

# TOWN OF FALMOUTH



## HOUSING PRODUCTION PLAN

Revised January 30, 2009

### Section I. – Comprehensive Housing Needs Assessment

#### *Section I-1. Community Demographics*

Falmouth is the most southwestern town on Cape Cod, 73 miles south of Boston and 75 miles east of Providence, Rhode Island. It is approximately 44 square miles, and the second largest town in Barnstable County, both in terms of population and land area. Falmouth is bordered on the north by the towns of Bourne and Sandwich, on the east by Mashpee, on the west by Buzzards Bay, and Vineyard Sound is to the south. Falmouth's location on Cape Cod is an important factor in its growth, in addition to its reputation as a vacation and retirement location; the community's residential assets include historic character and significant open space and conservation areas. The community is clearly residential, with 91.71% of the town's tax base comprised of residential assessments.

Households earning below 80% of Area Median Income (AMI) are defined as low income and represent the target income for Chapter 40B. Very low income is defined as those households earning less than 50% of AMI and is the target for some federal and state subsidy programs. Furthermore, Falmouth's Community Preservation Act (CPA) funds may be used to provide housing that serves households that earn up to 100% of AMI and are considered moderate income. The area's median income is adjusted for family size, as determined annually by the United States Department of Housing and Urban Development (Table 1-1).

Table 1-1: Income Limits, Adjusted for Family Size, effective for 2008

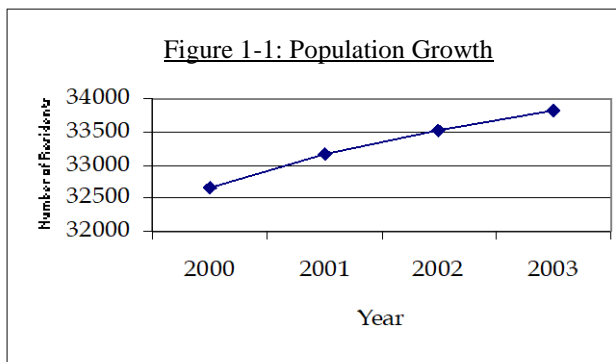
	1- person	2- person	3- person	4- person	5- person	6- person	7- person	8- person
80% of	\$41,450	\$47,350	\$53,300	\$59,200	\$63,950	\$68,650	\$73,400	\$78,150

AMI								
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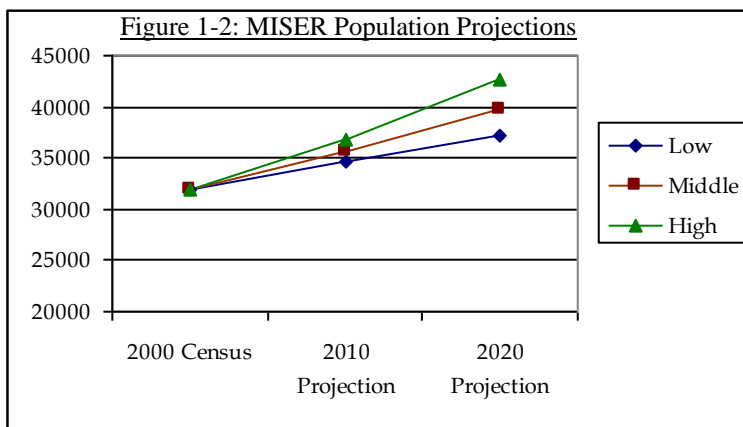
Source: U.S. Department of HUD

According to the Department of Housing and Community Development (DHCD), Falmouth's year-round housing stock consisted of 14,440 housing units. As of January 16, 2007, DHCD defined 784 of these units as affordable. Therefore, 5.43% of Falmouth's housing units qualify as affordable to low-income households under the State's Chapter 40B guidelines. DHCD's Subsidized Housing Inventory (SHI) may be accessed on their website at <http://www.mass.gov/dhcd/components/SCP/shi.htm>.

In July of 2003, the U.S. Census estimated the population of Falmouth to be 33,823 year-round residents. This is an increase of 1,163 residents since the 2000 Census count, which is approximately a 1.3% rate of growth, per year (Figure 1-1). The growth rate has slowed from the previous decade. From 1991 to 2000, Falmouth's population increased by 16.8% which is an average annual rate of 1.68%. The population density, based on the 2003 Census estimate, is roughly 768 people per square mile; this is an increase of 31 people per square mile from the 2000 Census.



Source: Cape Cod Commission Reporter, August 5, 2004



Source: Massachusetts Institute for Social & Economic Research at the University of Massachusetts, Amherst, December 10, 2003

The Massachusetts Institute for Social and Economic Research (MISER) at the University of Massachusetts, Amherst released population projections for Falmouth on December 10, 2003. As shown in Figure 1-2, the three scenarios of low, mid, and high-rates of growth result in a range of possibilities for the population of Falmouth in the next 15 years, with the

most conservative estimate at 37,112 residents in 2020, while the highest rate of growth estimates 42,506 residents by 2020.

Falmouth is also an aging community; in the 2000 Census, almost a quarter (22.5%) of the residents reported their age as 65 years, or older, which makes Falmouth the 10<sup>th</sup> oldest community in the Commonwealth. The median age is also steadily increasing. In 1970, the median was 30.8 years; in 1980 it was 34.1 years; in 1990, 38.6 years; and the

median age in 2000 was 45 years. The increasing age of the population is influencing the types of housing opportunities that are in demand. The following table illustrates the demographic shifts occurring by age in the decade from 1990 to 2000.

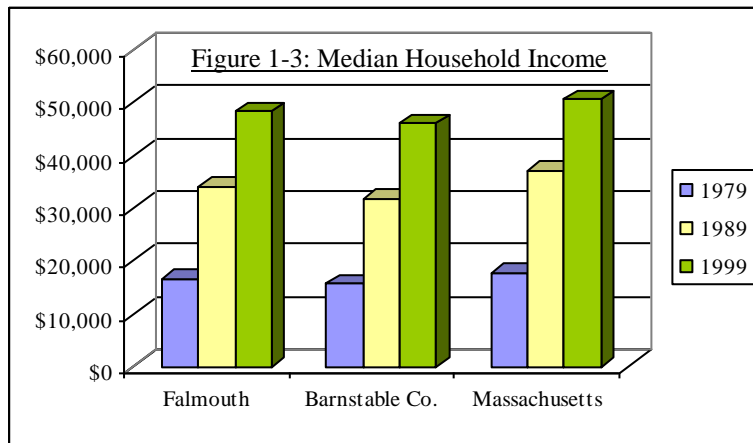
Table 1-2: Population by Age

Age Cohort	1990	2000	Percent Change
Under 5 years	1,826	1,466	-19.7
5 to 9 years	1,773	1,896	6.9
10 to 14 years	1,633	2,188	34.0
15 to 19 years	1,545	1,767	14.4
20 to 24 years	1,491	1,016	-31.9
25 to 34 years	4,141	3,006	-27.4
35 to 44 years	4,221	5,000	18.5
45 to 54 years	2,930	4,862	65.9
55 to 59 years	1,451	2,194	51.2
60 to 64 years	1,678	1,927	14.8
65 to 74 years	3,094	3,926	26.9
75 to 84 years	1,633	2,549	56.1
85 years and older	544	863	58.6
Percentage of Population 18 years old & younger			
	1990	2000	
Falmouth	22.2%	20.7%	
Massachusetts	22.5%	23.6%	
Percentage of Population 65 years old & older			
	1990	2000	
Falmouth	18.6%	22.5%	
Massachusetts	13.6%	13.5%	

Source: 1990 & 2000 U.S. Census

What is clearly shown in the above table is that younger adults aged 20 to 34 years are leaving Falmouth, while the population of empty nesters and retirees is increasing.

The median income in the Town of Falmouth has risen steadily since 1979, with an increase of 42% between 1989 and 1999. The median household income of \$48,191 in 1999 was slightly below the state median of \$50,502, and slightly above the Barnstable County median of \$45,933 (Figure 1-3). Also, as reported in the 2000 Census, almost two-thirds of the households earned between \$25,000 and \$99,999 per year (63.4%). Nearly a



quarter (22.4%) of the households earned less than \$24,999 per year, and 14.2% had an annual income of more than \$100,000.

*Section I-2. Existing Housing Stock Characteristics*

According to the 2000 U.S. Census, there were 20,055 housing units in Falmouth, 13,859 (69.1%) of those are occupied year-round, and 5,615 (28%) are counted as seasonal units. Of the 13,859 occupied units: 77.6% are owner-occupied, 22.4% are renter-occupied, 94.9% are occupied by Caucasian households, and a third are occupied by a householder over the age of 65.

The majority of both owner-and-renter-occupied housing is occupied by small family sizes. Of the year-round, owner-occupied units, a 2-person household occupies 42.1% of the units, and 25% are occupied by a 1-person household. Likewise, a 1-person household occupies 46.8% of year-round rental units, and 26.4% are occupied by a 2-person household. As a result, average household size reported in the 2000 Census is 2.3 persons, with an average of 2.37 persons for owner-occupied units and 2.03 persons for renter-occupied units.

Table 1-3: Percentage of 1-and-2-Person Households

Falmouth Owner Occupied	Falmouth Renter Occupied	Statewide (owner & renter)
67.1%	73.2%	59.7%

*Source: U.S. Census, 2000*

Even though the average household size is less than 3 persons, the median size of an owner-occupied unit is 6.2 rooms, with 41.2% of the units having 7 or more rooms. Furthermore, 94.7% of the owner-occupied units are single-family, detached houses. The median size of a renter-occupied unit is 4.4 rooms and 56.6% of renter-occupied units are single-family, detached houses. Half (50.4%) of the owner-occupied units have 3 bedrooms and a quarter (25.2%) have 4 bedrooms, while 26.4% of the rental units have 3 bedrooms and 11.9% have 4 bedrooms.

In addition to being larger, the owner-occupied housing stock is also significantly newer than the rental housing stock. Slightly more than half (53.3%) of the rental housing stock was constructed between 1950 and 1979, with 21.7% built before 1939; whereas 57.6% of the owner-occupied housing stock was built between 1960 and 1989, with 10.7% constructed before 1939.

Furthermore, for households living below the poverty level, the 2000 Census reported that 19.6% of owner-occupied units were built before 1939, and 46% of those households were headed by an individual 65 years old, or older. For renter households living below the poverty level, 23.6% were headed by an individual 65 years old, or older and 20.2% of the units were built before 1939.

The median selling price of a single-family house in 2007 was \$370,500 in Falmouth, and the median price of a condominium unit for the same time was \$310,000. The median

sales price in 2000 for single-family houses was \$190,000. This is a 95% increase in the cost of the median home in the town over 7 years (Table 1-4).

Table 1-4: Median Sales Price

Year	1-family	Condo	All Sales <sup>1</sup>	% Change: all sales
2007	\$370,500	\$310,000	\$360,000	-7.6%
2006	\$381,000	\$399,950	\$389,400	-1.79%
2005	\$400,000	\$331,500	\$396,500	11.69%
2004	\$365,500	\$325,000	\$355,000	12.70%
2003	\$315,000	\$290,000	\$315,000	20.23%
2002	\$270,000	\$248,500	\$262,000	24.76%
2001	\$220,000	\$221,450	\$210,000	13.54%
2000	\$190,000	\$215,000	\$184,950	--

Source: The Warren Group

The Fair Market Rents (FMR) set by HUD for 2008 are: \$743/month for a studio, \$870/month for a 1-bedroom unit, \$1145/month for a 2-bedroom; \$1366/month for a 3-bedroom; and \$1409/month for a 4-bedroom unit. For a household to afford a 2-bedroom apartment at the above FMR without paying more than 30% of their gross income in rent, the household would have to earn \$45,800 a year. In order for a household to afford to buy the median priced home in Falmouth, a household would have to earn approximately \$90,000 a year. The following scenario shows that a family of three, earning 80% of AMI would be able to afford a 2-bedroom house or condo priced at approximately \$132,000.

Assumptions:

1. A 2-bedroom house/condo is sold to a 3-person household
2. That household pays 30% of their income towards housing cost
3. 80% of AMI for a 3-person household=\$53,300 (2008 adjusted income limits from HUD)

53,300 x 30% / 12 months = \$1,332 per month available for housing cost  
 - \$99 per month for property tax (assessed value of \$200,000)  
 - \$200 per month for property insurance/condo fees  
 - \$111 mortgage insurance

\$936 available for principal and interest

\$936 per month is able to support a 30-year mortgage (at a 7% interest rate) of \$132,000.

A household is considered burdened by housing cost if more 30% of their gross income is devoted to housing, including the cost of utilities. People are considered severely cost burdened when a household has to devote more than 50% of their gross income to meet their basic housing needs. As reported in the 2000 U.S. Census, 16.2% of Falmouth homeowners paid more than 35% of their income towards housing, and nearly a third of Falmouth renters (32.2%) paid more than 35% of their income towards housing. This

<sup>1</sup> All Sales are defined as all housing purchases including single-family and multi-family units and land for residential use.

compares to 18.3% of homeowners and 30.5% of renters countywide who are suffering from a housing cost burden.

Regionally, Falmouth is part of the expensive real estate market of Cape Cod, one of the highest in the state. Real estate prices have outstripped increases in income and have impacted the ability of the low-or-moderate-income household to afford safe, stable housing. In addition, new construction on Cape Cod tends to cater to a wealthy retiree market that is out of reach for working class families. Table 1-5 shows the distribution of single family and condominium sales during 2006 and the first eight months of 2007, based on assessor's sales reports.

**Table 1-5: Distribution of sales price**

Sale Price	Number of Units Sold	% of Sales
Less than \$200,000	15	1.78
\$200,000-\$299,999	139	16.47
\$300,000-\$399,999	261	30.92
\$400,000-\$499,999	163	19.31
\$500,000-\$749,999	161	19.08
\$750,000-\$999,999	56	6.64
\$1 million and above	49	5.81

*Source: Falmouth Assessor, August 2007*

While the selling price of a Falmouth house is still strong, the number of new units being added to the inventory has slowed considerably. The following table shows the number of new residential building permits issued annually, and how that compares to the previous year.

**Table 1-6: Number of Residential Building Permits issued Annually**

Year	Number of Permits	% Change
2000	272	--
2001	237	-12.87
2002	227	-4.22
2003	245	7.93
2004	260	6.12
2005	175	-32.67
2006	78	-55.43
2007	106	26.42%

*Source: Falmouth Building Department*

Upon review of the above demographic and housing stock data, a number of trends become apparent. First the population of Falmouth is aging at a faster rate than the rest of the state, and the household size is shrinking. Falmouth is also shifting from a seasonal community to a town that is occupied by more people year-round. This is indicative of a town that is attracting retirees. Furthermore, most of the population owns their home, instead of renting, and the vast majority of the population is Caucasian. Even with the population growing at a moderately slow rate of 1.3% a year, and the median household income on par with the state as a whole, Falmouth continues

to be a very expensive place to buy a home with the median sales price of a single-family unit consistently remaining well above \$300,000.

Apartments throughout the town are being converted into condominium units and timeshares with the potential loss of significant numbers of rental units. There is also a lack of small, starter homes that are affordable for young families. The combination of these factors is effectively forcing the 20-to-34-year old cohort to search for housing opportunities elsewhere, as they are unable to compete with the demand driven by those seeking to retire here. Furthermore, many of the empty nest population may seek smaller, easier to manage townhomes and detached condominiums. Also, the large elderly population will be seeking age appropriate independent living and service-enriched assisted living opportunities.

There have been some efforts made to construct affordable housing in Falmouth, both using the state's Ch. 40B and in other ways. There are 301 units of public housing created by HUD, 276 of those units are reserved for the elderly. There are also 83 elderly units on Locust Street created under the HUD Section 202 program. There are 10 units on Locust Street that were built by non-profits. The Department of Mental Retardation has 12 units in town, and the Department of Mental Health has 16 units. There are 33 project-based Section 8 units at Gosnold Grove that are reserved for extremely low-income households. The Cape Cod Commission provided subsidy for 14 low-income homeowners to rehabilitate their homes, and there were 11 affordable units created at the Valley Ridge Condos through a Special Permit by the Planning Board.

Falmouth has permitted approximately twenty-five Ch. 40B developments and there are two clear trends that become apparent. The first is that the majority of 40B projects are homeownership projects and Ch. 40B has not been used as effectively to add rental units to the town's inventory. There have been 7 rental projects and 18 homeownership projects approved.

The second trend that becomes apparent is that there is a much higher rate of affordability realized in those projects that are proposed by non-profit developers, rather than for-profit developers. Of the rental projects constructed under Ch. 40B; 29 out of 87 (33%) units created by for-profit developers were deed restricted as affordable. Whereas, 103 out of 124 (83%) units created by a non-profit are affordable. The difference in the homeownership projects is even more striking. The for-profit developments have a 26% rate of affordability with 72 out of 272 units deed restricted. The non-profit developers were able to reach a rate of 100% affordability with all 25 units deed restricted.

### *Section I-3. The capacity of municipal infrastructure*

The infrastructure of Falmouth and Cape Cod as a region is severely lacking. There is approximately 427 miles of roadway in Falmouth and many areas of town experience congestion including: the intersection of Jones Road and Rt-28 (the Stop and Shop lights), Palmer Avenue, Teaticket Highway, and the East Falmouth Highway area around the Davisville Road lights. Traffic congestion is significantly worse in the summer months; however, even during the winter months, traffic may be impacted at

some hours of the day. Falmouth drivers may also be affected by overburdened roadways in other parts of the county, especially if attempting to travel over the bridges, or to the Lower Cape.

The year-round public transportation options in town are limited to an infrequent bus between Woods Hole and Hyannis, or a ride-by-appointment service. There is a popular summer trolley service that travels between Teaticket, Falmouth Center and Woods Hole.

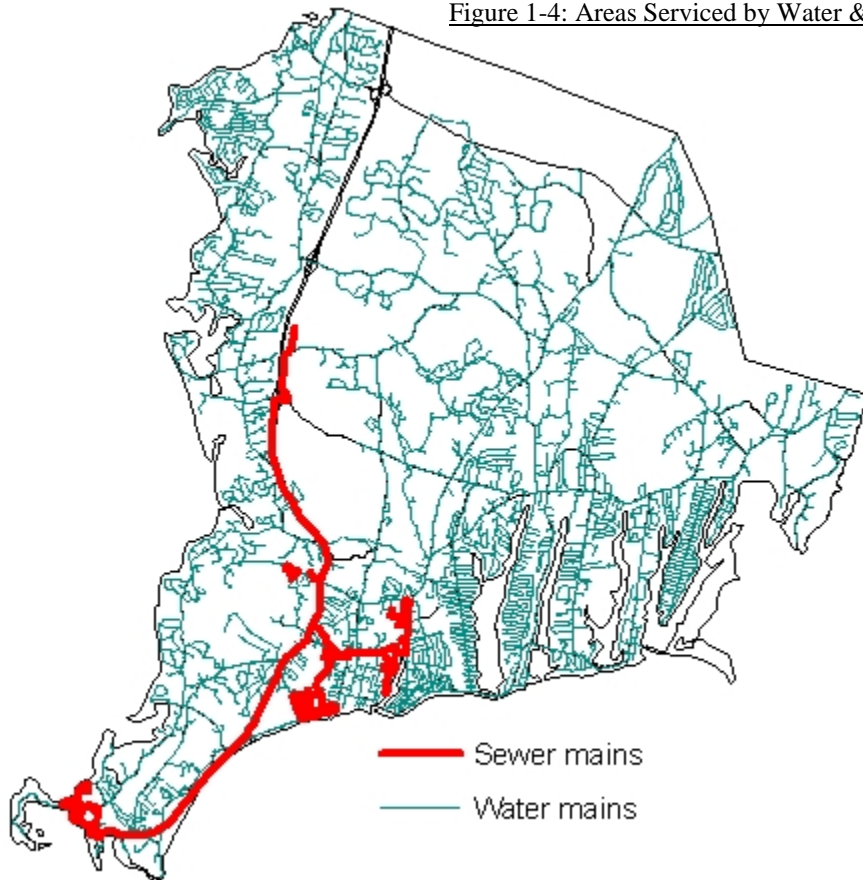
The town is well serviced by public water, with 90% of residents supplied with municipal water. With a potential withdrawal rate of 10 million gallons per day, Falmouth has a plentiful supply of high quality fresh water. Sandy soils and shallow groundwater depth make the resource easily accessible. However, the same permeable soils make the groundwater vulnerable to pollution caused by land development.

There are 5 fire stations and a hospital to meet the medical and emergency needs of the population. There are 7 public schools in Falmouth with an enrollment of 4,053 students for the 2006-2007 school year.

The municipal infrastructure that is most limited is the sewer system. The vast majority of the properties in Falmouth are serviced by an onsite septic system or cesspool, with only 3% of the developed property in town served by sewers. The only areas of Falmouth that are currently tied into the wastewater collection system are: portions of Woods Hole, portions of Main Street and Davis Straits, and a portion of the Surf Drive area. The wastewater treatment plant recently received a \$15 million upgrade. The upgraded plant came online in November 2005 and is substantially reducing the nitrogen load to the West Falmouth Harbor Watershed. The treatment plant is designed to treat 1.2 million gallons per day and the Department of Environmental Protection is expected to issue a discharge permit of 1.0 million gallons per day in the watershed. Currently the town is planning a large sewer expansion project to serve the heavily developed peninsulas. The sewer will replace the private septic systems that are in place on very small lots. The sewer expansion is not scheduled for low-density, or greenfield areas of town.



Figure 1-4: Areas Serviced by Water & Sewer



*Section I-4. Development conditions and constraints and the municipality's ability to mitigate those constraints*

The town's policy of onsite wastewater disposal has led to severely degraded water quality in the coastal ponds. Of the impacts associated with development, nutrient inputs from septic systems into coastal estuarine environments have received the greatest attention and have the greatest land use implications. Pollution caused by past development and land use practices is impacting the ability to develop housing today. Numerous studies and reports, including the Massachusetts Estuaries Project, have made it clear that the town needs to significantly reduce the nutrient load to the ponds to improve water quality. The community, as a whole, is facing a sewer expansion project for the lower watersheds that is estimated to cost \$500 million with construction phased over many years.

The lack of a public sewer system in Falmouth has influenced a pattern of low-density, sprawling development. As a result of this policy, Town Meeting has consistently voted to require larger lot sizes in the various zoning districts where residential uses are allowed. Currently the majority of town is zoned for 1-acre lots, with some areas requiring 2-acres per single-family unit. Therefore, due to the large minimum lot size required, the high land cost is a significant deterrent to the creation of affordable housing.

While there is no question that both the construction of sewers and the minimum lot size are within the town's control, the public and political appetite for change has to be present. Falmouth is moving ahead with studying financing alternatives for the sewer expansion, however a project of this magnitude will have a significant impact on the town's finances for the foreseeable future. As a result of improved infrastructure, the Falmouth Town Meeting may choose to reduce the minimum lot size required to allow a more compact form of growth that lowers the land costs; however, until a two-thirds majority of the Town Meeting members cast a vote in favor of reducing lot sizes, 1-acre zoning will continue to be the norm.

The most other notable zoning constraint for the provision of affordable housing is the lack of a district where multifamily housing (more than 4 units) may be constructed by right. Currently multifamily dwelling units may be constructed by special permit in industrial and business zones (up to 6 units/acre).

Falmouth has a limited inclusionary bylaw in the small General Residence (GR) zoning district. This allows a triplex to be constructed by right, provided that 1 unit is deed restricted as affordable. Two-family dwellings are allowed by right in the GR, Business (B1, B2, B3), and Public Use (PU) districts. Pre-1980 single-family dwellings may also be converted into a maximum of 4 units by a special permit in Single Residence (RAA, RA, RB, RC), GR, PU, and Business districts. Finally, accessory apartments are allowed by special permit in R, and Agricultural (AGAA, AGA, AGB) districts, provided the bylaw criteria are satisfied.

One affordability constraint that is outside of the town's control is the staggering increase in property insurance rates. The insurance premiums directly affect the low-or-moderate-income homeowners in their monthly escrow payments, and indirectly affect the low-or-moderate-income renters in the increased rents charged by the landlord. Homeowners across Cape Cod are facing annual rate increases in excess of 25%. Private insurance companies are also canceling existing policies and refusing to issue new policies, forcing people to the Massachusetts FAIR Plan as the insurer of last resort.

In general Falmouth is well suited for residential development, as evidenced by the preponderance of single-family houses throughout town. However, there are isolated areas in town where the moraine topography makes development extremely expensive, if not impossible due to steep slopes, boulders, and poor soils.

The town is also well situated for additional residential development given its current level of infrastructure availability. In addition, the town has a five year capital plan that addresses roads, water and sewer lines, public services and public safety infrastructure. A synopsis is provided below in Table 1-7. The 2009 - 2014 Capital Improvement Plan is also attached to this report as Appendix "A".

#### Table 1-7: Municipal Needs and Actions

Roads	<i>Currently:</i> Transportation Improvement Program funding, Chapter 90 funding
	<i>Future:</i> Transportation Improvement Program funding, Chapter 90 funding, Prop 2 ½ override FY 11
Schools	<i>Currently:</i> New High School, improvements made to Mullin Hall, Morse Pond and Lawrence School
	<i>Future:</i> Adequate
DPW	<i>Currently:</i> Prop 2 ½ override FY 09, inter-governmental solid waste agreement
	<i>Future:</i> Prop 2 ½ override FY 11, Solid Waste Division
Sewer	<i>Currently:</i> Comprehensive Wastewater Treatment Plan: 2010 completion
	<i>Future:</i> CWTP 2012 construction
Fire	<i>Currently:</i> Prop 2 ½ override FY 09, Hatchville Station study
	<i>Future:</i> Hatchville construction FY 12

## Section II. – Affordable Housing Goals and Strategies

The overarching goal of the Falmouth Affordable Housing Action Plan is to foster a diverse town where people of all incomes are able to find safe and decent homes that meet their needs and the needs of the larger community. Another goal is to meet the Commonwealth's goal of ensuring that 10% of each municipality's housing is affordable to low-and-moderate-income households. **This plan is a guide to meet the Commonwealth's goal in a manner that addresses the real housing needs and enhances Falmouth's character, economic vitality, and delivery of community services, while being environmentally responsible.**

The Town of Falmouth has undertaken efforts to provide affordable housing, including:

- The allocation of \$1,478,617 in Community Preservation Act<sup>2</sup> funds by Town Meeting since fiscal year 2006. This represents 13.2% of the total CPA revenue generated by the local surcharge and state match, just slightly above the mandatory 10% minimum to be reserved for community housing.
- Town Meeting voted to create 2 homes on town-owned land at Ward and Chester Streets and 1 home at Cloverfield Way.
- The town exercised a right of first refusal to acquire the VFW building on Teaticket Highway and conveyed the property to the Housing Authority at the November 2006 Town Meeting to create between 30 and 40 additional housing units.
- Town owned land on Sam Turner Road was conveyed to Habitat for Humanity to construct 4 affordable homes.
- Town Meeting authorized a feasibility study to examine the possibility of constructing affordable housing on a 16-acre town-owned parcel on Woods Hole Road.

The zoning regulations have also been amended to encourage the provision of affordable housing.

- A density bonus for affordable units is permitted by special permit through the Planning Board as part of a Planned Residential Development.
- A triplex is allowed as a matter of right in a General Residence District so long as one unit is affordable.
- The Zoning Board of Appeals may allow accessory apartments by special permit.

Finally, the town has established a Local Initiatives Program (LIP) committee that meets with applicants who are interested in pursuing a Comprehensive Permit as a LIP, in partnership with the town. This committee meets early in the process to help identify issues that may arise as the project is discussed before the Board of Selectmen, Local Housing Partnership (AHC) and Zoning Board of Appeals, so that the applicant may be better prepared, which hopefully leads to a smoother process.

However, much more needs to be done.

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<sup>2</sup> The Community Preservation Act (CPA) was signed into law on September 14, 2000 and provides funding for affordable housing, historic preservation, open space and recreation. Towns that adopt the CPA levy a property tax surcharge of up to 3% and are eligible for a state match of up to 100% of the local revenue collection.

### *Section II-1. Desired Housing Mix*

Falmouth is a desirable town in which to live or own a second home, and real estate is priced accordingly for the wealthy. Many different types of affordable housing are needed, from rental units to homeownership opportunities, and from studios to units that can accommodate large, or extended families.

However, resources, including land and subsidy funding, are limited. Examining demographic trends can assist the town's policy makers in setting priorities. The three largest trends are that the population is growing significantly older, the young adults are moving away, partly due to the cost of housing relative to income, and families are shrinking in size.

Affordable independent and assisted living facilities will be necessary to allow our elders to remain in the community. Independent living condominiums will allow those empty nesters, or active elderly who choose to downsize from a large house to continue to own a home, without having to bear the labor and maintenance costs associated with a detached house and yard. Likewise, assisted living units will allow the frail elderly to receive the care they need while remaining near family, friends and neighbors. There is one independent adult community in Falmouth created under Chapter 40B and the Falmouth Housing Authority manages 276 units of elderly public housing. There are no affordable assisted living units in Falmouth.

Many young adults graduating from high school or college are priced out of their hometown if they attempt to settle in Falmouth. Rental units are plentiful, and many are reasonably affordable in the off-season. However, for the summer months, many landlords require that the winter tenant vacate the unit, or the prices increase significantly to secure a full 12-month lease. Rental units that remain affordable throughout the year are needed for both the young adults and families who live and work in Falmouth. Smaller rental units such as 1 bedrooms or studios are also needed.

In order for young adults to remain in Falmouth, there have to be more affordable starter homes available. Small, high-quality, energy efficient homes on small lots are needed where people can become established and raise their families. Often, if a house is being sold at an "affordable" price in Falmouth, it is in poor condition and is expensive to repair and maintain.

In order for the town to meet its goal of providing affordable units at a rate of ½ of 1% per year, 72 units would be required annually. Of the 72 units, the town should strive for a mix of 40% homeownership units (29 units) and 60% rental units (43 units) to address the shortage of affordable rental units being produced in the private market, as suggested below:

Of the 29 homeownership units produced annually:

- ❑ 10 units (34%) should be appropriate for families with children
- ❑ 9 units (31%) for adults aged 55, or older, and disabled residents
- ❑ 10 units (34%) for individuals and couple households

Of the 43 rental units produced annually:

- 6 units (14%) should be appropriate for families with children
- 11 units (26%) for individuals and couple households
- 12 independent-living units (28%) for seniors or disabled residents
- 14 service-enriched units (33%) for seniors

The above are only suggestions, and the actual number and type of units produced may vary from year to year. Furthermore, the above estimates are based on the demographic trends identified in Section I, which are heavily dependent on the 2000 Census data. These estimates, and the underlying trends, may change when the 2010 Census data is released and this document will be updated accordingly.

In addition to providing housing for people of all ages and household sizes, the town must strive to provide housing for different income ranges. Units should be provided that are affordable to very low-income households (earning less than 50% of AMI), low-income households (earning between 50% and 80% of AMI), and moderate-income households (earning between 80% and 120% of AMI).

Although only those units that are deemed restricted as affordable to those earning less than 80% of AMI (see Table 1-1) “count” on the Subsidized Housing Inventory (SHI), producing “countable” units does not address the whole problem. Households earning up to 120% of AMI find it difficult to afford to stay in Falmouth, and this is a key component of the workforce. Without this population, the town is at risk of losing a large part of its economic engine and vibrant community.

However, the purpose of this plan is to consistently increase the provision of affordable housing on an annual basis, pursuant to 760 CMR 56, Section 4. **While many use the terms affordable housing, workforce housing and community housing interchangeably, they are not synonymous for the purposes of this document. The narrowly defined focus of this plan is the production of 72 SHI-eligible housing units every year, for the next 5 years.**

#### *Section II-3. Reaching the ½ of 1% Threshold on an Annual Basis*

In accordance with DHCD’s Planned Production Regulations under MGL Chapter 40B, Falmouth must increase the number of low and moderate income housing units every year by at least ½ of 1% (.5%) of the total year-round housing units (14,440 units, as determined by DHCD based on the 2000 Census). Therefore, Falmouth must add 72 affordable units to the SHI every calendar year. If the town falls short in any year, those units added during that time are not carried over into the next year.

When the 2010 Census data is released, Falmouth must be prepared to increase the annual goal for affordable housing production to compensate for the increased number of year-round housing units that will have been counted as part of the Census. As more people choose to live in Falmouth all year, and as more housing units are added to the overall total, the percentage of affordable units will decline upon receipt of the 2010

Census data. It is expected that the conversion of seasonal homes to homes that are occupied year-round will have a negative effect on the percentage of affordable units in the community by increasing the denominator.

#### *Section II-4. Timeframe for the Production of Future Units*

If the town adds 6 units each month to the SHI by issuing comprehensive permits under Chapter 40B, issuing building permits for affordable units under Chapter 40A, or deed restricting existing housing, Falmouth will meet the Planned Production goal of 72 units per year. The following timeframes commence from the effective date of the plan:

At least once a year the Affordable Housing Committee (AHC) and Planning Board will identify town-owned parcels that will be investigated for use as affordable housing.

At least annually, the AHC will prepare a warrant article for town meeting with the Planning Board and/or Board of Selectmen to encourage the production of affordable housing.

Within twelve months, this plan calls on the Board of Selectmen to develop tax incentive programs to encourage private homeowners to create affordable units<sup>3</sup>. The AHC will assist the Selectmen as requested.

Within three months, the AHC will propose priority-funding criteria to the Community Preservation Committee for the use of CPA funds. The affordable housing crisis is a clear and pressing issue for Falmouth; therefore, the highest priority will be given to those projects that create actual units, and the lowest priority will be given to general studies and consultant reports.

The AHC will request that the Community Preservation Committee annually recommend that Town Meeting allocate at least 50% of the CPA revenue available after fulfilling the Land Bank debt to efforts that directly lead to the production of affordable housing units.

#### *Section II-5. Specific Strategies to Achieve Production Goals*

The strategies outlined later in the plan are guided by the following overarching principles that provide the foundation for the types of affordable housing that will be supported by Falmouth.

- Falmouth's affordable housing will be distributed throughout town.
- To the extent possible, Falmouth will adapt existing structures to provide housing, or reuse previously disturbed land.
- To the extent allowable, preference will be given to those who live, work, or have lived in Falmouth.
- To the extent feasible, new housing will reflect traditional Cape Cod or Colonial style design and shall strive to complement the existing pattern of development found in the neighborhood where it is to be built.

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<sup>3</sup> Such programs may work in conjunction with a revised accessory apartment permitting process.

- ❑ New development will balance the need for affordable housing with preservation of open space, to the extent feasible. Sites shall be designed to cluster disturbed areas and retain as much open space as possible.
- ❑ The exterior appearance of affordable units will not be distinguishable from any market rate units within the development, to the extent feasible.
- ❑ Affordable units shall be made handicapped accessible and visitable to the maximum extent feasible. In no case, shall less than 5% of the affordable units be accessible.

The Town of Falmouth strives for environmentally sound residential development, and shall encourage infill housing, clustered subdivisions and compact development. Acknowledging that the municipal sewer service is extremely limited, the vast majority of such development will occur with on-site septic systems. Therefore, in exchange for a denser development with a limited footprint, there should be a corresponding allocation of open space. However, the undisputed goal of this plan is to provide additional affordable housing units and in order to achieve that goal, some vacant land will be disturbed.

*Preferred characteristics of residential development*

To discourage the unsustainable, expensive, wasteful, suburban-style sprawl that has come to define Falmouth’s development pattern for market rate housing, the town’s focus is on efforts to use existing structures or underutilized land for affordable housing. Specific actions include the following:

- ❑ *Use existing structures:* The AHC will periodically identify vacant buildings and disturbed parcels in town. The inventory will be provided to the Planning Board and Board of Selectmen. The owners of identified properties shall be contacted to determine their interest in working cooperatively with the town to provide affordable housing. The town will attempt to pair the seller with an affordable housing developer, or gain control of the site to be banked for future use. Assuming that the town obtains site control, a developer shall be selected through a RFP process and the AHC shall assist the developer in obtaining municipal permits for the project. Priority in the review of a RFP will be given to developments that provide affordable rental units.
- ❑ *Expand the use of the Accessory Apartment Bylaw:* The Zoning Bylaw allows the creation of accessory apartments in Single Residence Districts (§240-23.I) and Agricultural Districts (§240-38.I). However, the existing bylaw has been ineffective and has not created any units that “count” on the SHI. This plan recommends that the Board of Selectmen convene an ad hoc committee to identify amendments to the bylaw and suggest incentives to spur affordable housing development under the bylaw. Members of the committee should represent the AHC, Planning Board, Building Department, Board of Assessors, Finance Committee, and others. Strategies should be developed that provide deed restricted units that serve households earning less than 80% of AMI. The committee should address the feasibility of rehabilitating housing under the current building codes and should suggest measures to



make the standards more rehab supportive. The committee should also investigate creating a program that allows for detached, SHI-eligible units.

- *Develop a menu of tax incentives to encourage the production of affordable housing units:* This plan recommends that the Board of Selectmen develop a system of property tax incentives to be used with the accessory apartment bylaw, or independently. Such a program may allow for exemptions or abatements for year-round units that are secured by a deed restriction.

In addition to local tax incentives, the town should promote the federal income tax benefits of donating land or structures to be used for affordable housing.

- *Develop a homeowner/buyer assistance programs:* The AHC and Board of Selectmen should create a housing rehabilitation program that utilizes state and local funds, as well as tax incentives, to eliminate code violations and substandard living conditions, and promote energy conservation. Such a program would allow low-income homeowners to maintain their homes and remain in the community while ensuring that their homes eventually become part of the town's stock of permanently affordable housing.

The AHC and Board of Selectmen will work with the Chamber of Commerce, the Falmouth EDIC, and area employers to explore the creation of an employer-assisted housing program. Such a program would meet the town's affordable housing and economic development goals, and would be tailored to the specific recruiting and hiring needs of local employers. Any units produced by the program would have to meet all eligibility requirements set by the Department for inclusion on the SHI. Such a program may be structured as direct assistance to the employee from the employer, or may be directed through a third-party housing organization working with the employer and employee together.

The AHC will partner with local housing non-profits to better advertise existing resources available for first time homebuyer down payment and closing cost assistance. They will also organize a clearinghouse where potential recipients may access information, including homebuyer-counseling classes. Potential purchasers will be educated about responsibilities such as home maintenance and budgeting, as well as lead paint abatement programs.

The AHC will research and develop a first time homebuyer assistance program using CPA funds for review by the Board of Selectmen. Such a program would allow the "buy down" of existing housing and convert market rate housing to affordable housing. Ideally, a successful program would also include local banks and state financing.

#### *Use of town-owned land, buildings and resources*

The Town of Falmouth owns over 4800 acres of land. The AHC, Planning Board and

Board of Selectmen should identify town-owned parcels and town-owned structures that are suitable for the provision of affordable housing. A Land Use Priority Report identifying and prioritizing town-owned land suitable for affordable housing development will be developed. However, in advance of such a report, pursuant to 760 CMR 56(4)(d) 4, the town commits to issuing a RFP for at least two of the following town-owned sites, or other unrestricted municipal parcels, in the first year of the plan:

- 419 Woods Hole Road (next to fire station)
- The Odd Fellow Hall (Town Hall Square and Chancery Lane)
- 55 Glenwood Avenue (vacant lot behind Town Hall)
- 651 Locustfield Road (at the intersection with Blacksmith Shop Road)
- 67-81 Davisville Road (behind Emerald House)
- Gifford Street (1.25 acres next to Trotting Park Fields)
- 751 Saint Marks Road (across from Cedar Meadows)

The Report shall be the basis for site-specific request for proposals (RFP). Until it is determined that the rental shortfall has been remedied, preference will be given to those projects that create rental units, including handicapped accessible units. Furthermore, special attention shall be given to tax-taking parcels that may be used as “scattered site” homeownership opportunities where 1 to 4 units may be constructed.

The specific process for the issuance & award of RFPs shall be based on the following procedure:

- 1) AHC and Planning Board/Office identify vacant parcel(s) of town-owned land not prohibited from development by restrictions, i.e., purchased through Land Bank funding.
- 2) Department Heads asked to evaluate parcel(s) of land for the potential construction of affordable housing; evaluation to recognize land constraints, i.e., wetlands.
- 3) AHC, Planning Board and Town Administration will identify Parcel(s) ranked the highest by Department Heads.
- 4) Obtain deeds for parcels for an initial review of possible deed restrictions on the land.
- 5) Parcel(s) submitted to the Board of Selectmen for “selection”.
- 6) An article is submitted to Town Meeting to authorize the Board of Selectmen to issue a RFP for the sale or long-term lease of the property for use as an affordable housing development.
- 7) A Review Team is established to consist of representation from the AHC, Board of Selectmen, the Planning Board, the community at large, and necessary town staff. Community representation shall be requested with nominations submitted to the Board of Selectmen for appointment by the Board of Selectmen after an interview process is conducted.
- 8) The Review Team will draft the RFP concerning the proposed development.

- 9) The Review Team will review the responses to the RFP, determine the most beneficial project, and make an award recommendation to the Selectmen accordingly.

Public infrastructure improvements should be targeted to those areas suitable for higher density housing (including affordable housing) in order to promote growth where it is most desirable. Infrastructure investments should not be made in those areas in town that are not suitable for additional development.

#### *New residential growth created by Chapter 40B*

In addition to better utilizing town-owned real estate and redeveloping or retaining existing units, new construction is essential to achieving ten percent affordability in Falmouth. For-profit and non-profit developers using the Chapter 40B comprehensive permit process will continue to play an important role in creating affordable housing.

As demonstrated in Section I, **non-profit developers have achieved a level of affordability of 83% in rental projects, and 100% in homeownership projects; whereas, for-profit developers have achieved levels of affordability of 33% in rental projects, and only 26% in homeownership projects.** The town will develop incentives to encourage increased affordability in all proposed 40B projects. The AHC shall revise their mission to reflect the committee's standing as the Local Housing Partnership, **and their role in the LIP application process described in the LIP guidelines in Section B(3).**

The AHC and Planning Board will develop guidelines, including size, density and site development standard that promote compatibility of new housing in existing neighborhoods. Private and non-profit developers shall be made aware of the guidebook and will be encouraged to utilize it.

However, in advance of the guidebook, pursuant to 760 CMR 56(4)(d) 2, the town shall encourage the filing of Comprehensive Permit applications at the following locations:

- 587 Main Street (corner of Nye Road, parking lot)
- 364 East Falmouth Highway (Gosnold Grove Apartments)
- Oshman Way (2-lot subdivision, 1 vacant house)
- 343 Dillingham Avenue (vacant Ford dealership)
- 90 Teaticket Highway (vacant VFW hall)
- 137 Teaticket Highway & 13 Davis Straits (incorporate housing at the Mall & Falmouth Plaza)

The above list envisions reusing existing structures, or previously disturbed land for affordable housing. Although the minimum requirements for any Comprehensive Permit would be at least 25% of the units reserved for low-income residents, a higher percentage is preferable.

#### *Regulatory Incentives*

Although Chapter 40B is the tool that generates the majority of affordable units in Falmouth; there are initiatives that may be pursued to spur affordable housing creation without a comprehensive permit. The use of zoning, regulatory, and tax incentives allow

a higher level of local control over the outcome, and can achieve affordability without the increased growth in market rate units associated with Chapter 40B. The plan calls on Falmouth Boards, Committees and Town Meeting to consider making the following revisions to the regulatory environment to focus efforts on meeting the planned production goal of creating 72 affordable units a year:

- *Evaluate existing zoning districts to increase affordability opportunities:* The AHC will work with the Planning Board to propose amendments to the existing zoning districts to include an affordability requirement:

1. Consider an inclusionary housing requirement that requires any subdivision creating 10 or more lots to set aside at least 20% of the lots to be developed as affordable housing. The housing must be deed restricted in perpetuity and shall be created as part of the subdivision. A fee in lieu of units will not be considered.

Also, any multifamily development (currently only allowed by special permit) that creates 10 or more units shall set aside at least 20% of the units created as affordable. The units must be constructed as part of the project and a fee in lieu of units will not be considered.

2. Propose raising the height limit in the Business Redevelopment District from 2 and ½ stories to 3 stories, provided that 100% of the increased square footage is used for affordable housing.

3. Amend the Senior Care Retirement District to require that at least 10% of the units be reserved for low-income seniors.

4. For subdivisions that set aside at least 60% of the lots for affordable housing, consider a zoning amendment that reduces the minimum lot size to 11,000 square feet (1/4 acre).

5. The AHC shall meet with the Board of Selectmen and the Planning Board to implement standards under which an affordable housing development shall have local permitting fees waived or reimbursed upon approval. Likewise an ad hoc committee comprised of permit issuing departments (conservation, building, zoning, planning, health) shall meet to develop an expedited permitting process for affordable housing projects that are developed outside of Ch. 40B.

6. The AHC and the Board of Selectmen will discuss options for providing property tax incentives to entice property owners to use, or sell their land for affordable housing.

7. The AHC and the Planning Board shall meet to discuss options to improve the use of Article XXVI of the Zoning Code (Affordable Housing Development). The current version of the bylaw was utilized once, the option

to provide fees in lieu of units was exercised, the developer chose not to record the plan showing the density bonus, so therefore fees were never collected.

- ❑ *Create a district where multifamily housing is allowed by right:* The Planning Board will discuss alternatives for creating a district in the vicinity of village centers where multifamily housing may be built by right at a density of 6 units per acre, with at least 50% of the units produced reserved as affordable. Developers shall be encouraged to produce both rental and homeownership units.

#### *Participation in Regional Collaborations*

Barnstable County is fortunate to have an active group of housing advocates. The Town of Falmouth is a member of the countywide HOME Consortium; currently the Assistant Town Planner serves as the town's representative on the advisory council. Since July 1994, 121 HOME-assisted units have been created in Falmouth.

Likewise, under the Cape Cod Commission Act, large-scale development projects that locate within the town are subject to affordable housing mitigation as required by the Regional Planning Agency. While units created through the County permitting process are few and infrequent, it continues to be another tool available under special circumstances. The Cape Cod Commission has also established a committee known as the Workforce Housing Taskforce. The director of the Falmouth Housing Authority, as well as Falmouth business owners, participate in the taskforce discussions and have provided recommended actions to Barnstable County and member towns to increase housing opportunities for lower-wage earners.

Falmouth is committed to continued participation in the above efforts and will continue to attend the workshops, forums, roundtables and conferences that are held throughout the year on the Cape and across the state. As ideas are developed and shared, applicable options will be adapted for implementation in Falmouth.

#### *Other actions to be taken to further the production of affordable housing:*

- ❑ *Review the effectiveness of municipal involvement in the Falmouth Housing Trust:* The Town of Falmouth has established an Affordable Housing Trust Fund in accordance with MGL Chapter 121D to receive tax free contributions, and to receive and dispense town, CPA, or other funds to promote the creation of affordable housing. The Housing Trust will meet with the Selectmen, the Planning Board, and the AHC to determine what resources are needed to increase the effectiveness of housing production. Topics for discussion shall include the Housing Trust's mission, goals, achievements, and obstacles that have been encountered.
- ❑ *Decrease long-term operating costs of affordable housing that is constructed:* The AHC and Energy Committee shall create a handbook explaining the benefits of increased energy efficiency. This will be made available to participants in first-

time homebuyer counseling classes. Affordable housing that utilizes town resources (land, CPA funds) and is Energy Star or LEED certified will be given preference.

- *Recognize the need for moderate-income housing:* Even though housing targeted to serve households earning between 80-and-120% of AMI will not count towards the planned production goal, and will not be included on the SHI it is desperately needed. The AHC, and the Chamber of Commerce will continue to assist the Cape Cod Workforce Housing Taskforce in their efforts to increase the supply of moderate-income housing.

As one of the few sources of funds available for housing targeted to those earning more than 80% of AMI, Falmouth's CPA funds may be used to serve households earning up to 100% of AMI. The creation of housing targeted to households earning between 80-and-100% of AMI should be a priority for CPA funds allocated by Town Meeting.

- *Support the homelessness prevention programs:* The AHC, Board of Selectmen, and Falmouth Human Services will meet to identify the needs of the homeless population in our community and continue to work with the Falmouth Homelessness Prevention Program and the Barnstable County emergency housing program to assist the homeless, and those at risk of becoming homeless.
- *Lobby for legislative changes:* The Board of Selectmen shall work with the town's legislative delegation to enact change in the following areas: negotiating a shorter minimum time period for deed restrictions; increasing the income tiers to include those earning up to 120% of AMI; controlling the cost of homeowner's insurance and mitigating the effect on low-income families; and revising the Zoning Act and Subdivision Control Law to explicitly authorize local action regarding affordability mandates.
- *Utilize all available resources:* The AHC shall be in regular contact with the Barnstable County Resource Development Office to determine if there are any grants available to the town to assist with furthering the production of affordable housing and implementing the tasks outlined in this plan.
- *Explore a partnership with the Falmouth EDIC:* Economic development and affordable housing goals are often complementary. Employers operating in expensive housing markets have difficulty attracting and retaining employees without significantly increasing wages to counter the cost of living. By leveraging the EDIC's ability to bond and borrow funds for the production of affordable housing, resources can be combined to realize multiple objectives.

Appendix "B" the "Action Log" for implementation of the plan is attached at the end of this report.