolled in the Monomoy school district.
- Be current on their rental payments and in good standing with their current landlord.
- A household member must remain employed full-time over the course of the three-year term of the Program.
- Must meet the income guidelines established by the Barnstable HOME Consortium.
- Cannot be receiving other housing subsidies.
- Must sign a three-year participation agreement that states their obligations under the Program versus the Housing Authority's and also enter into a Limited Funding Agreement, which further explains the Program.

The Program is funded with \$150,000 of CPA funds, and is currently supporting 12 participants with all funds committed. The lack of reasonably-priced rents is an ongoing problem.

- *MCI Rent/Escrow Program*

The Chatham Housing Authority has rehabilitated four (4) existing houses on property included in the National Register of Historic Places that was formerly owned by MCI Communications, the site of the first Marconi Radio Station where wireless communication began. The property was conveyed to the Town of Chatham, which currently leases it to the Chatham Housing Authority (CHA) for one dollar. The first two houses on the site were renovated with \$160,000 from the Town's budget and the other two houses from \$160,000 in Community Preservation funding towards two use categories – community housing and historic preservation.

After the necessary improvements were made to these houses, CHA leased them to qualifying tenants through a lottery process. While half of the rents go to special escrow accounts for each of the tenants to use to purchase their own homes after the five-year program term, the other half is used by the Housing Authority for ongoing maintenance and management of these old houses. CHA has had 16 families participate in the program, 4 are current tenants, 10 were able to buy homes, and the remaining 2 were unable to either fulfill the program commitments or secure a mortgage.

- *Lake Street Affordable Housing*

Chatham provided CPA funds (\$17,000 in predevelopment funding and \$300,000 in gap financing) to help leverage state funding to increase the affordability of a "friendly" Chapter 40B project on an approximately seven-acre parcel on Lake Street. The parcel included about 5.4 acres owned by the Chatham Housing Authority, next to an existing affordable homeownership development (Chatham Homeownership Opportunities), and a one plus acre lot owned and donated by the Town to the project. The development includes 47 rental units developed by The Community Builders (TCB), and another three (3) new homes built by Habitat for Humanity of Cape Cod. All of the units are affordable and included in the Subsidized Housing Inventory. The project includes three (3) units for those earning at or below 80% of area median income, and the remaining units are targeted to several income tiers below, including those earning at 30%, 50% and 60% of area median income. TCB manages the property and CHA is responsible for any resales of the Habitat houses, the first resold in 2011.

The current wait list for the rental units at Lake Street includes 12 applicants for the one-bedroom units, 12 for the two-bedroom units, and 7 for the three-bedroom units. All of the applicants are local residents.

It should be noted that the Chatham Housing Authority is under a Management Agreement with the Harwich Housing Authority, and was awarded the 2007 Outstanding Agency Award for their innovative first-time homebuyer initiatives from the Massachusetts Chapter of NAHRO (National Association of Housing and Redevelopment Officials).

Other important Town-initiated affordable housing efforts include the following:

- *Balfour Lane*  
The Lower Cape Cod CDC (renamed the Community Development Partnership – CDP) and the Friends of Chatham Affordable Housing (FOCAH) (no longer operational) redeveloped a large commercial condominium unit on the first floor and basement of an existing building on Balfour Lane into four (4) affordable condominiums. This commercial condo space formerly served as the offices of the Cape Cod Visiting Nurses Association. The new condos are all two-bedroom units available to households earning at or below 80% AMI, with initial purchase prices of \$154,000. The building also houses three (3) market-rate units on the second floor, which were not purchased and remain as market rate housing.

The project was initially conceived by the Friends of Chatham Affordable Housing (FOCAH), a local organization that raises private funds and provides advocacy for affordable housing. FOCAH identified the property and raised money from the local community, including a CPA funding commitment of \$135,000, to fund the cost of acquisition. Working with FOCAH, CDP purchased the space in 2006 and assumed responsibilities for redevelopment.

Funding for the rehabilitation of the property included an additional \$150,000 of Community Preservation funding, substantial private funding raised by FOCAH, and a grant from Bank of America. FOCAH and CDP worked with an abutting property owner to secure a donation of excess sewer capacity, which resulted in the ability to hook-up to the Town sewer and support the property's change in use from commercial to residential. CDP also contributed funding towards the project by lowering its developer's fee. The Chatham Housing Authority was hired to conduct marketing and buyer qualification.

This project clearly demonstrates how effective private fundraising efforts can be in affordable housing development, led by a local organization of concerned citizens. It also shows how a partnership of these citizens, local government, a capable housing authority, and an experienced regional non-profit development corporation can effectively work together, each contributing its own resources and skills.

The project involved substantial Town support through the permitting process, which was done locally without the use of Chapter 40B. The Board of Selectmen, in their role as Sewer Commissioners, approved the connection to the Town Sewer in spite of a moratorium on sewer transfers and connections. The Chatham Planning Board approved a special permit for the change of use from commercial to residential, and the Historic Business District Committee approved improvements to the structure and grounds. Support resulted from the recognized need for affordable homeownership opportunities in Town, the strong partnership between

FoCAH and CDP, the use of local donations, and the redevelopment of an existing property within a designated growth zone. A change in use from commercial to residential was also appropriate because of the existing market-rate residential units on the second floor.

CDP worked with the existing market-rate owners to allay concerns about the affordable units, and to lay the groundwork for a healthy condominium association.

This project is also an example of appropriate “smart growth.” The project reused an existing building, created density in a designated growth zone, supported residential development in a mixed-use Village Center, and incorporated “green” or “sustainable” design principles in the construction.

For this particular project, the Town wanted all of the units to be reserved exclusively for qualifying Chatham residents, and therefore the units are not included in the Subsidized Housing Inventory. Nevertheless, the units are restricted as affordable in perpetuity, and still fill a compelling local need for affordable housing.

- *Levi’s Path*  
Levi’s Path was a “friendly 40B” project through the state’s Local Initiative Program (LIP). The project’s comprehensive permit was approved on June 7, 2012 for eight (8) homeownership units, including two (2) affordable units. The project is located on a 2.72-acre site on Main Street. The market prices initially ranged from \$450,000 to \$500,000 while the two-bedroom, affordable homes were priced at \$150,000.
- *West Chatham Project/Main Street Community Housing*  
CHA was able to purchase a property on West Chatham Road at a discounted price (purchased for \$300,000 at about \$200,000 below the market price). The \$300,000 in acquisition money came from the Town’s Affordable Housing Trust Fund, which was initially funded with \$150,000 from the developer of the Chatham Village project and then by CPA funding. Another \$45,000 in Trust Funds was committed to help fund predevelopment costs. The Housing Authority issued a Request for Proposals (RFP) to solicit interest from a developer and selected Habitat for Humanity of Cape Cod, which built four (4) single-family homes (2 two-bedroom and 2 with three bedrooms) for those earning at or below 65% AMI.

**HAC is also administering 14 Section 8 Housing Choice Vouchers and selecting folks who applied in the summer of 2012 from the 5,000 applicants on its waitlist.**

#### ***Proposed/Pipeline Projects***

There are other projects that include affordable units that are in the predevelopment stages that include the following:

- *Main Street/Chatham Village Project in South Chatham*  
This project was approved under a comprehensive permit for the construction of ten (10) townhouse units on approximately 1.63 acres of land on Main Street, including two (2) affordable two-bedroom units targeted to those earning at or below 50% of area median income. The developer has completed the building and the units are to be added to the SHI.

- *George Ryder Road South*  
The Town issued an RFP for the development of a 20,100 square foot parcel it owns at 11 George Ryder Road South with proposals due on August 27, 2018. The Affordable Housing Trust Fund acquired the property in 2015. Located one lot south of Route 28, the site is accessible to public water and sewer as well as public transportation.
- *Middle Road Project*  
The Town has identified a parcel it owns on Middle Road for possible development as affordable homeownership units. The property includes about 3.5 acres, including some wetlands.

### **3.3 Priority Housing Needs**

As the affordability analysis indicates in Section 3.2.7 above, significant gaps remain between what most current year-round residents can afford and what housing is available. In addition, both purchasers and renters are confronted with substantial up-front cash requirements and credit checks when seeking housing. Also, long-term residents encounter difficulties keeping up with housing expenses including taxes, utilities and insurance. It is no wonder that of the 943 total households earning at or below 80% of median family income, 644 were spending more than 30% of their income on housing and 402 or 43% were spending more than half of their income on housing.

Based on a number of sources including the housing survey the Town conducted in 2006, a Housing Summit in 2007, the 2013 Housing Production Plan, updated demographic and housing characteristics and trends (Section 3.1 and 3.2), housing goals (Section 2.2), and input from a wide variety of other sources, the following priority housing needs have been identified:

#### **1. *Households with Limited Incomes – Need affordable rental housing***

Despite increasing household wealth, there still remains a population living in Chatham with very limited financial means. Given the high costs of rental housing, including sizable up-front costs (first and last months rent, a security deposit, and/or moving expenses) and limited development of such units, more subsidized rental housing is necessary to make living in Chatham affordable, particularly for the community's most vulnerable residents. High affordability gaps and cost burdens as well as long waits for subsidized housing further point to a great need for affordable rental units. Additionally, almost all state subsidies are targeted to rental housing development.

#### **2. *Gaps in Affordability and Access to Affordable Housing – Need affordable homeownership opportunities***

Even though the community has a very high level of homeownership, almost 80%, there would be a public benefit for the Town to promote opportunities for newer and younger households to purchase a home, obtain a good job, and establish roots in Chatham. A wider range of affordable housing options is needed for these younger households entering the job market and forming their own families as well as municipal employees, other Town employees, and seniors looking to downsize.

#### **3. *Housing Conditions – Need home improvement resources***

Programs to support necessary home improvements – including deleading, home modifications such as handicapped accessibility, and septic repairs for units occupied by low- and moderate-income households – are needed, particularly for the elderly living on fixed incomes.

**4. Special Needs Housing – Need barrier-free units and supportive services**

There were significant numbers of residents who claimed some type of disability, and given the aging of the population, greater emphasis should be placed on housing that includes supportive services, barrier-free improvements, and increased conformance with universal design guidelines for handicapped accessibility, adaptability and visitability.

A summary of housing goals based on these priorities is provided in Table 3-43, premised on producing an average of 17 affordable units per year that is reflective of production goals under the state Housing Production guidelines with a balance of about 80% to 20% rental versus homeownership units. At least 10% of the new units produced should include handicapped accessibility and/or supportive services for special needs populations and seniors. Goals for housing rehabilitation are based on at least two (2) units per year and the ability to secure necessary subsidy funds.

**Table 3-43: Housing Production Goals Based on Types of Units**

<b>Type of Units</b>	<b>1-Year Goals</b>	<b>5-Year Goals</b>
Rental Housing	14 units	68 units
Families/Individuals	11	51 units
Seniors	3	17 units
Homeownership Units	3 units	17 units
Total	17 units	85 units
Handicapped accessibility and/or supportive services/about 10% of new units produced	2 units	10 units
Promote housing assistance for property Improvements	2 participants in improvement programs	10 participants in improvement programs

#### 4. CHALLENGES TO PRODUCING AFFORDABLE HOUSING

While there are pressing needs for more affordable housing in Chatham, there also continue to be formidable challenges to producing such housing in town including the following:

- ***Limited Developable Property***

Most prime properties have been developed, and there are fewer parcels available that do not involve development restrictions or environmental issues, such as wetlands. As a result, it will become increasingly challenging to locate development opportunities for affordable housing.

A Buildout Analysis was conducted in 2005 to estimate the potential number of remaining developable residential parcels as part of the planning process in developing Chatham's Comprehensive Wastewater Management Plan (CWMP). This Geographic Information System (GIS) parcel level analysis took into account the following criteria: existing zoning, the development/subdivision of all vacant developable parcels, subdivision of existing residential parcels, a 10% area reduction of "subdividable" parcels for roads/access and assumed all existing non-residential use will remain the same. The primary focus of the analysis was on differentiating between developable vacant parcels and undevelopable parcels. The initial build-out analysis performed by the state earlier in the decade was also based upon the criteria noted above but the 2005 updated analysis also took the following issues into consideration: conservation lands, conservation easements, proximity to wetlands, staff knowledge of specific sites, and parcel configuration.

The analysis estimated that of the Town's total parcels (7,546), approximately 80% (6,020) were developed. The number of existing residential vacant parcels that were identified as still developable totaled 573. This analysis also took into account the potential re-division of land for existing residentially-developed parcels that had additional developable land area capacity above the current district (e.g., a 40,000 sq. ft. lot in a 20,000 sq. ft. minimum lot area district). This analysis resulted in a potential net increase of new residential parcels by subdivision at 595. Putting the two portions of this analysis together, a maximum of 1,168 new residential parcels were identified under the set of assumptions used. This conservative upper limit generated for wastewater planning purposes assumes all residential parcels with additional developable land will ultimately develop their property to its maximum extent without consideration of potential rezoning.

To estimate the additional population impact at Buildout for the purposes of this HPP, two factors were applied to the 1,168 residential parcels identified to adjust for the seasonal nature of Chatham's housing stock (approximately 50% of the total) and the 2010 U.S. Census Bureau figure for persons per occupied household unit (1.95). After applying the above factors, an additional 1,139 persons were estimated to be added to the year round population based upon the assumption of the analyses and factors above.

Since 2005, approximately 360 net new units were built which would bring the projected maximum number of additional units to reach buildout down to 811, once again based on existing zoning and no redevelopment activity.

*Mitigation Measures:*

It will be important to guide future development to appropriate locations, maximizing density in some areas and minimizing the effects on the natural environment and preserving open space corridors and recreational opportunities. Therefore, changes to the Town's Zoning Bylaw will be necessary which will consequently alter buildout calculations.

Because of the limited amount of developable property, it is all the more important that the new units that are created help diversify the housing stock and provide greater affordability as well as meet other public benefits. This Plan suggests several zoning mechanisms to mandate and incentivize affordable units as well as strategies to promote more housing choices (see Section 6).

- ***Environmental Concerns***

The Town has a small sewer system and wastewater treatment facility that provides services to about 500 properties. Significant amounts of nitrogen are still accumulating in the groundwater from on-site septic systems. Nitrogen loading affects the community's drinking water and is a serious threat to the town's surface water, particularly salt ponds and estuaries that are so environmentally sensitive.

There are also a number of wildlife and vegetative species that have been identified by the state and/or federal government as being threatened with extinction, endangered or of special concern in Chatham. For example, the Piping Plover and Northern Harrier are both bird species that are threatened and the Roseate Tern and Pied-billed Grebe are identified as endangered. Two dragonfly species are also threatened including the Scarlet Bluet and Pine Barrier Bluet. The Massachusetts Division of Fisheries and Wildlife lists a number of plants that are also rare and of special concern.

*Mitigation Measures*

The Town will continue to implement the Comprehensive Wastewater Management Plan that was completed in 2009. Since completion of the Plan, the Town has appropriated more than \$120 million, allowing completion of a new, expanded, state-of-the-art nitrogen removal wastewater treatment plant and multiple extension of the sewer collection system. Sewer collection extensions continue to be funded and designed for future construction. The Town will also sustain continued research, evaluation and approval of alternative wastewater treatment facilities in support of new development. Moreover, the Town will carefully assess the impacts of any new development in order to reduce any adverse environmental impacts that might result before approvals are issued. The Town is also committed to acquiring environmentally sensitive parcels and continuing resident education on the importance of protecting the environment.

- ***Zoning***

As is the case in most American communities, a zoning bylaw or ordinance is enacted to control the use of land including the patterns of housing development. The Chatham Zoning Bylaw, which was recently revised in August 2012, includes six (6) different residential zoning districts (R20, R20A, R30, R40, R40A, and R60) plus a Residence-Seashore Conservancy district as well as business (Small Business/SB and General Business/GB), industrial (I), and municipal districts (Municipal/M and Municipal-Conservancy/MC) districts. Five (5) overlay districts have also been established including one for flexible development.

The dimensional requirements for these districts are summarized in Table 4-1. Minimum lot sizes range from 5,000 square feet in the General Business 1 district to three (3) acres in the Residence-Seashore Conservancy district with between about a half-acre to one and a half acres in the Residence districts. Large lot zoning has been used to protect the environment, a particularly important issue on the Cape, and to also slow the growth of development. Such zoning can also lead to inefficiencies in the development of land, which the town has tried to partially remedy through its flexible zoning and Open Space Residential Development bylaws described later in this section.

**Table 4-1: Dimensional Regulations by Zoning District**

	<b>R60</b>	<b>R40/ R40A</b>	<b>R30</b>	<b>R20</b>	<b>R20A</b>	<b>SB</b>	<b>GB</b>	<b>I</b>	<b>RC3</b>
Min. Lot Size	60,000	40,000	30,000	20,000	20,000	20,000	5,000-10,000	10,000	3 acres
Min. Frontage	150	150	100	100	100	125	50-100	50	150
Setback/Road	40	40	25	25	25	50	5-50	10	50
Setback/ Abutter	25	25/40	15	15	15	20	5-15	5	50

Note: Dimensions are in square feet or linear feet.

The uses that are allowed in each of the major districts are presented in Table 4-2. Single-family homes are allowed by-right in the Residential districts and Small Business district. Multi-family structures are allowed under Special Conditions in the R-20 district and by Special Permit and Site Plan Review in the General Business district. Affordable apartments that are incidental to single-family homes are allowed under Special Permit in all zoning districts with the exception of the Industrial and Municipal Conservancy districts.

**Table 4-2: Schedule of Zoning Regulations for Housing-related Uses**

<b>Uses</b>	<b>R60</b>	<b>R40/ R40A</b>	<b>R30</b>	<b>R20</b>	<b>R20A</b>	<b>SB</b>	<b>GB</b>	<b>I</b>	<b>MC</b>	<b>M</b>
Single-family Dwelling	P	P	P	P	P	P	SP	X	X	X
Multi-family Dwelling	X	X	X	X	SC	X	SP/SPA	X	X	X
Acc. Apt.	SP	SP	SP	SP	SP	SP	SP	X	X	SP
Apt. in Comm. Building	X	X	X	X	X	X	SP	P	X	X
Boarding/ Roominghouse	SC	SC	SC	SC	SC	SC	SC	X	X	X
Cong. Living Facility	X	X	X	X	X	X	SP/SPA	X	X	X
Conv. To Multiple Dwelling	X	X	X	X	X	SP	SP	X	X	X
Group Dwelling	SP	SP	SP	SP	SP	SP	SP	X	X	X
Mobile Home	SC	SC	SC	SC	SC	SC	SC	X	X	X

P = Permitted; SC = Special Condition; SP = Special Permit; SP/SPA = Special Permit and Site Plan Approval; X = Prohibited

The Zoning Bylaw also includes specific provisions to promote smart growth development and affordable housing, directing future development to appropriate locations. There are also a number of provisions regarding the conversion of various types of properties that involve housing as well. These provisions include:

The Flexible Development Overlay District offers the Town a mechanism to better control and promote a mix of commercial and multi-family housing, independent living facilities or congregate living facilities in selected zones with a Special Permit and Site Plan Approval. It is likely that the proposed West Chatham affordable homeownership project will be developed by Habitat for Humanity of Cape Cod under this bylaw.

The Open Space Residential Development (OSRD) bylaw allows for greater flexibility and creativity in the development of single-family homes by encouraging more compact or clustered development and open space preservation through a Special Permit. The total number of units on the parcel cannot exceed what is permitted under a conventional subdivision and the minimum land area must include at least five (5) acres of upland. The minimum lot area is 10,000 square feet per dwelling. The common open space must be at least 50% of the land area, all of which must be buildable upland.

Affordable Apartment Incidental to a Single-Family Dwelling bylaw was adopted to meet the needs of the town's residents and workers by promoting year-round affordable rental units that are part of an existing single-family dwelling or in a separate building that is accessory to the single-family home, often referred to as accessory or in-law apartments. The owner of the property must reside in either the apartment or the principal dwelling unit. A Special Permit is required and the property must include at least 20,000 square feet of buildable upland. A total of four (4) parking spaces must be provided on site, two (2) for the apartment as well as the principal dwelling unit. The accessory units must meet all requirements under the state's Local Initiative Program (LIP), where the Chatham Housing Authority coordinates eligibility. Given state changes in LIP requirements for accessory units, this program has never taken hold.

The bylaw allows Apartments Incidental to a Commercial Use or Industrial Use in the GB and I districts as long as the lot includes at least 10,000 square feet for each apartment and no more than four (4) apartments per building in the GB district and no more than a single two-bedroom apartment incidental to a commercial or industrial use in the I district.

The Affordable Dwelling Units, Mandatory Provision is an inclusionary zoning bylaw to ensure that residential developments of ten (10) or more units include affordable units equivalent to at least 10% of all units in the development. The affordable units must meet all requirements under the state's Local Initiative Program (LIP), overseen by the Chatham Housing Authority.

The bylaw provides a number of options for the developer. For example, it allows the developer to build an equivalent number of affordable units off-site under the same

requirements as any on-site units. The bylaw also enables the developer to donate land that the Planning Board determines is suitable for the development of an equivalent number of affordable units off-site. Another provision allows the developer of a non-rental project to pay a fee in-lieu of the actual units equal to three (3) times the annual income of an income-eligible household of four (4) for each unit. Density bonuses may also be granted by the Planning Board if the developer provides a greater number of affordable units than the mandatory 10%.

The Town has drafted new zoning language to promote accessory dwelling units (see Section 6.2.1 for details).

Boarding or Rooming Houses and Tourist Homes are permitted under Special Conditions in a number of zoning districts. Such conditions include that the property must be owner-occupied, there can be no more than eight (8) rooms, and not more than two (2) persons may occupy a room.

The conversion of various types of properties is allowed under certain requirements. For example, the bylaw permits the Conversion of an Existing Dwelling to a Multiple-Family Dwelling in the business districts under Special Permit if there are no more than three (3) units per structure, there is at least 10,000 square feet of buildable upland area for each unit (although this might be waived if the property is connected to Town sewer), there are no units more than two stories above grade, as well as several other more minor requirements.

The Conversion of Public Lodgings to Condominiums (or cooperatives) is allowed by Special Permit of the Zoning Board of Appeals and Site Plan Review of the Planning Board but the structures have to comply with all requirements for Multi-family Dwellings (New Construction) such that the property cannot contain more than eight (8) bedrooms per acre of contiguous buildable upland as well as several other criteria, such as specific buffers, setbacks, street frontages, lot coverage, etc. by district.

The Conversion of a Cottage Colony to single-family use is allowed only if the lot upon which each building is located complies with the minimum dimensional requirements for single-family homes. The conversion of such properties to condominiums is allowed only if the number of units is not more than the total area of buildable upland divided by the minimum lot area for the district.

The Conversion of Nonconforming Seasonal Dwellings to Year-round Use is permitted as long as the property meets Title V requirements and local health regulations plus any expansion of the property must meet the minimum dimensional requirements. If the expansion exceeds 25% of the existing area, a Special Permit of the Zoning Board of Appeals is required.

Mobile homes are not allowed as permanent residences, only under a temporary occupancy permit as an office or while a permanent residence is being built.

The bylaw also addresses Independent Living or Congregate Living Facilities which are allowed under Special Permit of the Planning Board in the Flexible Development Overlay

district and GB-1 district as long as there are no more than 12 units per acre of contiguous buildable upland, no unit contains more than two (2) bedrooms as well as other specific minimum dimensional requirements.

*Mitigation Measures*

This Housing Production Plan includes a number of strategies that are directed to reforming local zoning regulations and making them “friendlier” to the production of affordable housing and smart growth development. These strategies include modifying the accessory apartment and inclusionary zoning provisions, allowing some use of small nonconforming lots for affordable housing, and promoting mixed-use development (see Section 6.2).

- ***High Property Costs***

As detailed in Section 3.2.6, property is very expensive in Chatham as evidenced by the median price for all sales of \$592,500 as of the end of 2017. The cost of acquiring land makes it challenging to target development to anything but the luxury market without subsidies. Such market pressures are largely driven by the high demand for seasonal housing and second homes from those who are drawn to the exceptional beauty and charm of the community.

*Mitigation Measures*

The Town, guided by this Housing Production Plan, will continue to proactively promote affordable housing, subsidizing such development through the conveyance of Town-owned property at a nominal price and the infusion of CPA and Affordable Housing Trust funds and leveraging other public and private funds to the greatest extent possible. The Town will also use regulatory controls through zoning and permitting to encourage and expedite developments that meet local housing needs.

- ***Teardown Activity (Demo/Rebuild)***

The high demand for housing and increasingly more limited availability of buildable property in the most desirable locations has precipitated the purchase of developed properties, demolition of the existing structures, and rebuilding of substantially more sizable homes. As a result, some of the smaller and more “affordable” homes are being lost, replaced by structures that are typically more expensive. Recent building permit activity suggests that about two-thirds of new home development involved the demolition of the previous structure.

*Mitigation Measures*

Efforts to reduce this activity need to be continually promoted and enforced such as a demolition delay bylaw adopted by the town of Edgartown that not only requires a delay in issuing a demolition permit but also requires property owners to offer the house to the Housing Authority free of charge, which in turn contacts other housing organizations to determine interest in moving the property to another location for use as long-term affordable housing. This initiative would have to piggyback some funding to cover moving expenses and identify locations for the relocated homes and should be considered at some point in the future.

- ***Transportation***

Chatham residents do not have access to public transportation with the exception of limited bus service and the Council on Aging’s vans for seniors. Census estimates from the 2012-2016 American Community Survey suggest that 81% of workers drove alone to work, another 5% carpooled, and another 10% either worked at home or walked to work. The average commuting

time was about 23 minutes, suggesting employment opportunities were typically located outside of Chatham. Additionally, owning and maintaining a car is beyond the means of many low- and moderate-income households, and some seniors are no longer able to drive and risk becoming isolated in their own homes.

#### *Mitigation Measures*

Opportunities to direct development to areas that are most conducive to higher densities, in that they are closer to commercial areas and bus lines, may serve to reduce transportation problems somewhat (see strategy 6.2.3).

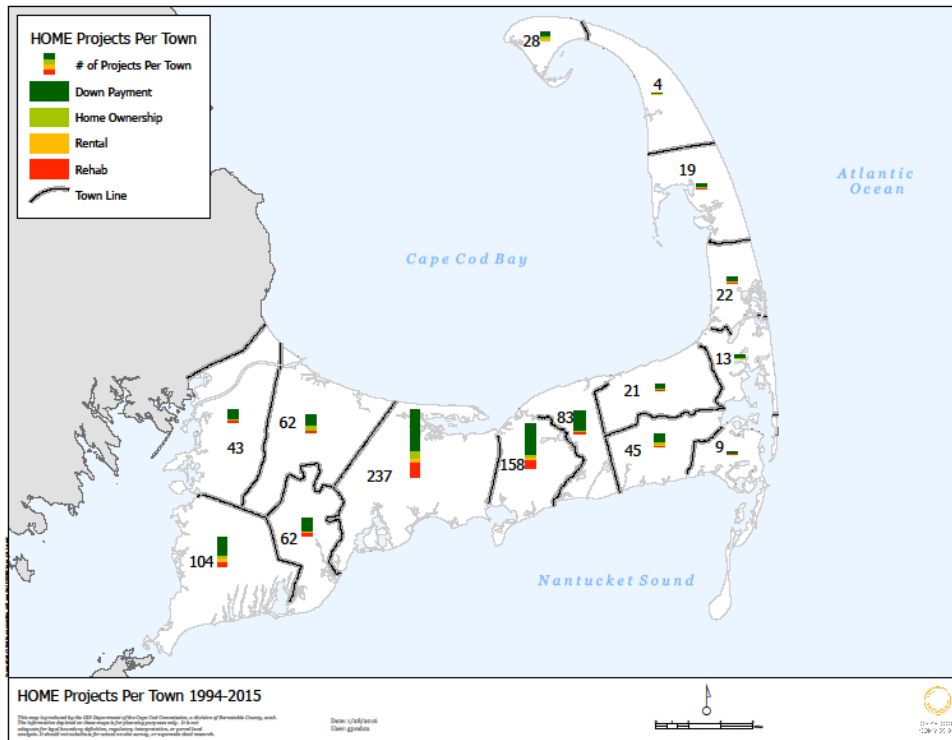
- ***Availability of Subsidies***

While the Town has more housing resources available than it has had in the past to promote affordable housing, including Community Preservation funding<sup>29</sup> and the Affordable Housing Trust Fund, subsidy funds still remain in short supply and are highly competitive. Unlike most cities, Chatham does not receive an annual allocation of federal CDBG or HOME Program funding that provides substantial housing support for a wide range of housing activities. HOME funding is available by application from the Barnstable County HOME Consortium for the acquisition and rehabilitation of rental housing, homeowner repairs, rental assistance and first-time homeownership. Specific down payment assistance for first-time homebuyers, administered by the Housing Assistance Corporation, has been funded through HOME. As shown below, Chatham received HOME Program funding for nine projects through 2015 including \$100,000 for its Lake Street project, \$17,611 in downpayment and closing costs assistance, and \$22,637 for Rehab Program assistance.

In regard to state funds, several sponsors of developments in Chatham (i.e., Lake Street, public housing developments, group homes) have received financing from a number of state programs for affordable housing development. These awards have been essential to insuring the financial feasibility of the units, but these funds are extremely competitive. Moreover, the town has access to rental assistance vouchers, but these are in very short supply with only 11 Massachusetts Rental Voucher Program (MRVP) units managed by the Chatham Housing Authority, 5 of which are used in Chatham, and another 14 vouchers administered by the Housing Assistance Corporation (HAC). It is also likely that state and federal subsidy funds will continue to decrease somewhat in the near future, which will further challenge the community's ability to meet local needs and production goals.

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<sup>29</sup> To date almost \$9.9 million has been raised through the local surcharge and matched with about \$5.5 million from the state for a total of approximately \$15.3 million, \$2,743,181 of which has been allocated in support of affordable housing initiatives, representing about 18% of available funds. CPA allocations for 2019 included \$100,000 for the Housing Trust, \$5,000 for the Housing Coordinator, \$10,000 for the Housing Production Plan, and \$200,000 for the Housing Authority's CHOP Program, buying down out-of-date deed riders, for a total of \$315,000.



### *Mitigations Measures*

This Housing Plan provides guidance on the use of Community Preservation Funds, Chatham's Affordable Housing Trust Fund, HOME funding, and specific resources for affordable housing initiatives that will enable the Town to support the production of new affordable units and leverage other public and private funding sources.

- **Community Perceptions**

In most communities, residents are concerned about the impacts that new development has on local services and the quality of life and in Chatham there are added pressures associated with the influx of seasonal residents. Residents may also have negative impressions of affordable housing. Therefore, local opposition to new affordable units is more the norm than the exception.

On the other hand, given such high real estate prices, 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. Seasonal or second homeowners are likely to also be concerned given the expanding need for service workers. One service provider suggested that it was becoming increasingly difficult to find home health care workers to fill vacant positions.

### *Mitigations Measures*

Ongoing community outreach and education will be necessary to continue to acquaint the community with housing needs and garner local support and ultimately approvals for new housing initiatives. This Housing Production Plan update also offers an excellent opportunity to showcase the issue of affordable housing once again, providing information to the community on local needs and proactive measures to meet these needs. 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 genuine opportunities for input.

## 5. HOUSING PRODUCTION GOALS

The Massachusetts Department of Housing and Community Development (DHCD) administers the Housing Production Program that is meant to provide municipalities with greater local control over affordable housing development. Under the Program, cities and towns are required to prepare and adopt a Housing Plan that demonstrated 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>30</sup> If DHCD certified that the locality had complied with its annual goals or that it had met two-year goals, the Town could, through its Zoning Board of Appeals, potentially deny what it considered inappropriate comprehensive permit applications for one or two-years, respectively.<sup>31</sup>

Chatham now has to produce at least 17 affordable units annually to meet annual production goals, a formidable challenge. If the Town produces 35 affordable units in any calendar year, it will have a two-year period during which it will be able deny inappropriate 40B applications that do not meet local needs, without the developer's ability to appeal the decision. These production goals will increase when the 2020 census figures are released and the year-round housing total increases to reflect housing growth, most likely to at least 18 units annually.

Using the priority needs established in Section 3.3 and the strategies summarized under Section 6, the Town of Chatham has developed a Housing Production Program to chart affordable housing activity over the next five (5) years. The projected goals are best guesses at this time, and there is likely to be a great deal of fluidity in these estimates from year to year. The goals are based largely on the following criteria:

- At a minimum, at least fifty percent (50%) of the units that are developed on publicly-owned parcels should be affordable to households earning at or below 80% of area median income. The rental projects will also target some households earning at or below 60% of area median income with some even lower at 50% and 30% AMI. 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 cannot count as part of the Subsidized Housing Inventory or towards annual production goals.
- Projections are based on no fewer than four (4) units per acre, averaging about eight (8) total bedrooms. However, given specific site conditions and financial feasibility it may be appropriate

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<sup>30</sup> Massachusetts General Law Chapter 40B, 760 CMR 56.00.

<sup>31</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.

to decrease or increase density as long as projects are in compliance with state Title 5 and wetlands regulations.

- Because housing strategies include development on privately owned parcels, production will involve projects sponsored by private developers through the standard regulatory process or 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 CPA funding or Affordable Housing Trust Funds where appropriate.
- The projections involve a mix of rental and ownership opportunities that reflect the priority housing needs in the Housing Needs Assessment (see Section 3.3) with about 75% of the units directed to rentals. The Town will work with developers to promote a diversity of housing types targeted to different populations with housing needs including families, older adults and other individuals with special needs to offer a wider range of housing options for residents.
- To the greatest extent possible, the goals will help promote smart growth principles of land use and the state’s ten sustainable development goals.

**Table 5-1: Chatham Housing Production Program**

<b>Strategies by Year Name/Housing Type</b>	<b>Affordable Units &lt; 80% AMI</b>	<b>80%-120% AMI or SHI Ineligible</b>	<b>Market Units</b>	<b>Total # Units</b>
<b>Year 1 – 2019</b>				
Nothing in pipeline ready for permitting				
<b>Year 2 – 2020</b>				
Development of public property/George Ryder Road/RFP did not specify tenure** <sup>32</sup>	4	0	0	4
Accessory apartments/rental	0	2	0	2
Buy-down Program/ownership <sup>33</sup>	2	2	0	4
<i>Subtotal</i>	<i>6</i>	<i>4</i>	<i>0</i>	<i>10</i>
<b>Year 3 – 2021</b>				
Development of private property/"mixed-use development/rental <sup>34</sup>	3	0	17	20
Development of private property/group homes/special needs rental	8	0	0	8
Development of private property/Inclusionary zoning/ownership <sup>35</sup>	6	0	34	40
Accessory apartments/rental	0	2	0	2
Buy-down Program/ownership	2	2	0	4
<i>Subtotal</i>	<i>19</i>	<i>4</i>	<i>51</i>	<i>74</i>
<b>Year 4 – 2022</b>				
Development of public property/Middle Road /rental*	12	0	0	12
Development of private property/non- conforming lot development/ownership <sup>36</sup>	4	0	4	8
Accessory apartments/rental	0	2	0	2
Buy-down Program/ownership	2	2	0	4
Development of private property/units incidental to a commercial use/rental <sup>37</sup>	2	0	8	10
<i>Subtotal</i>	<i>20</i>	<i>4</i>	<i>12</i>	<i>36</i>
<b>Year 5 – 2023</b>				
Development of private property/"Friendly 40B" process/rental* <sup>38</sup>	40	0	0*	40
Accessory apartments/rental	0	2	0	2
Buy-down Program/ownership	2	2	0	4
<i>Subtotal</i>	<i>42</i>	<i>4</i>	<i>0</i>	<i>46</i>
<b>Total</b>	<b>87*</b>	<b>16</b>	<b>63</b>	<b>166*</b>

\*All units in a Chapter 40B rental development count as part of the Subsidized Housing Inventory (SHI) even though only 25% or 20% are required based on income limits of 80% and 50% AMI, respectively.

<sup>32</sup> The development of public property will also likely involve the "friendly 40B" process although units created will be counted as part of strategy 6.3.1 instead of 6.3.2, which focuses on private property development.

<sup>33</sup> Assumes a mix of affordable and attainable units.

<sup>34</sup> Assumes an affordability level of 15%.

<sup>35</sup> Assumes an affordability level of 15%.

<sup>36</sup> Assumes a one to one ratio of affordable to market units.

<sup>37</sup> Assumes an affordability level of 15%.

<sup>38</sup> Assumes a project financed with Low Income Housing Tax Credits and other subsidy funds that require a project of about this size.

The development of public property will also likely involve the “friendly 40B” process although units created will be counted as part of strategy 6.3.1 instead of 6.3.2, which focuses on private property development.

## 6. HOUSING STRATEGIES

The strategies outlined below are derived from a number of sources including the Local Comprehensive Plan, the 2013 Housing Production Plan, this updated Housing Needs Assessment included in Section 3, local housing goals, existing local initiatives, local input and the experience of other comparable localities in the area and throughout the Commonwealth. The strategies are grouped according to those that build local capacity to promote affordable housing as well as those involving regulatory changes, production initiatives and direct assistance to residents. They are also categorized according to priority – those higher priority actions to be implemented within Years 1 and 2 and those of more moderate priority for Years 3 to 5. A summary of these actions is included in Table 1-1.

The strategies also reflect state requirements that ask communities to address all of the following major categories of strategies to the greatest extent applicable:<sup>39</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;*
  - Encourage mixed-use development (strategy 6.2.2)
- *Identification of specific sties for which the municipality will encourage the filing of comprehensive permit projects;*
  - Make suitable public property available for affordable housing (strategy 6.3.1)
  - Promote “friendly 40B” development (strategy 6.3.2)
- *Characteristics of proposed residential or mixed-use developments that would be preferred by the municipality;*
  - Modify accessory apartment bylaw (strategy 6.2.1)
  - Encourage mixed-use development (strategy 6.2.2)
  - Encourage special needs housing (strategy 6.3.3)
  - Explore a buy-down program (strategy 6.3.4)
  - As indicated in strategy 6.3.2, the Town should explore the acquisition of property and work with developers to create affordable housing in line with smart growth principles including:
    - The redevelopment of existing structures,
    - Infill site development,
    - Parcels large enough to accommodate clustered housing, and
    - Mixed-use properties in the Town Center, village areas or along commercial corridors.
- *Municipally owned parcels for which the municipality commits to issue requests for proposals to develop affordable housing.*
  - Make suitable public property available for affordable housing (strategy 6.3.1)

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<sup>39</sup> Massachusetts General Law Chapter 40B, 760 CMR 56.03.4.

- *Participation in regional collaborations addressing housing development*
  - Continue to promote regional partnerships (strategy 6.3.5)
  - Help qualifying residents access housing services (strategy 6.4.2)
  - Participation in the Barnstable County HOME Consortium and Cape Cod and the Islands Continuum of Care

*It should be noted that a major goal of this Plan is not only to strive to meet the state’s 10% affordability threshold under Chapter 40B, but to also to serve the range of local needs. Consequently, there are instances where housing initiatives might be promoted to meet these needs that will not necessarily*

**The strategies included in this Housing Production Plan (including accessory dwelling units and small nonconforming lot development) are presented as a package for the Town to consider, each through the appropriate regulatory channels, many of which will also be subject to review and approval by the Board of Selectmen and Town Meeting .**

*result in the inclusion of units in the Subsidized Housing Inventory (examples potentially include the promotion of accessory apartments and mixed-income housing that includes “community housing” or “workforce housing” units,)<sup>40</sup>. More commonly, housing affordability is being referred to as either little “a” affordability, meaning that the units do not meet all state requirements for inclusion in the Subsidized Housing Inventory (SHI) but still meet local housing needs, versus big “A” affordability for those units that can be counted as part of the SHI. The Town will also encourage developers to incorporate universal design and visitability standards, particularly given the high number of seniors and those with special needs in the community.*

These actions also present opportunities to judiciously invest funding from CPA or the Affordable Housing Trust Fund to subsidize actual unit production (predevelopment funding

and/or subsidies to fill the gap between total development costs and the affordable rent or purchase prices) and leverage additional resources, modify or create new local zoning provisions and development policies, help preserve the existing affordable housing stock, and build local capacity.

## **6.1 Strategies That Build Local Capacity to Promote Affordable Housing**

Chatham is a small town and, unlike many cities, does not have substantial state or federal funding to support local housing initiatives on an ongoing basis. Nevertheless, the Town has a local structure in place to coordinate housing activities that includes the following components:

The *Department of Community Development* is the Town’s chief planning and development agency. The Department’s staff develops plans, policies, programs and projects related to the Town’s physical development, economic development, affordable housing, historic preservation and environmental conservation.

The *Chatham Affordable Housing Committee* is the designated municipal board for overseeing affordable housing issues and policies, including the development of this Housing Production Plan.

<sup>40</sup> Community housing generally refers to units directed to those earning between 80% and 100% AMI, whereas workforce housing refers to units directed to those earning between 80% and 120% or even up to 140% or 150% AMI for those who are still priced out of the private housing market.

The Town has established the *Chatham Affordable Housing Trust* to manage a dedicated fund for subsidizing affordable housing. The Housing Trust is composed of all members of the Board of Selectmen and two at-large members appointed by the Board of Selectmen.

The *Chatham Housing Authority* not only owns and manages 69 units of subsidized housing and eleven (11) rental subsidies through the Massachusetts Rental Voucher Program (MRVP), but administers a couple of important affordable housing initiatives including the Chatham Housing Opportunities Program (CHOP) and the Chatham Voucher Program. The Housing Authority has also been involved in project development, including the marketing of affordable units to eligible occupants.

*Citizens Initiative for Housing* is a relatively new working group of community residents interested in promoting affordable housing opportunities. Some of these members are involved in Monomoy Community Services, the Angel Fund, Chatham Housing Authority, Affordable Housing Committee, and Habitat for Humanity of Cape Cod. The group is focused in finding ways for the private sector to partner with the Town of Chatham to not only create more affordable housing but also build “attainable” housing for year-round residents earning above the 80% AMI threshold but still priced out of the local housing market. Of particular interest is providing workforce housing opportunities for young adults in the 19 to 44 age range who have been leaving the community as well as housing for increasing numbers of seniors.

In May 2003, Chatham residents adopted the *Community Preservation Act* with a surcharge of 3% and exempting the first \$100,000 of a property’s value as well as the participation of low-income property owners.<sup>41</sup> To date almost \$9.9 million has been raised through the local surcharge and matched with about \$5.5 million from the state for a total of approximately \$15.3 million, \$2,743,181 of which has been allocated in support of affordable housing initiatives, representing about 18% of available funds.

*Other local and regional entities* also bolster housing efforts, working in partnership with the Town to produce housing and provide important assistance to residents. These entities have included the Chatham Housing Authority, Habitat for Humanity of Cape Cod, the Housing Assistance Corporation (HAC), Community Development Partnership (CDP), Harwich Ecumenical Council on Housing (HECH), The Community Builders (TCB), Barnstable County HOME Consortium, Cape Cod Commission (CCC), among others.

In order to make the comprehensive permit process more predictable and efficient, the Town created *Local Guidelines for Comprehensive Permit Applications*. While Chatham has not seen many comprehensive permit applications from private developers like many of its neighbors, the development of guidelines are meant to encourage such development in the Town’s growth areas.

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<sup>41</sup> In September of 2000, the Community Preservation Act (CPA) was enacted to provide Massachusetts cities and towns with another tool to conserve open space, preserve historic properties and provide affordable housing. This enabling statute established the authority for municipalities in the Commonwealth to create a Community Preservation Fund derived from a surcharge of up to 3% of the property tax with a corresponding state match of up to 100% funded through new fees at the Registry of Deeds and Land Court. Once adopted the Act requires at least 10% of the monies raised to be distributed to each of the three categories (open space, historic preservation and affordable housing), allowing flexibility in distributing the majority of the money to any of the three uses as determined by the community. The Act further requires that a Community Preservation Committee of five to nine members be established, representing various boards or committees in the community, to recommend to the legislative body, in this case the City Council, how to spend the Community Preservation Fund.

This *Housing Production Plan* will also boost the Town's capacity to promote affordable housing as it provides the necessary blueprint for the next five (5) years, updating the 2013 Housing Production Plan that is due to expire while continuing to prioritize and implement affordable housing initiatives based on documented local needs, community input and existing resources. The Plan will also provide important guidance on how to invest local funding for housing and serve as a comprehensive resource on housing issues in Chatham that can continue to be readily updated as necessary.

To build further local capacity to meet local housing needs and production goals, the Town will explore the following activities. While such actions do not directly produce affordable units, they help build important local support for new and continuing affordable housing initiatives.

#### **6.1.1 Hire a Housing Coordinator**

**Entity Responsible: Board of Selectmen**

**High Priority: Years 1 and 2**

If the Town of Chatham wants to assume a more proactive role in promoting affordable housing and effectively implement actions included in this Housing Production Plan, it will have to augment its capacity to coordinate these activities. In fact, the Town has been fortunate to have a capable Housing Authority that has been in expanding its mission beyond the ownership and management of publicly assisted housing through the administration of special programs including the Chatham Housing Opportunities Program (CHOP) and the Chatham Voucher Program. Services have also included marketing and lotteries for affordable units and insuring that affordable units get counted as part of the Subsidized Housing Inventory. Nevertheless, the agency is pressed to undertake additional programs and projects.

Various municipalities have handled this need for professional support differently. For example, Bourne and Dennis have hired part-time Housing Coordinators/Affordable Housing Specialists while Provincetown and Falmouth have brought on full-time housing staff persons. Communities in the Metro West and North Suburban areas of Boston are participating in regional housing services networks where they can access housing professionals for a specified menu of services and fees with one participating jurisdiction taking the lead in administering the efforts. There have been some preliminary discussions about establishing a similar regional entity through the Cape Community Housing Partnership. Despite the form of professional assistance, as a result of having dedicated professional housing services, these communities have made considerable progress in moving their affordable housing agendas forward. Most of these communities are also accessing CPA funding to support these positions or services.

There has been some recent discussion about the possibility of sharing a housing professional with the Town of Harwich. Community Preservation Committees in both communities have recommended a joint Housing Coordinator to work in both towns, which ultimately will have to be approved by both Town Meetings. There is a strong precedent for a Chatham-Harwich joint effort as this has worked well in the shared staff arrangements through both Housing Authorities. This housing professional would be available to assist with the overall coordination of the implementation of this Housing Plan, providing necessary staff support to the Affordable Housing Committee and Affordable Housing Trust as needed.

### **6.1.2 Continue to Capitalize the Affordable Housing Trust Fund**

**Entities Responsible: Board of Selectmen, Affordable Housing Trust Fund, Affordable Housing Committee, and Community Preservation Committee**

**High Priority: Years 1 and 2**

The Town of Chatham approved the establishment of its Affordable Housing Trust at its Annual Town Meeting on May 8, 2006. The Trust is composed of all members of the Board of Selectmen and two (2) additional at-large members appointed by the BOS. While the Town has committed CPA funding to the Affordable Housing Trust Fund on an annual basis, with a funding balance of about \$770,000, additional funding will be needed to implement this Housing Production Plan.

It should also be noted that Chatham has an inclusionary zoning bylaw that allows payments in-lieu of creating actual affordable units and such payments provide another means of capitalizing the Affordable Housing Fund, which has occurred in the past.

While it may be recognized that seasonal rentals and second-home owners subsidize the Town's tax base without utilizing the most costly of services, education, almost all of the new housing stock developed between 1990 and 2016 was for seasonal or occasional use, which has pushed housing prices beyond the means of most year-round residents and thus has driven the need for more affordable year-round units. Moreover, given that the Lower Cape communities have some of the lowest property tax rates in the Commonwealth, other opportunities to raise funding from temporary residents and landlords should become priorities. Certainly the implementation of fees or taxes on seasonal rentals will take strong political will. It will also need a few champions to lead the cause.

The following options might be explored for tapping into further consistent funding streams, potentially in concert with neighboring communities:

- Provincetown established a *Year-round Market Rate Rental Housing Trust* through a home rule petition and special state legislative approval in an effort to better create and preserve year-round rental units including, but not limited to, market rate units for the benefit of all residents. This effort grew out of the community's recognition that there was a severe shortage of such units that was causing significant economic displacement and financial hardship to Provincetown residents, forcing many to leave the community. As stated in the legislation, "The shortage of year-round market rate rental units constitutes an economic liability, substantially impairs or arrests the sound growth of the town and retards its economic well-being."<sup>42</sup> This Rental Housing Trust Fund is managed by a Board of Trustees appointed by the Board of Selectmen and is provided with a wide array of powers from accepting real or personal property to conveying such property for example. In this legislation, market rate was defined as those earning up to 200% of area median income or \$155,160 for a household of three. The Town also amended its zoning definitions to reflect a wider range of income categories. It should be noted, however, that the greatest need for rental housing is for those earning at or below 50% AMI based on the affordability analyses included in Section 3.2.5.
- Establishing a *real estate transfer tax* to support affordable housing based on taxing a percentage of the proceeds from sales over a certain amount. For example, Wellfleet's Town Meeting recently voted to authorize their Board of Selectmen to file a home rule petition for special legislation that would allow the Town to impose a 0.5% real estate transfer tax on the

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<sup>42</sup> House Bill No. 3742, Section 1(a).

purchase price of any real property, exempting the first \$500,000 of the purchase price among other exemptions. These fees, if approved, could be deposited in Chatham's Affordable Housing Trust Fund.

- Requiring special fees or an *occupancy tax on seasonal rentals* that would be dedicated in support of affordable housing development has worked in other places. For example, the Outer Banks of North Carolina applies a tax of 3% of the total rental, collected by the real estate broker.

The Town of Wellfleet's Annual Town Meeting approved a room occupancy tax that renews a previous petition voted at the 2015 Annual Town Meeting which has not been acted upon by the State Legislature. Representative Peake's Office has requested that it be re-voted for the next legislative session. The petition would make vacation rentals subject to the same room tax as is currently paid by hotels and motels.

- Exploring a *two-tier tax system* that provides a somewhat lower tax rate for year-round units as opposed to seasonal or occasional ones. Vermont has implemented such a system. This would also involve a home rule petition and state legislative approval.
- Collecting *fees when properties turnover on any home over a certain size*, such as 4,000 square feet for example.
- *Allocating a percentage of sewer capacity for affordable/community housing projects* and extending water and sewer infrastructure where possible as was done successfully with the Jenney Way and Morgan Woods projects in Edgartown. Such offsets of infrastructure costs are another way of subsidizing new affordable development.
- Using *regional appropriations of CPA funding* based on the premise that housing that is developed in one community is likely to benefit residents of other nearby communities as well. Examples of this approach is the development of the Cape Cod Village project in Orleans and Governor Prentice development in Eastham (funds were offered and pulled-back but project may still move ahead given ongoing negotiations between the Town and developer).
- Providing information to owners on the *potential tax advantages* of donating property or selling property at a discounted price for charitable purposes.
- Requiring a *special teardown fee* on permitting that involves the demolition of units when they are replaced with much larger homes above a certain size that are likely to exert greater environment impacts on the parcel, nitrogen loading issues in particular.
- The Affordable Housing Committee might also consider holding *special fundraising events or an annual appeal* as a means of raising additional funds. Chatham is fortunate to have residents that have considerable resources that might be persuaded to further invest in the community, particularly second home owners. "Affordable" or "attainable" housing may have a special appeal given the reliance that residents have on local services provided by a workforce that is challenged to live in the community given such high housing costs.

### **6.1.3 Conduct Ongoing Community Education**

**Entities Responsible: Affordable Housing Committee and Other Sponsors of Affordable Housing Related Activities**

**High Priority: Years 1 and 2**

Because most of the housing strategies in this Housing Plan rely on local approvals, including those of Town Meeting, community support for new initiatives has and will continue to be essential. The Town should continue its efforts to inform residents and local leaders on the issue of affordable housing and specific new initiatives, building 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 concerns and suggestions.

The Town has historically sponsored significant opportunities for community input in the past, including:

- *Housing Forums*

The Town held a half-day housing summit in 2007 that involved more than 75 participants. The presentation of this Housing Production Plan, as well as the former HPP, also bring attention to the issue of affordable housing, providing information on housing needs and proposed strategies that can help attract community support for affordable housing initiatives. The most recent public forum was held on May 21, 2018 to obtain community input on this Housing Production Plan. Additional special forums will be held for any Town-sponsored, housing-related initiatives.

- *Videos*

The Affordable Housing Committee (AHC) has produced videos to present important information on local issues related to affordable housing. The first video, entitled “Chatham is not just a destination, it’s a community,” has been aired on local cable channels and before movies at a local theater. The AHC is also planning to attend meetings of various civic organizations, such as the Newcomers Club and Lions Club, to present the videos and facilitate discussions about affordable housing, including how local residents can get more involved in promoting more housing diversity and affordability.

Other education opportunities will continue to be pursued including public information on existing programs and services, enhanced use of public access television, an enhanced website, and educational opportunities for board and committee members as well as professional staff.

### **6.1.4 Establish a Working Partnership with the Economic Development Committee and Planning Board**

**Entities Responsible: Affordable Housing Committee, Economic Development Committee and Planning Board**

**High Priority: Years 1 and 2**

The Town established the Economic Development Committee to promote economic development activity including increases in jobs. There are opportunities for the Affordable Housing Committee and the Economic Development Committee to work together to achieve mutual goals, such as the bolstering of village areas where the integration of more housing, including some affordable housing, provides a number of important benefits:

- Reduces the reliance on the automobile as more residents live within walking distance to goods and services, which is particularly important in the context of an aging population;
- Brings customers in closer proximity to businesses even into the evening hours and enlivens the area;
- Directs growth to areas that are more appropriate for some increases in density;
- Provides another income stream to property owners who create housing above their businesses; and
- Offers opportunities for the creation of diverse housing types such as artist live-work space, smaller apartments for growing smaller households, multi-family housing, etc.

Moreover, zoning is an important component of this Housing Production Plan, and it will be essential that the Affordable Housing Committee support zoning changes that involve affordable housing and work closely with the Planning Board.

Staff from the Department of Community Development can help facilitate the scheduling of such joint meetings of the committees including, potentially some combined subcommittee meetings to work on shared agendas.

## **6.2 Zoning and Regulatory Strategies**

To most effectively and efficiently execute the strategies included in this Plan and meet annual production goals, greater flexibility will be needed in the Town's regulations to capture more affordable units and better guide new development to "smarter" locations. It should also be noted that because Chatham does not have substantial amounts of subsidy funds available for affordable housing, zoning becomes the Town's most powerful tool for "incentivizing" affordable unit production.

### **6.2.1 Modify Existing Bylaws**

**Responsible Entity: Planning Board with Support from the Affordable Housing Committee**

**Number of Estimated Affordable/"Attainable" Units Produced: 12/10 units<sup>43</sup>**

The Affordable Housing Committee, staffed by the Department of Community Development, should work with the Planning Board to explore the following modifications to the Zoning Bylaw:

- **Accessory Dwelling Units (High Priority – Years 1 and 2)**

The existing Accessory Dwelling Unit (ADU) Bylaw has not been particularly successful and changes a few years ago required the compliance of such units with Local Initiative Program (LIP) Guidelines in hopes of creating more affordable units. Chatham also provided funding to help property owners finance the necessary improvements for the accessory units. Since then the state changed its LIP requirements, making it more challenging for the Town to promote such units as affordable. To comply with state Local Initiative Program (LIP) regulations the Town would have to also stipulate that owners of all "affordable" accessory apartments select tenants from a lottery-ranked list of interested and eligible tenants, following an affirmative marketing process. Also all accessory units would have to have deed riders to insure the long-term affordability of the accessory units.

Because accessory apartments provide small year-round rental units that diversify the housing stock within the confines of existing dwellings or lots, the 2013 Housing Production Plan

<sup>43</sup> "Attainable" units are those targeted to households earning above 80% AMI but still priced out of the private housing market.

recommended that the Town revisit the bylaw to promote these units even if they are not eligible for inclusion in the Subsidized Housing Inventory (SHI).

This past year, the Planning Board, with staff support from the Community Development Department, has drafted a new ADU bylaw that defines the units as one “incorporated within a lawful principal single-family dwelling or within a detached building accessory to and on the same lot as a lawful principal single-family dwelling use, which ADU shall be clearly subordinate in design to that principal single-family dwelling use to which it is accessory.” The definition goes on to specify that the ADU consists of “One (1) or more rooms designed to be used as separate living quarters, with cooking, sleeping and sanitary facilities for one (1) family. The proposed bylaw also includes the following major provisions:

- Combines by-right permitting with the Building Commissioner issuing a building permit as well as Special Permit provisions from a designated Special Permit Granting Authority (SPGA).
  - Requires the submission of site plans, floor plans and elevations prior to permitting.
  - Restricts the number of ADUs to one (1) per principal dwelling unit and not allowed if there is an existing guest house on site.
  - The ADU cannot contain more than two (2) bedrooms.
  - The primary entrance is not shared with the principal unit and less visible from the street than the main entrance.
  - Requires at least one (1) additional off-street parking space for the ADU.
  - Must meet all Title 5 and local Board of Health regulations as well as building codes and regulations.
  - The ADU and principal unit must be occupied on a year-round basis documented annually by a statement to that effect to the Building Commissioner. Without such evidence the permit will lapse and the ADU must be removed from the property within 90 days of such determination.
  - At least one of the units must be owner-occupied documented by a notarized affidavit submitted to the Building Commissioner in the case of a by-right approval or to the Special Permit Granting Authority in the case of the Special Permit.
  - The bylaw includes an amnesty provision for a period of five (5) years following the passage of the bylaw as long as the unit was in existence prior to the adoption of the bylaw.
  - ADUs are allowed in all residential and business zoning districts with the added requirement that it be a legally pre-existing nonconforming use and Special Permitted single-family dwelling in the GB district.
- ***Small Nonconforming Lot Development (Moderate Priority – Years 3 to 5)***

There are parcels of vacant land that at this time cannot be developed because they do not meet the dimensional requirements of the Zoning Bylaw such as minimum lot size as well as front, rear and side yard requirements. It is likely that many of these parcels could in fact be suitably developed as housing. Smaller lots will encourage the construction of smaller homes under appropriate guidelines to provide some housing options that are not currently being created by the private market such as starter housing or homes for empty nesters interested in reducing their living space and home maintenance requirements.

The Affordable Housing Committee should explore what other communities are doing with respect to these undersized lots and work with the Planning Board to prepare a zoning amendment to enable these lots to be developed based on specific criteria. One potential model is to adapt a bylaw that has been approved in Dennis to allow “affordable lots” that enables nonconforming lots to be built on by Special Permit if they meet the following conditions:

- Contain at least 10,000 square feet and satisfies other Board of Health requirements.
  - Have safe and adequate access to a public or private way.
  - Are similar in size and shape to surrounding lots.
  - The dwelling cannot have more than three bedrooms with a minimum of 5,000 square feet per bedroom.
  - The applicable front, rear and side yard requirements are determined by establishing an average setback based on the homes adjacent to and across the street from the lot in question.
  - Where two lots are in common ownership, one of the two lots must be deed restricted to insure permanent affordability and where more than two lots are held in common ownership, the second, third and fifty percent of the remaining lots to be built upon shall be deed restricted as permanently affordable (the fourth lot may be market rate, fifth affordable, sixth market rate, etc.).
- ***Affordable Dwelling Units, Mandatory Provision (Moderate Priority – Year 3 to 5)***  
The Affordable Dwelling Units, Mandatory Provision is an inclusionary zoning bylaw to ensure that residential developments of ten (10) or more units include affordable units equivalent to at least 10% of all units in the development. The affordable units must meet all requirements under the state’s Local Initiative Program (LIP), overseen by the Chatham Housing Authority. The bylaw also provides the option of off-site affordable units, off-site land donation, cash-in-lieu of units, and density bonuses. The Town should consider an amendment to this bylaw to increase the percentage of affordable units to at least 15%. Table 6-1 summarizes some inclusionary zoning requirements in other communities which shows many communities above the 10% affordability level, including Yarmouth at 20%.

**Table 6-1: Summary of Inclusionary Zoning Requirements in Other Communities**

<b>Municipality</b>	<b>Required Percentage of Affordable Units</b>	<b>Minimum Project Size</b>	<b>Payment-in-lieu of Affordable Units</b>
Arlington	15%	6 Units	Yes
Barnstable	10%	10 Units	Yes
Belmont	10%, 12.5% or 15% depending on project size	2 single-family or two-family homes	Yes
Brookline	15%	6 Units	Yes
Cambridge	15%**	10 Units	Yes
Newton	15%	4 Units*	Yes
Provincetown	16.67%	2-5 (payment in-lieu)	Yes

		6 Units	
Somerville	12.5% to 20% depending on location	6 Units*	Yes
Tewksbury	15%	4 Units*	Yes
Watertown	15%	5 Units	Yes
Wellesley	20%	5 Units	Yes
Yarmouth	20%	5 Units	Yes

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

\*\* Considering increasing the percentage to 20%.

- ***Apartments Incidental to a Commercial or Industrial Use (Moderate Priority – Year 3 to 5)***

Chatham's Zoning Bylaw allows Apartments Incidental to a Commercial Use or Industrial Use in the GB and I districts as long as the lot includes at least 10,000 square feet for each apartment and no more than four (4) apartments per building in the GB district and no more than a single two-bedroom apartment incidental to a commercial or industrial use in the I district. To better promote these units, the Town should revisit these requirements such as lowering the 10,000 square foot per apartment requirement, increasing the maximum number of units per building, and allowing larger unit sizes for example.

#### ***6.2.2 Encourage Mixed-Use Development***

***Responsible Entities: Planning Board with Support from the Economic Development Committee and Affordable Housing Committee***

***High Priority: Years 1 and 2***

***Number of Estimated Affordable Units Produced: 3 units***

Some provisions for mixed-use development are already in place as apartments in commercial buildings are allowed by Special Permit in the General Business (GB) zone and are permitted to some extent in the Industrial district. Over the years however, the Town has considered developing an overlay district to better promote mixed residential and commercial development, including multi-family housing, within village areas, also ensuring that some units will be affordable.

In tandem with the Economic Development Committee and Planning Board, the Affordable Housing Committee should pursue appropriate zoning changes to promote this type of development, staffed by the Department of Community Development. There will likely be continued opportunities to pursue such development as part of the Route 28 corridor visioning process that requires the active participation of the Affordable Housing Committee. Certainly "above the shop" housing has been successful in other communities and there are local precedents.

There are zoning provisions that have been adopted in other communities that offer models on how to integrate housing, including affordable housing, in village centers and other commercial areas. The Town of Yarmouth passed a Village Center Bylaw that would be worth reviewing, and the Metropolitan Area Planning Council (MAPC) has prepared a report entitled, "Mixed Use Zoning: A Planner's Guide" that can be referenced. Additionally, the Citizen Planner Training Collaborative offers several models including one adopted by the Town of Dennis.

### **6.2.3 Explore Tax Relief for Year-round Rentals**

**Responsible Entity: Board of Selectmen**

**Moderate Priority: Years 3 to 5**

The Town should consider modeling a property tax exemption after Provincetown and Wellfleet's regulations for exempting landlords from real estate taxes that are rented year-round to eligible tenants at rents that do not exceed HUD limits. This exemption was approved in May 2003 and involves a number of key components including:

- The portion of the property that qualifies under the Program as affordable rental housing is exempt from the property tax. "The amount of the exemption is equal to the tax otherwise due multiplied by the square footage of the units set aside for affordable housing purposes divided by the total square footage of the structure."<sup>44</sup>
- The exemption is available only to owners of year-round rental property.
- No deed restrictions are required.
- Property owners must apply for the exemption on an annual basis, applying to the Board of Assessors.
- The Town's Principal Assessor determines eligibility under the Program by reviewing the lease as well as tenants' income information verified by the previous year's tax return or a copy of one monthly bank statement showing the electronic transfer of Social Security payments.
- Property owners must have a lease in place for the entire fiscal year, and the lease must conform to income limits for low-income households earning at or below 60% of area median, adjusted for household size and determined annually by HUD. Owners may not charge rents, including utilities, which exceed allowable rent levels for qualifying tenants based on the tenants paying no more than 30% of their income for rent/utilities. If the owner does not pay utilities, then an allowed utility allowance must be subtracted from the allowed rent.

While this exemption would not result in an increase of SHI units, it would still serve a pressing local need for more year-round rental units that are relatively affordable.

## **6.3 Production Strategies**

As noted in Section 3.2.7, given the substantial numbers of residents who are paying too much for their housing and the gaps between the need and supply of existing housing, there is a pressing need to produce more subsidized housing units in Chatham. The major obstacle to meeting these underserved needs is the gap between the level of need and the resources available, which is further exacerbated by the lack of decent paying jobs, limited and very competitive state resources available to subsidize housing, increasing poverty, and the ongoing challenges associated with the mortgage market. As noted earlier in this Plan, besides the commitment to produce "affordable housing" and meet housing production goals, there has also been a recognized need for "attainable" housing for those who earn above the required 80% AMI level but are still priced out of Chatham's housing market.

The Town has been using the following strategies in an effective manner, sometimes in combination, and should continue on this same course in its efforts to produce more affordable units.

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<sup>44</sup> Town of Provincetown, FY2007 Affordable Housing Property Tax Exemption for Owners of Affordable Year-round Rental Housing, website [www.provincetowngov.org](http://www.provincetowngov.org).

### **6.3.1 Make Suitable Public Property Available for Affordable Housing**

**Responsible Entities: Board of Selectmen with Support from the Affordable Housing Committee**

**High Priority: Years 1 and 2**

**Number of Estimated Affordable Units Produced: 16 units**

As mentioned in Section 4, major obstacles to developing affordable housing in Chatham include the limited availability of developable property, publicly-owned property included. Nevertheless, Chatham has developed a number of important affordable housing projects on public land including the Lake Street development on a site owned by the Chatham Housing Authority (CHA), the MCI units the Town is leasing to the Housing Authority, and a property acquired by CHA in West Chatham with support from the Friends of Chatham Affordable Housing (FoCAH) that resulted in four (4) homes through Habitat for Humanity of Cape Cod. The Town recently issued a Request for Proposals (RFP) to select a developer for the property it owns on George Ryder Road South and there has been additional discussion about the potential availability of other municipally owned parcels for affordable housing, Middle Road in particular (see Section 3.2.8).

The Town has made progress in creating an inventory of Town-owned property, land and buildings, and has begun to analyze it for suitable affordable housing development. Once a property is identified, the following tasks should be undertaken prior to development:

1. Survey land and conduct septic capacity analysis to determine maximum number of bedrooms.
2. Prepare guidelines for the development including type of housing, target population, and percentage of affordability, etc.
3. Request the Selectmen to declare the land surplus and authorize its use for affordable housing.
4. Obtain Town Meeting approval.
5. Prepare and release a Request for Proposals (RFP) for the development.
6. Select the highest-ranking proposal based on criteria included in the RFP.
7. Obtain state approval through the Local Initiative Program (LIP), also known as the “Friendly 40B” Program for permitting.

The Town may also decide to acquire privately owned sites at some time in the future for the purposes of protecting open space, providing for particular municipal uses, and developing some amount of housing, including affordable housing, through cluster development on a portion of the sites. For example, the towns of Carlisle and Falmouth acquired land for affordable housing development including open space preservation and other public benefits. Like these communities, Chatham could choose to bond CPA funds to cover site acquisition costs. Additional smaller sites may become available as well to build affordable new starter homes, housing for empty nesters, special needs units, or housing for the formerly homeless on an infill basis. It should also be mentioned, that with new housing resources suggested for exploration under strategy 6.1.2, the Town will have additional resources for acquiring and subsidizing development.

As the Town becomes alert to opportunities for acquiring property that would be suitable for some amount of affordable housing, such properties would ideally meet a number of “smart growth” principals such as:

- The redevelopment of existing structures,
- Infill site development,
- Parcels large enough to accommodate clustered housing, and
- Mixed-use properties in the Town Center, village areas or along commercial corridors.

The Department of Community Development, with input from the Affordable Housing Committee and the oversight of the Board of Selectmen, will continue to work with other Town boards and committees to identify and pursue surplus municipal property or acquire private property for the development of affordable housing. It will also explore the possible applicability of several new programs that have been introduced by the state in support of some of the more smaller-scale developments that might be considered in Chatham 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. In his announcement, Governor Baker said, “Making more affordable housing options available to working Massachusetts families deterred by rising rent expenses is essential to economic growth and development in communities throughout the Commonwealth. These working middle-income families are the foundation of our economy and talented workforce, and the creation of this \$100 million fund by MassHousing will advance opportunities for them to thrive and prosper.”
- *Community Scale Housing Initiative (CSHI)*  
The state has developed a small-scale production program to address non-metro communities’ 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 new initiative provides \$10 million in funding for projects based on 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 CSHI unit;
  - The total development cost per unit may not exceed \$350,000;
  - Projects will receive no more than is necessary to make the project feasible;
  - Projects must be financially feasible without state or federal low income housing tax credits; and
  - Projects are expected to close and proceed to construction within 12 months of the date of the award letter.

The state is in the process of reviewing applications from its first round of funding, and hopefully additional rounds will be announced in the future.

- *Starter Home Program*

State legislation was recently 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 will 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.

### **6.3.2 Continue to Promote “Friendly 40B” Development<sup>45</sup>**

**Responsible Entity: Board of Selectmen with Support from the Affordable Housing Committee and ZBA Permitting**

**High Priority: Years 1 and 2**

**Number of Estimated Affordable Units Produced: 40 units**

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. 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 if they are occupied by those earning at or below 80% AMI or 20% if the units are targeted to those earning at or below 50% AMI. This type of development is familiar to the Town of Chatham as such permitting was used for the Lake Street project, Chatham Housing Opportunity Program (CHOP), and Levi’s Path for example, all using the state’s Local Initiative Program (LIP). All units count as affordable in a rental project while only the actual affordable units are counted in homeownership developments. Some LIP projects, like Lake Street, involve extra layers of subsidy funds to target lower income residents and create more actual affordable units in the project beyond the required 25% or 20%.

The Local Initiative Program (LIP) is a technical assistance subsidy program to facilitate Chapter 40B developments and locally produced affordable units. *The Program is often referred to as the “Friendly 40B” option as it insures 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.

In order to meet local needs, production goals and the 10% state affordability threshold, the Town will continue to partner with developers, non-profit and for profit. The “Friendly 40B” option will be an important tool for the Town to use in permitting such developments, working in a cooperative spirit with developers. *It should be further noted that up to 70% of the units in a 40B development could be reserved for those who live and work in Chatham, referred to as local preference units.* The process that is required for using LIP for “Friendly” comprehensive permit projects is detailed in Appendix 2, Section I.D.

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<sup>45</sup> Units produced under strategy 6.3.1 will also likely involve the “friendly 40B” process under the state’s Local Initiative Program (LIP).

### **6.3.3 Encourage Special Needs Housing**

**Responsible Entity: Planning Board and Zoning Board of Appeals**

**High Priority: Years 1 and 2**

**Number of Estimated Affordable Units Produced: 8 units**

This Housing Production Plan recommends that at least 20% of units in developments for seniors or single individuals and 10% for projects targeted to families include barrier-free units and/or include some supportive services as part of identified priority housing needs (see Section 3.3). Given the aging of Chatham's residents and significant special needs population, the Town should continue to welcome special needs projects and require the appropriate integration of necessary modifications to accommodate those with disabilities.

Chatham has a number of special needs developments that total 38 units. For example, CHA owns and manages the Captain Bearse House that involves a congregate living situation for those seniors and the disabled that require services. CHA also manages two group homes, one that is leased by Fellowship Housing Resources for the Department of Mental Health (DMH) clients and the other for clients of the Department of Developmental Disabilities (DDS). These developments are important but insufficient to meet the community's increasing needs.

### **6.3.4 Explore a Buy-Down Program**

**Responsible Entity: Affordable Housing Committee**

**Moderate Priority: 3 to 5 Years**

**Number of Estimated Affordable/Attainable Units Produced: 8/8 units<sup>46</sup>**

There has been some recent discussion about establishing a public-private partnership to accomplish a number of community goals in providing not only "affordable housing" that would count as part of the Town's Subsidized Housing Inventory (SHI) but also "attainable housing" for those who do not meet state requirements but are still priced out of the local housing market. A group of Chatham residents, calling themselves the Citizens Initiative for Housing, is spearheading these discussions and proposing that the Town explore a Buy-Down Program where a non-profit entity (potentially a land trust) could acquire homes until it or another organization can make necessary improvements and convert them to "affordability" or "attainability".

Comparable efforts have been implemented on the Cape and throughout the Commonwealth including:

- **Sandwich Housing Opportunity Program**  
A number of years ago, the Town of Sandwich secured \$1.25 million as a payment in-lieu of four (4) affordable units being built on a residential development project in East Sandwich that was under Cape Cod Commission review. The Commission then selected HAC to coordinate a buy-down project involving the purchase of existing housing units, completion of necessary improvements, and the use of subsidies to enable first-time homebuyers earning at or below 80% AMI to purchase the units. HAC was also able to secure some additional funding from the Federal Home Loan Bank and Barnstable HOME Consortium of \$7,500 and \$20,000 per unit, respectively.

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<sup>46</sup> "Attainable" units are those targeted to households earning above 80% AMI but still priced out of the private housing market.

- Yarmouth Housing Buy-Down Program*

Yarmouth has been managing a Buy-Down Program that allows the Affordable Housing Trust to acquire existing homes scattered throughout established residential neighborhoods, undertake needed repairs or upgrades to make sure that the homes meet high construction standards, require deed restrictions to insure long-term affordability and compliance with state requirements under the Local Initiative Program (LIP), and resell the homes to qualified purchasers based on affordable prices and affirmative fair housing marketing. Thirteen (13) homes have thus far been acquired and resold to qualifying first-time homebuyers. The Trust anticipates purchasing additional scattered-site homes that are moderately-priced and meet the quality standards set by the Affordable Housing Trust. The anticipated subsidy would be \$70,000 to \$85,000 per unit depending on the size of the home, number of bedrooms, and rehabilitation needs. Given housing prices in Chatham, the per unit subsidy would have to be considerably higher.
- Yarmouth Rental Buy-Down Program*

The Town of Yarmouth has also created a rental version of their Buy-Down Program, partnering with a local non-profit organization, Building Dreams, Inc., for the acquisition of existing, moderately-priced dwelling units for conversion into affordable rental units. Each unit will be deed-restricted as affordable in perpetuity, rehabilitated, and managed by Building Dreams after conversion to an affordable unit. Building Dreams has completed eight (8) units with funding from the Affordable Housing Trust and the Town's Community Development Block Grant (CDBG) Program.
- Wellfleet BuyDown Program*

Wellfleet has taken a different approach through its Buy-Down Program which has provided up to \$150,000 in CPA subsidy ( next round will increase the subsidy to \$175,000) towards purchasing a Wellfleet home, lowering the price to first-time homebuyers earning at or below 80% AMI and thus making a lower-end, market-rate, Wellfleet home affordable. In exchange for the subsidy, the purchase will be deed restricted and affordable in perpetuity. The Program is administered by the Town of Wellfleet in partnership with the Wellfleet Housing Authority with support from a Housing Consultant. This program model is similar to the one that the Chatham Housing Authority used for its Chatham Homebuyer Assistance Program (CHAP) which operated for a few years.
- Nantucket Housing Needs Covenant Program*

Still another model is Nantucket's Housing Needs Covenant Program that has created 75 permanently affordable homeownership opportunities to moderate-income year-round Islanders earning below 150% of area median income. The Program allows a property owner with more than one residential dwelling on a parcel to sell one of the dwellings, including the development rights of a portion of the parcel, at a below market price subject to a price cap, currently at \$691,961. The price is based on median income and current interest rates. Covenant buyers must earn below \$149,250 per year, may not have more than \$345,980 in unrestricted assets, and may not own residential real estate at the time of the purchase.

While such efforts are generally well received by the community as they do not involve new construction nor significant impacts in neighborhoods, they also tend to be small in scale and require significant per unit investments on the part of the Town as most if not all of the funding comes from local resources such as CPA or a local Affordable Housing Trust Fund.

The Town should consider hiring a consultant who can help review the pro's and con's of various buy-down approaches and then help the Affordable Housing Committee develop a program design and implementation materials.

#### **6.3.5 Continue to Explore Regional Partnerships**

**Responsible Entities: Board of Selectmen, Planning Board and Affordable Housing Committee**

**Moderate Priority: 3-5 Years**

There is a precedent for regionalism on the Cape that includes participation in the Barnstable County HOME Consortium for example, joint funding applications and administration of the Housing Rehabilitation Program through the Community Development Partnership (CDP), as well as participation in the Regional Network to End Homelessness. There have also been precedents in communities contributing towards the development of specific projects. For example, Orleans' Cape Cod Village project, developed for adults with autism, received CPA contributions from not only Orleans but also the towns of Brewster, Chatham, Eastham, Provincetown, Truro, and Wellfleet totaling \$950,000. Additionally, Stratford Capital Partners obtained CPA funding commitments from Eastham, Wellfleet, Truro and Orleans in support of the development of its proposed Governor Prence project that involved a comprehensive permit application to the Eastham Zoning Board of Appeals for the development of 50 rental units. While the Town denied the comprehensive permit, the developer appealed the decision to the state's Housing Appeals Committee, and ongoing negotiations between the Town and developer may still enable the project to move forward.

Another recent initiative is the creation of the *Cape Community Housing Partnership* that involves a regional collaboration coordinated by CDP and HAC with support from the Massachusetts Housing Partnership. This Partnership has been sponsoring special training and outreach activities on housing needs, benefits and opportunities throughout the Cape and its subregions.

In an effort to continue to work together towards common goals, there are a number of other measures that the Cape communities, particularly those on the Lower Cape, might consider including:

- Coordinate regularly-scheduled joint meetings of the Towns' Housing Committees/Trusts and Planning Boards to discuss housing issues and work together to promote efforts to address local and regional housing needs particularly in regard to zoning changes, educational campaigns and development collaborations. For example, the Lower Cape Municipal Peer Group met for the first time in early April as part of the Cape Community Housing Partnership efforts, with all towns represented, including 28 participants. The issue of housing trusts emerged as a priority issue as several towns are establishing a new housing trust or reforming an existing one.
- Engage potential partners such as the hospital, schools, and other large private employers to promote the housing agenda, including making land and funding available to create and sustain affordable housing solutions.
- Explore other opportunities to share resources through special funding programs such as a regional Ready Renters List for pre-qualified applicants waiting for rental housing, a regional Buy-down Program that subsidizes rental or ownership opportunities, a social media campaign on affordable housing issues and programs, etc. For example, the Housing Assistance Corporation is administering a regional Ready Buyers List and the Town of Yarmouth has established a Ready Renters List that communities can buy into. The Harwich and Chatham

Housing Authorities have been sharing staff resources for years. A similar sharing of a Housing Coordinator between Harwich and Chatham is also being discussed (see strategy 6.1.1).

- Continue to invest in regional efforts to end homelessness through the Homeless Prevention Council of the Lower Cape for example.
- A joint initiative to draft zoning language to create dormitory-style housing or allow other shared facilities should be explored for the Lower Cape's workforce, seasonal workers in particular.

#### **6.4 Direct Assistance Strategies**

The Town of Chatham has been a pioneer in its creation of special programs that provide important assistance to residents, establishing models that other communities have adopted. Such direct assistance has been important in addressing the local needs of some of the community's most "at risk" residents.

##### **6.4.1 Continue Funding Local Housing Programs**

**Responsible Entity: Community Preservation Committee with Support from the Affordable Housing Committee and CHA Administration**

**High Priority: Years 1 and 2**

The Chatham Housing Authority has been effectively administering a number of programs that have assisted qualifying residents in accessing homeownership and rental opportunities. CPA funding has been particularly important in supporting the following initiatives and should be continued:

- *Rental Voucher Program*  
The Chatham Housing Authority administers a Voucher Program that offers qualifying households a subsidy for a period of three (3) years and up to \$350 per month to help them get stabilized in a local rental unit.
- *Chatham Housing Opportunities Program (CHOP)/Resale of Affordable Ownership Units*  
The Chatham Housing Authority has been successful in obtaining state grants and Community Preservation Act funding to write-down the resale price of affordable units to keep them affordable and counteract problems associated with out-of-date deed riders that raised resale prices beyond the means of qualifying purchasers.

##### **6.4.2 Help Qualifying Residents Access Housing Assistance**

**Responsible Entity: Affordable Housing Committee with Support from the CHA and Council on Aging**

**High Priority: Years 1 and 2**

Some town residents, including seniors living on fixed incomes, are finding it increasingly difficult to afford the costs associated with taxes, energy costs, insurance and home improvements. Additionally, some seniors and those with special needs require handicapped adaptations to help them remain in their homes. Chatham residents might also benefit from technical and financial support in the case of septic failures and Title 5 compliance issues as well as counseling and workshops related to accessing first-time homeownership and addressing credit or foreclosures problems.

The Community Development Partnership (CDP)<sup>47</sup> administered a Housing Rehabilitation Loan Program for Chatham in the past that provided financial and technical assistance to qualifying property owners to make necessary home improvements. There are, however, other programs available for home repair, upgrading and de-leading. For example, the Housing Assistance Corporation administers or can provide appropriate referrals to the following programs:

- *Get the Lead Out*  
With funding from MassHousing, this Program provides low-cost financing to owners of 1-4 unit properties to remove lead and reduce the possibility of lead poisoning in children.
- *Home Modification Loan Program*  
Offers financial assistance to persons seeking to make modifications to their home to improve accessibility for the physically disabled.
- *Weatherization*  
A federally-funded program to help qualifying property owners make energy-efficient home improvements. Most households that receive fuel assistance also qualify for this program. The organization also provides free energy assessments.
- *HEARTWAP Program*  
An emergency repair program for households receiving fuel assistance that require the repair or replacement of the heating system.
- *Cape Light Compact Efficiency Program*  
Offers energy-saving devices (i.e., light bulbs, water conservation and other devices) and technical assistance to qualifying tenants and homeowners on how to save on their electrical bills. Some participants can also qualify for a free refrigerator, freezer.

Both CDP and HAC also provide first-time buyer workshops, and HAC administers a down payment and closing cost assistance program for first-time homebuyers with HOME Program funding.

Through the community educational campaign recommended in Section 6.1.3, important information on housing improvement and counseling resources could be disseminated to real estate professionals, local organizations and community residents. The Town, through its Council on Aging and Housing Authority, should continue to provide the necessary education and referrals to programs sponsored by the Housing Assistance Corporation, CDP and MassHousing for example, which provide low-cost financing for repair needs including de-leading, septic systems, weatherization and other home improvements. Information on available programs is included in the Appendix 2.

If the Town can access new housing resources, such as those listed under strategy 6.1.2, it might also consider creating a program that is comparable to that which was funded by CDBG funds a few years ago, one that could be used for the creation of ADUs, or even a small-grant emergency repair program. Chatham is no longer competitive for CDBG funding, and CPA funds cannot be used for housing rehab unless the property was acquired or built with such funding. Consequently, another housing resource would be required to support housing rehab activities.

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<sup>47</sup> Formerly called the Lower Cape Cod Community Development Corporation (LCCCCDC).

## **APPENDIX 1**

### **Glossary of Housing Terms**

#### **Affordable Housing**

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

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

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

#### **Chapter 40B**

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

#### **Chapter 44B**

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

#### **Comprehensive Permit**

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

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

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

#### **Fair Housing Act**

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

**Inclusionary Zoning**

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**

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

**Local Initiative Program (LIP)**

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)**

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 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**

Development that includes housing for various income levels.

**Mixed-Use Development**

Projects that 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 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 Chatham's regional non-profit 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. In the case of the Cape Cod, Dukes County and Nantucket Commissions, the RPA's are land use regulatory agencies as well as planning agencies. The Cape Cod Commission (CCC) serves as Chatham's regional planning agency.

**Request for Proposals (RFP)**

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

**Section 8**

Refers to the major federal (HUD) program – actually a collection of programs – providing rental assistance to low-income households to help them pay for housing. Participating tenants pay 30% of their income (some pay more) for housing (rent and basic utilities) and the federal subsidy pays the balance of the rent. The Program is now officially called the Housing Choice Voucher Program.

**Smart Growth**

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

**Subsidy**

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

**Subsidized Housing Inventory (SHI)**

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

**US Department of Housing and Urban Development (HUD)**

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

## **APPENDIX 2**

### **Summary of Housing Regulations and Resources**

#### **I. SUMMARY OF HOUSING REGULATIONS**

##### **A. Chapter 40B Comprehensive Permit Law**

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

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

- Must be part of a “subsidized” development built by a public agency, non-profit organization, or limited dividend corporation.
- At least 25% of the units in the development must be income restricted to households with incomes at or below 80% of area median income and have rents or sales prices restricted to affordable levels income levels defined each year by the US Department of Housing and Urban Development.
- Affordability restrictions must be in effect in perpetuity unless there is a justification for a shorter term that must be approved by DHCD.
- 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>48</sup>:

- 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.

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<sup>48</sup> Section 56.03 of the new Chapter 40B regulations.

- 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>49</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 applicant 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.

If the applicant appeals the use of these “appeals proof” grounds, 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 applicant can appeal DHCD’s decision by filing an interlocutory appeal with the Housing Appeals Committee (HAC) within 20 days of receiving DHCD’s decision. If a ZBA fails to follow this procedure, it waives its right to deny a permit on these “appeal-proof” grounds.

Recent changes to Chapter 40B also address when a community can or cannot count a unit as eligible for inclusion in the SHI including:

- *40R*  
Units receiving zoning approval under 40R 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.

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<sup>49</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.

- *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.

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

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

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

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

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

If there are substantial changes to a project before the ZBA issues its decision, the subsidizing agency can defer the re-determination of site/project eligibility until the ZBA issues its decision unless the chief executive officer of the municipality or applicant requests 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 principle 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 by-laws and regulations and to examine the feasibility of alternative designs.

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

- The hearing is 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 cannot require 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 lacks minimum required qualifications.
- Specifies and limits 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 require a reduction in the number of units other than on a basis of legitimate local concerns (health, safety, environment, design, etc.). Also states that a condition shall not be considered uneconomic if it would remove or modify a proposed nonresidential element of a project that is not allowed by right.

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

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

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

## **B. Housing Production Regulations**

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

- Prepare and adopt an Housing Production Plan that demonstrates production of an increase of .05% over one year or 1.0% over two-years of its year-round housing stock eligible for inclusion in the Subsidized Housing Inventory (17 units and 34 units, respectively, for Chatham for *approval* by DHCD.<sup>50</sup>
- Request *certification* of compliance with the plan by demonstrating production of at least the number of units indicated above.
- Through local ZBA action, deny a comprehensive permit application during the period of certified compliance, which is 12 months following submission of the certification 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 based on future planned improvements.
- Address a mix of housing consistent with identified needs and market conditions.
- Address the following strategies including -
  - Identification of geographic areas in which land use regulations will be modified to accomplish affordable housing production goals.
  - Identification of specific sites on which comprehensive permit applications will be encouraged.
  - Preferable characteristics of residential development such as infill housing, clustered areas, and compact development.
  - Municipally owned parcels for which development proposals will be sought.
  - Participation in regional collaborations addressing housing development.

The Board of Selectmen and Planning Board must adopt plans, 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

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<sup>50</sup> Massachusetts General Law Chapter 40B, 760 CMR 31.07 (1)(i).

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>51</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>52</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
- Encourages open space and protects historic districts.

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

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

There are also density bonus payments of \$3,000 for each residential unit issued a building permit. To be eligible for these incentives the Overlay Districts need to allow mixed-use development and densities of 20 units per acre for apartment buildings, 12 units per acre for two and three-family homes, and at least eight units per acre for single-family homes. Communities with populations of less than 10,000 residents are eligible for a waiver of these density requirements, however significant hardship must be demonstrated. The Zoning Districts would also encourage housing development on vacant infill lots and in underutilized nonresidential buildings. The Task Force emphasizes that Planning Boards, which would prepare the Zoning District bylaw (ordinance) for Town Meeting (City Council) enactment, would be “able to ensure that what is built in the District is compatible with and reflects the character of the immediate neighborhood.”<sup>53</sup>

The principal benefits of 40R include:

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<sup>51</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>52</sup> Massachusetts General Law, Chapter 40R, Section 11.

<sup>53</sup> “A Housing Strategy for Smart Growth and Economic Development: Executive Summary,” p. 4.

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

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

- The Town holds a public hearing as to whether to adopt an Overlay District per the requirements of 40R;
- The Town applies to DHCD prior to adopting the new zoning;
- DHCD reviews the application and issues a Letter of Eligibility if the new zoning satisfies the requirements of 40R;
- The Town adopts the new zoning through a two-thirds vote of Town Meeting subject to any modifications required by DHCD;
- The Town submits evidence of approval to DHCD upon the adoption of the new zoning; and
- 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>54</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>55</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.
- Appraisals are required except for small projects of 20 units or less at the request of the Board of Selectmen where the applicant for the LIP comprehensive permit submits satisfactory evidence of value.
- Profits are limited to no more than 20% of total allowable development costs in homeownership projects.

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<sup>54</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>55</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.

- 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**

- Marketing and outreach, including lottery administration must adhere to all Fair Housing laws and the state's Affirmative Fair Housing Marketing Plan Guidelines.
- 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 up to 70% of the units may be local preference units for those who have a connection to the community as defined by the state under Section III.C of the Comprehensive Permit Guidelines.
- The Marketing Plan must affirmatively provide outreach to area minority communities to notify them about availability of the unit(s) and must demonstrate the need for local preference as well as insure that there will be no discriminatory impacts as a result of using local preference criteria.
- 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 unit 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:

- Written support of the municipality’s chief elected official, the Board of Selectmen in the case of towns, and the local housing partnership, trust or other designated local housing entity, if applicable. The chief executive officer is in fact required to submit the application to DHCD.
- 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.
- Affordability restrictions must be in effect in perpetuity, to be monitored by DHCD through a recorded regulatory agreement.
- Project sponsors must prepare and execute an affirmative fair marketing plan that must be approved by DHCD.
- 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:

**Application process**

- Developer meets with Town
- Developer and Town agree to proposal
- Town chief elected officer submits application to DHCD with developer’s input

**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.

**DHCD issues site eligibility letter that enables the developer to bring the proposal to the ZBA for processing the comprehensive permit.**

**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.

**Marketing**

- Marketing plan must provide outreach to area minority communities to notify them about availability of the unit(s).
- Local preference is limited to those who live/work in the community with 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.

**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 Chatham are described below.

### **A. Technical Assistance**

#### **1. *Housing Choice Initiative***

The state has stated its commitment to producing 135,000 new housing units statewide by 2025 or by about 17,000 units per year, an ambitious task. To help accomplish this, it has created the Housing Choice Initiative that has three basic components:

##### **1. *Legislation***

The Baker Administration filed legislation, An Act to Promote Housing Choices, which has been referred to the House Committee on Ways and Means. The key element of the bill is to reduce the required vote from a two-thirds supermajority to a simple majority for certain zoning changes including:

- Chapter 40R
- Cluster bylaws
- Reductions in parking and dimensional requirements
- Transfer of Development Rights/natural resource protection zoning
- Increased density through the Special Permit process
- Accessory dwelling units

##### **2. *Capital Grant Funding***

Communities can receive a Housing Choice designation that provides exclusive admission to new Housing Choice Capital Grants as well as priority access to existing grant and capital funding programs such as MassWorks, Complete Streets, MassDOT projects, and LAND and PARC grants. To obtain this designation, the community must submit an application that documents the increase in the total year-round housing stock from the 2010 census and the cumulative net increase in year-round units from January 1, 2013 through December 31, 2017. Documentation will be based on building permit data coming from the Building Department.

##### **3. *Technical Assistance Resources***

The state has also allocated \$2 million in technical assistance grants for planning assistance through what it is calling the new Planning for Production Program. Support includes:

- Crafting new zoning to result in new housing production through Chapter 40A, 40R or a collaborative Chapter 40B proposal.

- Planning and designing public infrastructure projects or enhancements that will facilitate needed housing growth.
- Public education initiatives regarding financial feasibility, development cost-benefit analysis, local infrastructure needs, and school costs relative to the potential for new housing growth.

## **2. *Planning Assistance Toward Housing (PATH)***

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

## **3. *Peer-to-Peer Technical Assistance***

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

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

## **4. *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.)

## **5. *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 for more information.)

## **B. Housing Development**

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

The state requires applicants to submit a One Stop Application for most of its housing subsidy programs in an effort to standardize the application process across agencies and programs. A Notice of Funding Availability (NOFA) is issued by the state usually twice annually for its rental programs and homeownership initiatives. Using the One Stop Application, applicants can apply to several programs simultaneously to support the funding needs of a particular project.

### **1. *HOME Program***

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

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

Chatham is part of the Barnstable County HOME Consortium administered by the Barnstable County Department of Human Services and receives funding on an annual basis.

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

The HOME Rental Program is targeted to the acquisition and rehabilitation of multi-family distressed properties or new construction of multi-family rental housing from five to fifty units. Once again, the maximum subsidy per project is \$750,000 and the maximum subsidy per unit in localities that receive HOME or CDBG funds directly from HUD is \$50,000 (these communities should also include a commitment of local funds in the project). Those communities that do not receive HOME or CDBG funds directly from HUD can apply for up to \$65,000 per unit. Subsidies are in the form of deferred loans at 0% interest for 30 years. State HOME funding cannot be combined with another state subsidy program with several exceptions including the Low Income Housing Tax Credits, HIF and the 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.

## **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 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. In addition to the federal Section 8 Program, the state also provides rental subsidies through the Massachusetts Rental Voucher Program as well as three smaller programs directed to those with special needs. These rental subsidy programs are administered by the state or through local housing authorities and regional non-profit housing organizations. Rent subsidies take two basic forms – either granted directly to tenants or committed to specific projects through special Project-based rental assistance. Most programs require households to pay a minimum percentage of their adjusted income (typically 30%) for housing (rent and utilities) with the government paying the difference between the household’s contribution and the actual rent.

#### **11. 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.

#### **16. 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.

**17. *National Housing Trust Fund (NHTF)***

The state has allocated \$3.4 million in Housing Trust Funds and 100 Massachusetts Rental Vouchers to help create supportive housing for vulnerable populations including homeless families and individuals, unaccompanied homeless youth, frail seniors with service needs, and individuals in recovery from substance abuse. This program is intended to provide supplemental support to the federal National Housing Trust Fund, a newly-authorized affordable housing program.

**18. *Community Scale Housing Initiatives (CSHI)***

The state has introduced a new program to address the need for smaller scale affordable housing projects that are sized to fit well within the host community. The new initiative will provide \$10 million in funding for these projects based on 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 CSHI unit
- The total development cost per unit may not exceed \$350,000
- Projects will receive no more 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

**19. *Starter Home Program***

State legislation was recently 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 will 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.

**20. *Workforce Housing Fund***

The state is investing in a Workforce Housing Fund to provide rental housing for those households earning 61% to 120% AMI. In his announcement, Governor Baker said, "Making more affordable housing options available to working Massachusetts families deterred by rising rent expenses is essential to economic growth and development in communities throughout the Commonwealth. These working

middle-income families are the foundation of our economy and talented workforce, and the creation of this \$100 million fund by MassHousing will advance opportunities for them to thrive and prosper.”

The Workforce Housing Initiative was created to do the following:

- Target individuals and families with incomes of 61% to 120% of Area Median Income (AMI)
- Provide up to \$100,000 of subsidy per workforce housing unit to create 1,000 new units of workforce housing statewide
- Leverage strategic opportunities to use state-owned land
- Complement, does not replace, traditional MassHousing development financing
- Ensure workforce housing units are deed restricted as affordable for at least 30 years

Eligible projects include:

- Preference is for new units; existing projects where unrestricted units become restricted will be considered
- Workforce housing units are intended for working age household and may not be not be elderly restricted or occupied by full-time students
- 20% of units at the development must be affordable for households earning at or below 80% of AMI

## **21. *Housing Choice Initiative***

The state has stated its commitment to producing 135,000 new housing units statewide by 2025 or by about 17,000 units per year, an ambitious task. To help accomplish this, it has created the Housing Choice Initiative that has three basic components that includes Capital Grant Funding. Communities that qualify for designation under this Initiative can receive exclusive admission to new Housing Choice Capital Grants as well as priority access to existing grant and capital funding programs such as MassWorks, Complete Streets, MassDOT projects, and LAND and PARC grants. To obtain this designation, the community must submit an application that documents the increase in the total year-round housing stock from the 2010 census and the cumulative net increase in year-round units from January 1, 2013 through December 31, 2017. Documentation will be based on building permit data coming from the Building Department.

## **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. *American Dream Downpayment Assistance Program***

The American Dream Downpayment Assistance Program is also awarded to municipalities or non-profit organizations on a competitive basis to help first-time homebuyers with down payments and closing costs. While the income requirements are the same as for the ONE Mortgage Program, the purchase price levels are higher based on the FHA mortgage limits. Deferred loans for the down payment and

closing costs of up to 5% of the purchase price to a maximum of \$10,000 can be made at no interest and with a five-year term, to be forgiven after five years. Another loan can be made through the program to cover deleading in addition to the down payment and closing costs, but with a ten-year term instead, with at least 2.5% of the purchase price covering the down payment.

### **3. *Homebuyer Counseling***

There are a number of programs, including the ONE Mortgage Program and MassHousing's Home Improvement Loan Program, as well as Chapter 40B homeownership projects, which 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 Chatham include the Housing Assistance Corporation (HAC) and Community Development Partnership (CDP).

### **4. *Self-Help Housing***

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

## **D. Home Improvement Financing**

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

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

### **2. *Get the Lead Out Program***

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

### **3. *Septic Repair Program***

Through a partnership with the Massachusetts Department of Environmental Protection and Revenue, MassHousing offers loans to repair or replace failed or inadequate septic systems for qualifying applicants. The interest rates vary according to the borrower's income with 0% loans available to one and two-person households earning up to \$23,000 and three or more person households earning up to

\$26,000 annually. There are 3% loans available for those one or two person households earning up to \$46,000 and three or more persons earning up to \$52,000. Additionally, one to four-family dwellings and condominiums are eligible for loan amounts of up to \$25,000 and can be repaid in as little as three years or over a longer period of up to 20 years. To apply for a loan, applicants must contact a participating lender.

**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 area's regional non-profit organization, Rural Housing Improvement/RCAP Solutions, administers these funds for the state.